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BSE Limited

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Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

Scrip Code: **540602**

Trading Symbol: **GTPL**

Dear Sirs,

Sub: Transcript of the Post Results Conference Call on Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, transcript of the Post Results Conference Call on Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2024, held on January 10, 2025, is available on the Company's website at https://webapi.gtpl.net/WebSiteImages/InvestorRelation/Financial_Results/2024-2025/Q3/GTPLHathway%20Ltd.%20-%20Q3FY25%20Earnings%20Call%20-%20Transcript.pdf

The said transcript is also enclosed herewith.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For GTPL Hathway Limited

Shweta Sultania

Company Secretary and Compliance Officer

Encl: As above



“GTPL Hathway Limited
Q3 FY25 Results Conference Call”

January 10, 2025



MANAGEMENT: **MR. PIYUSH PANKAJ – BUSINESS HEAD B2B AND CHIEF STRATEGY OFFICER – GTPL HATHWAY LIMITED**
MR. PARAMVEERSINH JADEJA – PROMOTER FAMILY AND CHIEF BUSINESS OFFICER – GTPL HATHWAY LIMITED
MR. SAURAV BANERJEE – CHIEF FINANCIAL OFFICER – GTPL HATHWAY LIMITED

MODERATOR: **MR. PULKIT CHAWLA – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY25 Results Conference Call of GTPL Hathway hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Pulkit Chawla from Emkay Global Financial Services. Thank you and over to you, sir.

Pulkit Chawla: Thank you, Sagar. Good evening, everyone and welcome to the Q3 FY25 earnings call for GTPL Hathway. From management, we have with us today Mr. Piyush Pankaj, Business Head-B2B and Chief Strategy Officer, Mr. Paramveersinh Jadeja, Promoter Family and Chief Business Officer and Mr. Saurav Banerjee, Chief Financial Officer. Without any further delay, I shall now hand over the call to the management for the opening remarks. Over to you, sir.

Paramveersinh Jadeja: Thank you, Pulkit. Good evening, everyone. A warm welcome to everybody to the earnings call of GTPL Hathway to discuss the financial performance of Q3 FY25. Our company remains the largest MSO and a prominent player in the fixed broadband landscape in the country. Both the business segments, cable TV and broadband continues to increase the customer base, driving the business forward. Our long track record of subscriber growth is a testament towards our constant efforts to create value for our valued customers.

We constantly evaluate organic and inorganic avenues for growth. As a company with a national footprint, we are actively pursuing expansion opportunities in states beyond our traditional strongholds of Gujarat and West Bengal. Advancement of broadband subscriber count will also be achieved by taking advantage of our extensive network of LCOs and B2B partners.

We strongly believe that current industry landscape is one of migration towards value and this presents an opportunity of consumer consolidation from smaller, inefficient players. In the 9 months of this financial year, we have launched services such as GTPL Buzz- consumer app loaded with innovative features, AI Chatbot GIVA for ease of consumer self-services and industry first TV Key Cloud in collaboration with NAGRA.

At GTPL Hathway, one of our core philosophies is to keep moving forward, provide entertaining services and constantly explore opportunities for growth. These are the principles that reflect in our business undertaking as well. I now hand over the call to Mr. Piyush Pankaj who will take you through the KPIs for the cable TV and broadband segments.

Piyush Pankaj: Thanks Param. Good evening everyone. The usual KPIs for both the businesses are as follows. First, cable TV segment. Our digital cable TV subscriber base as on 31st December 2024 stood at 9.6 million. Among the total subscriber base, paying subscribers stood at 8.9 million. On a Y-o-Y basis, the increase in both active and paying subscriber is 200K respectively. In the broadband business, active subscriber base at the end of the quarter stood at 1.042 million, adding 37K new subscriber which is an increase of 4% on a Y-o-Y basis.

Home pass stood at 5.95 million as of 31st December 2024 of which 75% are available for FTTX. Home pass grew by 6% on a Y-o-Y basis, registering an increase of 350K on an absolute

basis. The broadband ARPU for quarter 3 FY25 increased by INR5 Y-o-Y and stood at INR465. Average data consumption per month stood at 365 GB, a 6% increase Y-o-Y. Pace of subscriber addition remains healthy in both the segments, particularly, for the cable TV segment which we highlighted in the previous earnings calls, efforts towards customer addition and retention by on-ground employees were hindered by extended rain and flood in various parts of the country.

As these phenomena subsided in the quarter and normal operations resumed, we have once again resumed the trend of achieving sequential addition to our subscriber base besides registering growth on a yearly basis. Broadband business achieved steady onboarding of new subscribers with positive development across key monitorable as highlighted above. Wireline broadband continues to be under penetrated in our country with demand driven by need for reliable high-speed data at affordable prices.

I will now hand over the call to Mr. Saurav Banerjee, CFO who will take you through the financial performance of the company.

Saurav Banerjee:

Thank you Mr. Piyush and good evening to all the participants. On a consolidated basis for the quarter, total revenue grew by 4% Y-o-Y to INR8,957 million. On a sequential basis, this translated to a growth of 4%. Subscription revenue stood at INR3,024 million and the broadband revenue stood at INR1,383 million. Consolidated reported EBITDA stood at INR1,138 million at an EBITDA margin of 13%. Operating EBITDA for the quarter was INR1,021 million with a margin of 22%. Net profit attributable to the parent stood at INR102 million. Consolidated figures for 9 months FY25 stood as following. Total revenue grew by 7% Y-o-Y to INR26,083 million. Consolidated reported EBITDA stood at INR3,481 million at an EBITDA margin of 13%. Operating EBITDA for 9 months was INR3,143 million with a margin of 22%. Net profit stood at INR374 million.

On a standalone basis for the quarter, total revenue grew by 8% Y-o-Y and 4% Q-o-Q to INR5,652 million. Standalone reported EBITDA for the quarter was INR654 million at a margin of 12%. Operating EBITDA for the quarter was INR549 million thus implying a margin of 22%. Net profit stood at INR107 million. Standalone figures for 9 months FY25 stood as following. Total revenue grew by 7% Y-o-Y to INR16,537 million. Reported EBITDA stood at INR1,995 million at an EBITDA margin of 12%. Operating EBITDA for 9 months was INR1,716 million at a margin of 23%. Net profit for the period was INR397 million. I would now request the moderator to open the floor for the Q&A session.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Our first question comes from Mamta Agarwal from AMS Investments. Please go ahead.

Mamta Agarwal:

Thank you for the opportunity. Sir, my question is many listed companies over the past month have got orders towards the Phase III of BharatNet project. I think most of this are towards the equipment and infrastructure side of things and we are service providers for broadband. So, what is the opportunity size for us from this scheme?

Piyush Pankaj:

BharatNet project, as you know that BSNL and BBNL have launched that. And recently they have launched for 16 states. And the tender has been filled and given and the results have been

announced also, but it is under judicial matter right now. We are also waiting that once the judicial matter will be over, then it will be pursued. Yes, company is participating on that. And we are looking forward that as the judicial matter will get over then we will come back to the investor and tell them that what we got, what we not.

Mamta Agarwal: Okay, great. Sir, my follow-up question is did we also do the same work, some of these companies such as HFCL and ITI or like our scope of work is different?

Piyush Pankaj: No, it is same as those companies. We have already did a BharatNet project which is granted by GFGNL in Gujarat which you can see in 19-20-21 balance sheets in our balance sheets and financials that this is considered it as a EPC project. So we did that. We did the implementation of 17,000 kilometers fiber link for the GFGNL connecting around 4,000 gram panchayats.

So we successfully did that project in the stipulated timelines of two years and handed it over back to the GFGNL. And we are doing the operation and maintenance of that project currently.

Mamta Agarwal: Okay. Sir, we have also participated in the previous phases. So we will do the same in Phase III and win some projects?

Piyush Pankaj: Yes, we are looking forward for that. We already have the capability and developed in the company. And successfully we did a big project. So, yes, we are looking forward for that.

Mamta Agarwal: Okay. And sir, what is the quantum of orders expected execution time and margin profile?

Piyush Pankaj: Right now can't disclose those because it is under the judicial matter. Once the judicial matter will be over and we will get the documents and all in hand. Then we will disclose it to bourses also and disclose it to the investors also.

Mamta Agarwal: Okay, sir. No problem. Sir, one again follow-up question on this. Besides BharatNet III, are there any other government initiatives the company can participate in for project work like can you share some details and opportunities size of these?

Piyush Pankaj: Yes. We are looking forward for that and we are applying for different government projects. And we are hopeful to get those.

Mamta Agarwal: Okay. Sir, my second question is based on your announcement and commentary, I am aware you have launched initiatives on cable TV side for new services. What explains rise in ARPU on broadband side?

Piyush Pankaj: ARPU on the broadband side, yes this quarter, if you see, it has gone up and this is now at INR465. That is mainly due to the demand from the customers for higher packages which is going on. We are launching some of the higher packages at higher ARPU. And that is what the ARPU will be driven by. So, if you see from last eight quarters, we are between INR440 to INR460. The ARPU first time we have gone up to INR465.

So, we are looking forward that with the strategy of introducing higher speed packages and all and which the customer demand is there, we will increase our ARPUs.

Mamta Agarwal: Okay. Sir, a follow-up on this, like if I calculate your value gain, which I am assuming as ARPU gain INR465 over INR460. It comes close to 1.1%. And your volume gain in terms of subscriber count comes to around 3.7%. That is 1,042K subscribers versus 1,005K subscribers a year ago. If I broadly combine them, then your revenue from broadband should have increased approximately by 5%.

But when I see your presentation, it is only a 2% growth in broadband ISP revenue. So, can you help me walk through this difference, please?

Piyush Pankaj: So, this INR5 has happened over the quarter, which is you have to average it out. So, if you average it out, this 5% increase it will come to 2.5%. And because some of the subscriber base is there of the B2B subscriber base, where there is a lower ARPU on that whole basis. So, that is why it is coming to around 2% on that basis. So, if you see, there is no increase in subscriber base from last quarter. It is from 1040, it is 1042.

So, this quarter is a bit muted on the increase in the subscriber base. ARPU has gone up, but you have to take that ARPU at the average. So, then it will come to 2 or 2.2%.

Mamta Agarwal: Okay. Fair enough. Thank you so much, sir.

Moderator: Thank you. The next question comes from Yash Mathre from Cruz Capital. Please go ahead.

Yash Mathre: Hi, sir. Good afternoon. My first question will be can you share some insights on the consumer app and the downloads, the reviews and initial responses from the public?

Piyush Pankaj: Yes. So, the responses are very good. Actually, we have - when we launched GTPPL Buzz it is with the live TV plus we have introduced the Distro TV and the gaming Blacknut the gaming, all are together there plus the general app for the complaints and maintenance and services and all.

So, it is more of like out of you can say the already downloaded app which is converted into GTPPL Buzz app now, which is somewhere around you can say more than a million subscriber base right now on those plus we will see that when we launched a new app, the overall around 150K more download has happened in the last three months, three to four months time. So, that's the first thing we are seeing.

And we are getting the good customer response, you can say, feedback on those. Yes, this is a good app and people are getting, taking the gaming app also Blacknut. And around 6,000 subscriber base - 6,000 subscriber base has come into the gaming side right now from the last four months.

Yash Mathre: And also sir I understand the app is free right now. So, what are our revenue channels? Can you just expand on that?

Piyush Pankaj: No, this is GTPPL Buzz is more from the retention side. Revenue channel is more of what we launched, the additional services of gaming, which is there. DistroTV is more or less free for our customer. And live TV is free for our customer plus all the services, complaint services and all

everything which was already there in the app, which is now in the enhanced mode. So, this app is mainly for the retention side, which will make the customer sticky.

Plus, gaming services is small revenue which you can say, but yes there is a service available for the gaming now, which we are promoting to the customer, which we'll see how the revenue happens with the time.

Yash Mathre: And I think my final question would be sir these costs that are associated with running the service, would they increase as the user base increases or what are the strategies that we have in place because as users increase, the costs are increasing and we're still not charging the users. I think that would affect our revenue?

Piyush Pankaj: The app running charges, the maintenance charges - no, app maintenance charges are very, very less. It is more of that once you add around half a million customers then your cost increases on that basis. So, right now it is you can say 1.3 million downloads which has happened. Close to 1 million was already there for the old app also, which is converted into the new app.

So, you can say from last three months we are witnessing somewhere around 200K increase in the app side. So, yes, when it will cross around half a million, then some small cost will come up, but it's not a very significant cost in maintaining these apps.

Yash Mathre: Sir just one last question. As the companies started bundling up of services, there is competition from Airtel Xstream and Jio, which leaves us with very little room for pricing power. So, how do we plan to operate in this segment and what do we bring to the table which is different from these companies?

Piyush Pankaj: Yes, so see the two products that is going to be cable and entertainment and broadband that is going to be ours. Others are going to be third-party. You are right taking the third-party app or third-party services, there is a very small room for that, which actually Airtel and Jio is also doing. Jio has their own app also because of that, but overall if they are doing the combining of other apps and all, that is for the third-party.

And there the room is smaller. But the room comes in the - how you are doing it for the entertainment and broadband. So, we will create the room over there in the pricing and we have created like as you know the DTH prices and our prices, cable prices are already there is a gap and DTH prices are higher than that.

Same in the broadband, when we are fighting their lower is at 30 Mbps at our price. We are providing on those at 50 Mbps and 60 Mbps or 100 Mbps which we manage in that way. So, there the room is there to fight with them on the pricing side, on our own products.

Yash Mathre: Got it sir. Thank you so much.

Moderator: Thank you. The next question comes from Sahil Vora from M&S Associates. Please go ahead.

Sahil Vora: Good evening, sir. My first question is I saw on the stock exchange regarding investment in a subsidiary for some INR11 crores, INR12 crores. So, if the management may help provide with

some rationale for the acquisition, since we are already holding 51% stake and the subsidiary numbers were already being considered in our consolidated results. So, what exactly was the rationale behind making it a wholly owned subsidiary?

Piyush Pankaj:

Yes, it's a wholly owned subsidiary because what we are doing is, as you know, that we are consolidating the subsidiaries. And as you can see in the precedent that in 2021 we did the merger of around 11 companies, the demerger and merger. The same way we want to do and reduce the going forward number of subsidiaries and all which is around 26 right now.

And that's the endeavor to go ahead and do it. Here, what we are doing, that there are outstanding which is like pre-tariff outstanding and all and through that, we are converting it into 51%. The cash flow outflow is almost nil in this whole transaction, but yes the valuations and all are there for those companies because already in that JV if you see there are around 100K subscribers.

So, the valuation is there, but yes, there is outstanding and all which is getting converted, which will get converted on that. And the cash outflow is almost negligible in this transaction.

Sahil Vora:

Okay, that helps. My next question is on the cable TV business, my apologies. I wanted to understand that we as distributors pass on price hikes by broadcasters to the customers. And I remember you had mentioned last year that certain broadcasters had increased channel prices leading to a blackout-like situation for a couple of weeks in an extreme scenario.

And recently, as per media articles, major Indian broadcasters including JioStar, Sony Picture Networks India and Zee Entertainment have announced significant price increases ranging from about 10% to 18%, effective February 1st, 2025. So, I just wanted to understand a couple of things. How exactly long does it take for us to pass on the price to the end consumer?

Piyush Pankaj:

Right now the prices and all have come in the first week of January. And we are busy in the board meeting and all. So, already we are assessing the whole situation, but how to react on those and talk to all, because broadcasters are also our partners more like a partner. So, how to talk to them and they also wanted to talk to us and how they want to get they think to take the whole price and all those things to the consumer level.

And how to resolve this whole situation that the price hike has happened and how to take care of the consumer base and the whole industry side. So, that has just started right now. We are still at the early stage of that, but yes, you are right the price hike has been announced and we have to tackle that at the company level also, at the industry level also and at the consumer level.

So, that is going on. We will be more clear in the coming days and we look forward that we'll sit with our partners and we'll see how to resolve this.

Sahil Vora:

Sir, on the impact at the consumer level, do you foresee some impact of this on subscriber count coming under pressure?

Piyush Pankaj:

Seeing in the situation of the industry right now, we have to assess that whether any price hike the consumer or at the ground level, the price hike can be observed or not. So, that assessment has to come. And we have to see because once you go for the price hike, the likely situation is

that churn will happen on the consumer base or whether the situation is like that because, yes, some price hike can be observed by the ground, by the consumer or not. So, those assessments are still we have to do. It is going on and appropriate decisions will be made in the coming months, in the coming time.

Sahil Vora: And sir lastly on the financial side, what do you think the impact it would have on our company financials like will quantum of pay channel cost increase be higher than the revenue we earn from placement, carriage and marketing side?

Piyush Pankaj: See, if the pay channel cost is going high and if we are increasing the price also, that is going to be accretive to my whole balance sheet and whole P&L. But, yes, we have to see the ground situation, the industry situation at this point of time that whether those price hikes can be observed by them or not. So, we have to do the assessment. Yes, theoretically, if price hike happens by the broadcaster and we can successfully pass that to the ground then it will be going to be accretive to my P&L and balance sheet.

Sahil Vora: Okay, sir. Thank you so much for the detailed response and all the best.

Moderator: Thank you. The next question comes from Ram Bhatt from Archarya Diplomacy Investments. Please go ahead.

Ram Bhatt: Sir, I just have two questions. Sir, on earlier calls it was mentioned that price hikes by telecom companies for wireless data packages would lead to customers shifting their preferences to wired broadband. So sir, what updates have you seen toward that front? Have business inquiries increased and how is the company capitalized on the same?

Piyush Pankaj: Yes, so you are right on that. That happened in the - we have seen that, that happened in the second quarter if you see that price hike has been announced and suddenly we have seen that people are shifting to wire line from wireless and inquiries were made, but, yes, it was muted in this quarter, you can see from Diwali onwards it is a bit muted and we are looking forward that more price hikes if it is announced by the telecom then again we will see that the people are shifting from wireless to wired.

But yes, I think still the data cost at the telecom side is still at the affordable level right now. We have to see that more price hikes happen on those. So yes there is a, you can say, we have seen from one quarter that effect and then it is a muted response.

Ram Bhatt: Yes, sir. And sir one more question. Sir, subscription income growth in the past few results.

Moderator: Sorry to interrupt. Ram sir, your voice was not clear at the initial. Could you please repeat the question once again?

Ram Bhatt: Yes. Am I audible now?

Moderator: Yes.

Ram Bhatt: So, sir, when I look at the trend of your subscription income growth since the past few results, it has decreased both year-on-year and sequential during Q2 results and again in Q3 results. So, what explains this decrease despite the rising subscriber base?

Piyush Pankaj: Yes, see August to October month was unprecedented for the industry where we have seen the - there is no major events. The major events have completed and there is extended rain and flood which hampered the customer addition and retention efforts. We have witnessed high churn during this period and lower customer addition and you can see that last quarter we have resulted in customer decline.

So, we have started recovering after Diwali and mainly in November and December month and we will see that number has increased, gone up by 200K again back to square, but the increase in revenue of this 200K, the whole full revenue increase will be witnessed in next quarter only. So, we have seen that there is a decline and also we lost customers in established and matured markets and we are gaining customers from new markets which will have an effect in the lower blended ARPUs because in the new market when we are going, we are going at the lower ARPUs, a bit lower ARPU and we are using the established market, the higher ARPUs per share.

Those are the effects which is happening, but we are hopeful that the coming quarter is going to be positive and we will quickly recover the decline, the major cricketing events are there, elections are lined up in quarter 4 FY25 and we will start gaining the whole revenue of this customers which we added in quarter 3, which we added mainly in December. So, those are the bright signs which we are looking forward and we are hopeful that again we will be at the same revenue level. It has not gone much.

If you see on the 9 months to 9 months, it is just the INR11 crores which we are down right now and that is because of quarter 2 and quarter 3 effect which we are hopeful that we can try to recover in quarter 4.

Ram Bhatt: Noted, sir. Sir, just one follow-up. It was good to note that quarter-on-quarter rise of your customer count in cable has increased. Can you then guide on what year end FY25 and for FY26 your subscriber count should look like in both businesses?

Piyush Pankaj: See FY25 and FY26 and FY27 I will say next financial years as we are going to change the delivery technology which we are going on. I will talk about that in quarter 4, much in the quarter 4 as we are changing it from the fiber to satellite which we are doing right now going on to the Headend-in-the-Sky, but I will talk about the Headend-in-the-sky in the next quarter and how it is going to give us the company the access to all over India, what are going to be main targets on that, how we are going to increase our subscriber base, how it is going to affect our costing and what the positive impact is going to happen on that.

That is what we are going to give you in quarter 4. We are trying to launch that in FY26 this headend in the sky and it is going to be very positive for the company.

Ram Bhatt: Thank you, sir.

Moderator: Thank you. Our next question comes from Rahul Jain, Individual Investor. Please go ahead.

Rahul Jain: Sir, can you share the breakup of broadband subscribers addition from B2C and B2B of the current 37,000 new additions?

Piyush Pankaj: Yes, it is on 37,000 on a Y-o-Y basis. We can say that B2B is around 22k to 23k and rest is B2C. So more is coming from; ~ 60% is coming from B2B right now on that basis. B2C is a bit muted on that.

Rahul Jain: It is a follow-up is how is B2B tie-up progressing for broadband?

Piyush Pankaj: Yes, B2B is going good. We are more than 100k now in the B2B and mainly you can say that a lot of pipelines are there in the B2B side and the market is quite open as you know. Mainly B2C we are doing in Gujarat market and some of the specific cities, but B2B we are doing all over India except from the Gujarat and those specific cities.

So the market is open and there is a lot of inquiries and all that, but yes, if we are doing the broadband as I said earlier in my calls also, we have to see the technology compatibility in that way that- yes fibers are compatible and we can put the equipment and the last milers compatibles and all.

So a bit more time takes in the technical evaluation and integration of those, but yes, a lot of inquiries are there and we are progressing well. As you can see that in last seven to eight months we are already more than 100k. And this year is good for B2B on that basis and this year also already we have made this more than 100k plus. So we are looking forward that this business will start taking off in a better pace from next financial year as we are getting more people in this sector, in this segment and we will go aggressive on that.

Rahul Jain: Okay, sir. Sir, one more follow-up on that. Like TRAI data shows that while still nascent; adoption of the wired line broadband is increasing with the top five players all increasing the sub-counts despite varying results in their wireless subscriber count. This also aligns with what our guidance has been. However, I have been expecting faster growth on the broadband side given you are also now actively focusing on B2B.

When I compare your net additions even on an absolute basis, the trend has been slowing sequentially like 15k new subscribers - new subscribers sequentially in Q4 FY24, 10k each in Q1 FY25 and Q2 FY25 and now 2k in Q3 FY25. Are you facing more competition or have some dynamics shifted in the market?

Piyush Pankaj: No, it's more of - see if you talk about the telcos mainly Jio and Airtel they have gone mainly into B2C and they are investing and going for all over India as a market. We in the B2C we are not going for all over India. And when you are doing B2B then you have to be dependent upon the equipments and all from your partner side. In B2C you are doing your own investment because the customer acquisition cost is high. If I talk about our customer acquisition cost is like 5000 for one customer in B2C. And in the B2B that comes down to 1200 to 1500 only.

So that's the way of investment we have to see whether you want to go ahead and do those investments and all. On the industry side you can say, yes, wired broadband industry from last

4 years we can say from 20 million to 22 million it has gone up to more than 44 million, 45 million now. And the main gainer is your Jio and Airtel which is now at 14 and 8 million.

We have gained, but we have gained from 600 to 700 to 1 million and now we are muted on that way because we are just in one state which we are doing right now the B2C mainly. And that state is not providing that opportunity of growth right now, but yes, B2B we are growing and we are seeing that with B2B if possible we will start doing the B2C also in different markets.

But right now we are focusing on B2B and here also we have to as now in the last 8 months to 9 months we have developed that how to make it a bit faster the whole thing which we are looking forward that we will start seeing some good customer addition from FY26.

Rahul Jain:

Okay, sir. So, like from what I could have observed, had the subscription income stayed same as Q2 FY25, that would have meant that at least at the EBITDA level we would have been only marginally down year-on-year. However, if the CFO can help me with this, like why has the interest cost shown a sudden jump sequentially?

It is largely the higher interest cost that aggravates my movement from EBITDA down to PAT. So, if some clarity can be provided on that?

Saurav Banerjee:

Yes. Interest cost has gone up primarily because of two reasons. One is that the overdraft utilization has been on the higher side for the past few months. In terms of utilization, overdraft facilities are usually taken from the banks for these purposes that whenever there is an outflow which is required to be done in terms of trade payables and all, the utilization is on the higher side and again it tapers down towards the end of the fourth quarter.

So, this is one of the reasons whenever there is a higher utilization, the interest cost naturally will start going up on a temporary basis. The other reason is that we are investing in HITS project as you might be aware and for that we have taken some borrowings from the banks especially to cater to the HITS project.

So, these are in the nature of term loans and again when we utilize those term loans to ensure that the HITS project is moving on the right track. So, till the time it goes live, there will be these interest costs attributed to the HITS project. So, these are the two reasons why the finance cost is showing slightly I would say a higher trend than what it was earlier.

Rahul Jain:

Sir, just wanted to know like what is your debt profile currently like earlier you used to be net debt negative and it seems like the debt levels are increasing slowly?

Saurav Banerjee:

Yes, as I said that the debt levels have increased because of the project cost that we are investing in particularly the HITS, but if we were to take away those project related borrowings then it is just the OD utilization which will move up and down during the year. So, effectively for the core business activities there is hardly any new debt on the book. It is mostly attributable to project cost.

Piyush Pankaj:

So, this the loan for the new project Headend-in-the-Sky, this is for the short term you can say which once we will launch the Headend-in-the-Sky and due to the saving of operational cost and

all and which is already there we are going to pay back this loan and reduce again the whole loan. Right now if we talk about the net debt basis hardly it is around you can say the debt is on the net debt side. The debt is hardly around INR15 crores more in the whole scenario in the bank.

That is why we have not stated this quarter that we have net debt zero or net debt negative right now, but yes this company will again become net debt negative by you can say somewhere September or December 26.

Saurav Banerjee: True and in any case these are term loans. So, it is like an EMI kind of situation with the bank. So, there is a repayment which keeps on happening every month. So, when we utilize the term loan and then the repayment starts immediately over a period of time, let's say, 12 months a substantial part of the term loan will get anyway repaid.

Rahul Jain: Thank you so much. Thank you for answering the questions.

Moderator: Thank you. The next question comes from Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Thank you for the opportunity. Sir, you were mentioning about this HITS in the Sky project. So, if you could just dwell more into how much have we spent, how much have been the capex on the HITS project and if you could just elaborate the benefits, how are we going to what in terms of efficiency also, if you could just explain the same?

Piyush Pankaj: Saket, that's what I said earlier that I will disclose this whole thing on the next quarter, the whole project. That's what we listed in that, the project cost and all and what is going to be the benefit for the whole company and what are the savings which we are going to do. Yes, it is like a very exciting one because you will see that there is a lot of savings on the delivery side and the expansion of market will happen because you are available in every nook and corner of the country signal now. So yes, there is going to be exciting time after this. But yes, all the details we are going to disclose next quarter.

Saket Kapoor: Okay. And we have already spent money on the project sir or we will be doing it and then first elaborating the same and then the capex?

Piyush Pankaj: We are spending it. Already you can say that the project is around 80% completed on the capex side. And we are just looking forward that by next quarter the whole project will be completed and we will be ready to launch.

Saket Kapoor: And how much have we spent, sir?

Piyush Pankaj: That I'll give you in the next quarter. I'll give you in the next quarter the whole project, that part of the project cost and all. But yes, you can see that already we are spending that and those are in this financials also, but we are absorbing all the capex in the current business only.

Saket Kapoor: Sir, since you have already mentioned that going ahead we would be able to connect the nook and corner of the country and that is clearly hinting towards the satellite part of the story that

that even Starlink is trying and the government is also coming up with more clarification of on how one can participate in those auctioning and all. I think there is something related to that.

So, if you could just give an understanding, sir, then what would the amount of money that we have spent on laying down on fiber, how will that supplement, that would be a supplement to the capex that we have done? It would be supplementing the previous capex?

Piyush Pankaj:

Yes, it would be supplementary on that basis, that whatever we have done the investment in our investment in the fiber plus we are going. Headend-in-the-Sky is different from what the Starlinks are now doing, that is Starlink is on the broadband side. They are doing on the satellite broadband. We are not into the satellite broadband. This is a traditional way of taking the TV signals to the homes and to the operators, Headend-in-the-Sky technology.

And so, yes, by going into the satellite my signals are going to be available in the every nook and corner of the country. And that is going to give me the advantage over others. We can exploit that in a positive way and expand our business very quickly. Yes, we will give you all the details in the next quarter. I am not giving you the details because still the capex are happening in house.

And still we are waiting for the clearance from some of the departments from the government, which we have already applied for. Looking forward for the license obligations to be completed, the license which is going to be granted by the Ministry of Information and Broadcasting. Those obligations are still some are pending which we are taking right now. So that's why we wanted to give you all the details in the next quarter.

Saket Kapoor:

Sir, when we look at the wired broadband part of the story and the home passes for the wired broadband it is the OFC, that is the bedrock for the transmission of signals. And for the home passes, the fiber to home, it is the structured cables. Are these things segregated and correct, sir?

Piyush Pankaj:

Yes, you are right in that way because right now cable and broadband we can go through the same fiber, but yes you have to put the active instruments, active devices on that for the broadband, but yes you are right that broadband will continue to do the fiber, but that will be because the bandwidth requirements for the B2B business are smaller. You can do it at a very less cost on that basis.

But if you are doing the cable, the costs are higher on that way in the fiber. So we have to see on that basis. Yes, those business will do. We are going to give the combined services, combo packages and everything that is what we are doing right now that we continue with the HITS and all of those things. That is not a problem on that side.

Saket Kapoor:

And sir can you give the number or how much have we spent on the recurring capex for both OFC and the structural cable for the period ending December?

Piyush Pankaj:

Yes so total capex as we have given that for the annual capex we are going to do the INR350 crores. Out of that we did INR265 crores right now. TV side we did cable TV side we did INR160 crores and broadband side we did the INR95 crores till 9 months 31st December, 2024. So that's just the figures.

- Saket Kapoor:** 360 is the total figure and out of that 265 have been spent?
- Piyush Pankaj:** That's right. INR265 crores has been spent out of INR350 crores.
- Saket Kapoor:** Okay. And out of this 265, sir, how much will be on cable and how much will be on equipment?
- Piyush Pankaj:** Cable, you can say because mainly in the CATV, the main capex happens for the set top boxes. So out of INR160 crores you can say around 90% is on the cable boxes. Rest is on the fiber and all.
- Saket Kapoor:** Sir going ahead we are going to see this OFC structured cable and the technology which you are speaking for which you will be getting the approval, complementing each other and then creating an entire ecosystem for how broadband and the cable TV business model will work like. This is what should be the good understanding?
- Piyush Pankaj:** Yes, you are right. And this will give us the opportunity to penetrate into the rural side also in the rural area.
- Saket Kapoor:** Okay. But the backbone for communication is fiber and that is going to be there whatever new technology also become, it is going to be transmitted through this bedrock of fibers only that understanding is correct or we are getting any technological change?
- Piyush Pankaj:** Broadband is going to be on the fiber. Your cable is going to be on the satellite. And both are merging at the customer level.
- Saket Kapoor:** Okay, sir. And data centers GCC and data centers there is a lot of discussions and a lot of money is also being poured into creating that infrastructure. So in this ecosystem, have we found out any business opportunity? How can we create or being ancillary or proxy to this segment or it is altogether a different sphere for us?
- Piyush Pankaj:** We have the enterprise segment which I described that we are doing the BharatNet projects. We did the BharatNet projects and we are hopeful to do more projects and one of the segment is data centers also which we are exploring. Our team is exploring and we are in a very positive manner. We are exploring that and we are looking forward to expand that already we have those capabilities, we are trying to get the projects on those.
- Saket Kapoor:** BharatNet III just concluded. So have we got any of our bids have commensurate into any order or any update on how we will participate?
- Piyush Pankaj:** I have updated in the call also that we will update you because it is a judicial matter right now. We are waiting for that to complete and then we will announce everything.
- Saket Kapoor:** Okay. Whatever has concluded somebody has challenged that. That is the reason why you are not speaking?
- Piyush Pankaj:** Yes. We are looking forward for the judicial thing to complete then we will announce everything. Yes, you are right.

- Saket Kapoor:** Thank you and all the best.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.
- Piyush Pankaj:** Thanks. I would like to express my thanks to every participant who took their time out to attend Investor Call. I would like to thank Emkay for organizing this call. For any queries, please feel free to contact with Orient Capital who are our Investor Relations Advisors. Thank you and have a good day.
- Paramveersinh Jadeja:** Thank you.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.