

Result Snapshot

<u>Amt. in Rs. Crs.</u>	Q4FY20	Q3FY20	Q-o-Q(%)	Q4FY19	Y-oY(%)
Revenue	655.65	673.96	-2.7%	322.43	103.3%
Other Income	10.89	13.57		26.32	
Total Income	666.54	687.53	-3.1%	348.75	91.1%
EBITDA	124.62	135.23	-7.8%	103.61	
EBIDTA (%)	18.7%	19.7%		29.7%	
EBIT	62.57	75.22		45.43	
Exceptional Item	67.94			64.86	
Profit/Loss in JV	0.29	-0.41		0.12	
PBT	-18.39	64.89		-30.47	
PAT	-19.43	38.98		-23.5	
PAT%	-2.9%	5.7%		-6.7%	

Result / Con-call Highlights:

- 1) GTPL Reported revenues of Rs. 2,424 cr up 88% y-o-y with EBITDA of Rs. 502 cr up 39% y-o-y and PAT of Rs. 77 cr up 302% y-o-y. The company also declared a dividend of Rs. 3 per share.
- 2) GTPL Hathway namely has 3 segments: CATV, Broadband internet and EPC; through EPC it is executing contracts for Bharat Net for which it has reported revenues for the first time in FY20.

CATV Segment (Cable TV) : This segment reported revenue of Rs. 1,565 cr in FY20 up by 42% from previous year's revenue of Rs. 1,101 cr. The company seeded 7 lakh STBs during FY20, taking total seeded STBs as on March 31, 2020 to 1.02 crores. Paying subscribers as on March 31, 2020 stood at 75 lakhs, increased by 10% y-o-y. The company has the lowest ARPU in the industry and the management is expecting to increase the ARPU by 5-6% by next year.

Broadband Internet: The company added 80,000 net broadband subscribers during FY20 and 46,000 FTTX subscribers. Total subscribers as on March 31, 2020 were 4.05 lakhs of which 1 lakh are FTTX subscribers. The Broadband average revenue per user (ARPU) for FY20 stood at Rs. 422, marginally up by 2% y-o-y

EPC: The company received a work order for Rs. 1,246 cr for implementation of Bharat Net Phase II project in Gujarat.

Result / Con-call Highlights: (Continued)

- 3) Exceptional items provided in books amounting Rs. 68 cr & Rs. 65 cr during FY20 & FY19 respectively due to change in pricing mechanism between industry stakeholders in the value chain post implementation of New Tariff Order. FY19 provisioning was more of the company level provisioning whereas FY20 write off was due to the pricing mechanism in the JV. Management has assured there will be no further write off in the foreseeable future.
- 4) The DOT (Department of Telecommunication) has raised demand consisting principal of Rs. 228 cr and penalties and interest on penalties of Rs. 706 cr towards license fee in respect of the company's Internet Service Provider's License (ISP). The company has not made any provision for this and is contesting the basis of such demand from DOT. DOT is demanding the license fee for the year 2006 to 2015. Any judgement against GTPL Hathway would cause substantial financial loss to the company.
- 5) CAPEX cycle for FY21 is around Rs. 250 cr of which around Rs. 150 cr will go to CATV business. However, the company will reevaluate the CAPEX plans in Q2 depending on the COVID-19 effect.
- 6) GTPL Hathway recognized Rs. 651 cr in FY20. Even though this is a Bharat Net project under BBNL, the company receives its payment from the state government of Gujarat; hence there is no delay in payments. The EPC division has an EBITDA margin of 7% lower to their Broadband and CATV margins of 25.7% in FY20 bringing down the consolidated EBITDA margin of 20.7%
- 7) With a dividend yield of ~6% and increasing ARPU in the CATV segment there are possible upside avenues for the stock. However, uneven EPC contract revenue stream, DOT penalties and irregular write offs give a significant overhang to the stock. We maintain a neutral rating to the stock and advice investors to lookout for any significant business changes in the company going forward.

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