



“GTPL Hathway Limited
Q1 FY2021 Results Conference Call”

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- Moderator:** Ladies and gentlemen Good Afternoon, and welcome to the call of GTPL Hathway Q1 FY '21 business conference call organised by Batlivala & Karani Securities India Pvt. Ltd. At this moment all participants are in a listen only mode. Later, we will conduct a question and answer session. At that time if you have a question please press “*” and “1”. I would now like to turn the conference over to Mr. Yogesh K. Thank you and over you sir.
- Yogesh:** Good afternoon to all the participants and thank you for joining in. We at Batlivala and Karani are pleased to host with earnings call for GTPL Hathway Ltd. To discuss the results and the business outlook, we have the senior management of the company represented by Mr. Anirudhsinhji Jadeja- Promoter and Managing Director, Mr. Rajan Gupta- Chairman and Non-Executive Director, Mr. Piyush Pankaj- Business Head CATV and Chief Strategy Officer and Mr. Anil Bothra Chief Financial Officer. I will now handover the call to Mr. Jadeja for his opening remarks which would be followed by a question and answer session. Over to you sir.
- Anirudhsinh Jadeja:** Thank you Yogesh Ji. Good evening everyone, warm welcome to all of you to the conference call of GTPL Hathway Ltd. to discuss financial and operational performance for quarter 1 FY '21. Let me give you a quick overview of quarter 1. The GTPL team delivered another strong quarter. The highlights of the quarter 1 was strong profitability and debt reduction. As on quarter 1 FY '21, our seeded set-top box stood at 10.21 million and paying subscribers stood at 7.2 million. Our consolidated subscription revenue grew by 7% on y-o-y basis. In the Broadband business we have added 1,80,000 new home-passes. GTPL added 50,000 net broadband subscribers, a sharp growth of 2x in subscriber addition: including 20,000 FTTX subscribers. During the quarter, we have significantly reduced our gross debt by ₹ 37 crores. Our net debt as on June 30th 2020 stood at ₹ 108 crores. Quarter 1 FY '21 consolidated revenue, EBITDA and PAT grew by 10%, 11% and 39% respectively on y-o-y basis. With that, I handover to Mr. Piyush Pankaj who can take you through the business and financial aspect of the company.
- Piyush Pankaj:** Thank you Mr. Jadeja. Good evening everyone, I hope all of you are safe and healthy. GTPL as many of you know is one of the few consistently profit-making cable TV and broadband company in India. Our business model is quite robust and can explore multiple growth opportunity that this sector has potential to offer. Allow me to give you a glimpse of our trajectory in the past few years. In last 4 years we have doubled our paying subscriber base from 3.7 million in quarter 1 FY '17 to 7.2 million quarter 1 FY '21. During the same period, our revenue and EBITDA have grown by 24% and 30% CAGR respectively. We have been consistently generating free cash flow since FY '16 and have managed to reduce net debt by ₹ 288 crores in the last 4 years and have returned money to shareholders in the form of regular dividends. I believe with such strong fundamentals; we are ready to pursue the next phase of growth which is already been put in motion. With that let me take a deep dive into performance for the quarter, let me start with the CATV business. As on quarter 1 FY '21 our Seeded STB's stood at 10.21 million. As on June 30, 2020 paying subscribers stood at 7.2 million; an addition of 1 lakh paying subscribers as compared to last year. GTPL's digital CATV services reached 800 plus towns spread across 12 states in India. Our CATV business expansion in Maharashtra, Tamil Nadu, Andhra Pradesh and Telangana is on track and will gain momentum in the coming quarters. In the broadband segment during quarter 1 FY '21 we have added 180K new home-passes, taking the total home-pass as on June 30, 2020 to 3.51 million. During the quarter, GTPL added 50,000 net broadband subscribers taking the total net broadband subscribers as on June 30, 2020 to 4,55,000, of which, 1,20,000 are FTTX subscribers. 2x times growth in subscriber's addition q-o-q was encouraging. Let's us now move to our financial performance. On our consolidated business excluding EPC contract during quarter 1 FY '21 GTPL's consolidated revenue increased by 20% y-o-y to ₹ 4,717 million, where CATV subscription revenue grew by 7% y-o-y to ₹ 2,653 million. The broadband revenue for the quarter grew by 34% y-o-y to ₹ 527 million led by rise in subscribers. EBITDA for the quarter surged by 13% y-o-y to ₹ 1,261 million with a margin of 26.7%. On our consolidated business including EPC contract during quarter 1 FY '21 GTPL's consolidated revenue increased by 10% y-o-y to ₹ 5,020 million, EBITDA for the quarter increased by 11% y-o-y to ₹ 1,287 million with a margin of 25.6%. PAT for the quarter surged by 39% y-o-y to ₹ 409 million. Our EPC contract during Q1 FY '21 reported the revenue, EBITDA and Profit Before Tax of ₹ 303 million, ₹ 26 million and ₹ 20 million, respectively.
- On our standalone business excluding EPC contract during Q1 FY 21, the company reported revenue of ₹ 3,186 million which grew by 26% y-o-y. This was mainly contributed by 12% y-o-y increase in subscription revenue at ₹ 1,827 million. The company reported EBITDA of ₹ 792 million with an EBITDA margin of 24.9%. On our standalone business including EPC contract during Q1 FY '21, the company reported revenue of ₹ 3,489 million which grew by 10% y-o-y. The company reported an EBITDA of ₹ 819 million with an EBITDA margin of 23.5%. The

company reported PAT of ₹ 305 million which grew by 21% y-o-y. Finally before we open the floor for question and answer I would like to tell all of you that the provisions against the receivables, that the company has been making for the past 2 years due to implementation of new tariff order, we will not have that during this financial year i.e. FY '21. Moreover, there are good chances of receivable turning good and whenever that will happen it will straight way add to the profits. Thank you.

- Moderator:** Certainly, ladies and gentlemen we will now begin the question and answer session. If you have a question, please press “*” and “1” on your phone and await your turn to ask the question and when guided by the facilitator. If your question has been answered before your turn and you wish to withdraw your request, you may do so by pressing “*” and “1” again. We have a question from Ms. Preksha Jain from AMS Wealth. You can go ahead.
- Preksha Jain:** Hi sir. I have couple of questions, one was I think in the investor presentation somewhere it is mentioned I think on slide 17 that we are planning to relaunch the hybrid box. If you can throw some light on it.
- Anirudhsinh Jadeja:** Hybrid box we are going to launch. It was planned to launch on 1st April 2020 but because of COVID it got delayed. The hybrid box is like 1 set-top box comprising of CATV services plus all different OTT application like Netflix or Amazon Prime or Hot Star & also will include Broadband. So all services put together will form a bundle which we will launch in the hybrid box.
- Preksha Jain:** Okay, so the launch will be on a pilot basis or it's across the country.
- Anirudhsinh Jadeja:** The launch will be across. It is already being tested on pilot basis.
- Preksha Jain:** Okay and by when can we expect this launch?
- Piyush Pankaj:** We are expecting to launch in coming quarters. Right now, we are trying to do it in early quarter 3 that's the expectation, seeing all the COVID and lockdowns, we will take call but right now it is quarter 3.
- Preksha Jain:** Okay. If you can give any guidance on the broadband ARPU and if you can give us an update on demand which was raised on our company by DOT.
- Piyush Pankaj:** On broadband ARPU, we are at around ₹ 422 which is consistently we are maintaining ₹ 400 plus. That's the endeavour that we should maintain our ARPU above ₹ 400. On DOT demand, as we said in the last call also that they raised it to lot of entities including PSU's, private players and others. Right now, PSU's have gone back to the Supreme court and Supreme court has directed the DOT for response, in which DOT has said that they will withdraw the demand from the PSU's. We are looking forward for all the legal advises and as that will happen, we will go ahead and we will see how it pans out.
- Preksha Jain:** Okay. Any update on the insurance claim? I think in the last call you were mentioning that you are supposed to receive claim in a very brief time. So any clarity on that?
- Anil Bothra:** For insurance claim we have submitted all the documents to the surveyor. Surveyor has already done their preliminary investigation and they are under final stage for issuance of survey report. The surveyor is based out of Kolkata and Kolkata is affected also still they are in the lockdown situation.
- Preksha Jain:** Thank you that was very helpful.
- Moderator:** Thank you. Next question is from Mr. Rohan Agarwal from Moneyjar. Mr. Agarwal you can go ahead.
- Rohan Agarwal:** Great job on reducing the debt diligently quarter on quarter. Just wanted an idea on when you see going debt free or what is your planning with regards to the outstanding debt that's there on the books. And another question that I had was what will be the growth levels going forward? So you know you have done a good job maintaining our revenue on a y-o-y basis. Just wanted to understand do you see the broadband sector of our company outperforming in the future or where will our growth primarily be drive by. One last question, did you face any problems with receivables during the previous quarter or now that you are fully on pre-paid so receivables are not an issue.

- Piyush Pankaj:** On the debt reduction we are at around ₹ 108 crore net debt, and reduced gross debt of ₹ 38 crores this quarter. We have the plan to reduce the long-term debt to minimal by FY '21. There is going to be some small, short term debt in the company just for maintaining the relationships with the banks and all. So we are endeavouring to make this as practically a debt free company by the end of FY '21.
- Rajan Gupta:** In broadband, we have seen very healthy growth this quarter as we can see the net ads are historical highest. Now, as all of us can see broadband this quarter, there is a huge demand across companies and overall sector has been quite positive. While we also have seen industries from lot of IT cities like Bangalore, Hyderabad and other southern cities, migration of work from home for IT professionals who have moved to other cities. From a GTPL perspective, wherever they have presence the growth in demand which has come has purely due to customers requirement. And we see this trend continuing because the kind of price bucket GTPL is, Piyush just now also said we are around within 400-450 bucket going up to 500. So in that bucket of 400-500, there is very least price sensitivity and if you can get a quality broadband within that kind of ARPU we have huge demand. In fact we could have done much better this quarter just because of some installation issues and other ground related issues. So in a nutshell we expect momentum to continue.
- Rohan Agarval:** Do you foresee increasing the cable business ARPU also? Or do you see that remaining constant the figures that are there right now.
- Anirudhsinh Jadeja:** In cable business, we have the room to increase ARPU as I always say that we are one of the lowest ARPU players in market right now, but right now there is no plan of increase in this quarter. We have to see how the COVID pans out. And then we will take a decision in quarter 3 as to whether we want to increase our ARPU or not.
- Rohan Agarval:** Any issue with the receivables in last quarter?
- Piyush Pankaj:** Last quarter when the lockdown happened in April, we have given some credit in the market to some specific players in specific areas where there was problem in collection. The same we have already withdrawn in May and all the collections which we have given on credit has already been received in May. From June onwards it is very smooth, the collection part where we have not given any credit and there is no problem on the receivables side from the ground.
- Rohan Agarval:** Thank you.
- Moderator:** Thank you. Next question is from Ms. Gautami Desai from Chanakya Capital. You can go ahead.
- Gautami Desai:** The opportunity and I think 50,000 net add broadband subscribers is a stellar growth, congratulations to the entire team. A couple of questions on the cost side, that is pay channel cost going up by 25% and then the other operating cost going by 34%. So of you could explain both these and also employee cost going down by 11%, so how do you plan any takeout for like you have let employee go or something like that?
- Piyush Pankaj:** So first coming to the pay channel, if you see q-o-q it has gone up by 1% in this quarter and y-o-y it is 25% but that is in the corresponding that our subscription revenue and our placement and carriage has also gone up. Employee cost, we have seen the increase of around 1% in the consolidated from 31 crores to 31.3 crores, if you see the quarter 1 it is around from 35 crores to 31 crores, in the standalone results we have seen that the employee cost has gone up by 10% from 15 crores to 16.5 crores that is because of the performance linked incentive which was for last year and has to be paid in the quarter 1 of FY '21. So that's why the 10% increase in the standalone results you are seeing.
- Gautami Desai:** But have you let any employee go in this COVID pandemic given any pay cuts or anything like that?
- Piyush Pankaj:** No. No employee churn out, nothing. Business is as usual.
- Gautami Desai:** The other operating cost has gone up by 34% and these are like more kind of lumpy type of which keeps coming. So can you explain that what it is?
- Piyush Pankaj:** In the consolidated results in one pager you are seeing it is 30% but you have to club it with the other expenses. If you club it with the other expenses the cost has gone down i.e. other operating

admin and selling expense the cost has gone down by 10% q-to-q. So you have to club these two expenses together and see the growth.

Gautami Desai: Okay. Thank you.

Moderator: Thank you. Next question is from Mr. Aakash Shah from AMS Securities. You can go ahead.

Aakash Shah: Good afternoon. I have one question in the broadband segment. There are 50,000 additional subscribers that we have got. How much of that do you think is just on the interest of the COVID phenomenon or the lockdown phenomenon?

Piyush Pankaj: See I have given one slide there that is what is likely going to be the new normal. Now the households are realizing that they should have wired broadband in the house because of the schools, the online classes and digital consumption has increased in the households. So estimating it on the lockdown right now because still at lot of places lockdown is going on, it's not that the normal situation right now, so we will come to know only when the situation normalise or it is because of the genuine demand has increased. But what we are seeing in the market and all that the demand has increased because of a being understanding that broadband is becoming necessity for every household.

Rajan Gupta: If you see we are charging around ₹ 500 ARPU and giving pretty much unlimited data. Our understanding is we are listening to lot of consumer calls with the new and the old consumers it looks like earlier it was not coming top of mind. You are using mobile connection, you are reasonably happy, only if your kid is pushing you hard you take a broadband otherwise life is going on. Now suddenly because of this forced lockdown lot of visibility came, lot of need came because of increase in OTT usage, increase in online education and lot of other consumption. So I think the whole category somewhere it has come up now top of the minds for consumer. Because affordability with this kind of price point because even at this ₹ 500 price point GTPL is able to make 35% EBITDA. So this kind of price point, this kind of value for consumer it makes great sense to continue this. So our current estimate is where momentum should continue for quite some time. It's about more of a new normal and the new normal will require broadband as necessity in homes.

Moderator: Next question is from Ms. Pratiksha G. from Equites Investment. You can go ahead.

Pratiksha G: First question is on cable TV business, so now that we are trying to see our growth coming from other geographies like Maharashtra and Telangana. I wanted to know broad plans about growth here and what kind of strategy we have in terms of penetrating in these markets? And what kind of competition we may face in these areas? My second question is on EPC front, if you could give us an update about what is happening on ground and if there is any change in plans, in change in execution plan or change in terms of contract anything like that due to the COVID hindrances tight now. Thirdly on broadband front I just wanted to know what kind of home-passes do we expect that we will be able to do in near future and do we expect this run rate of 50,000 subscribers to continue for the next year at least? I understand when you said that the momentum will continue but quantifying that a bit.

Piyush Pankaj: On the cable business we will continue our journey of adding customers as we did in the last 3 years and we are confident on that way. This year we are planning that it's going to be at least 1 million addition in Active subscribers. Due to the COVID, we have downgraded it, if you remember in the last quarter, we said that we are going to do 1.2-1.3 million net ads, it is right now 1 million. We are not changing any other parameters or rather forecast, there is lot of opportunity. We are going ahead & the demand is very high. We are trying to match this with the supply as the supply is inconsistent because of the lockdown but we are trying to do the supply but the demand is very high. So we are very confident that at least we will do that with 1 million boxes with consistent supply.

Pratiksha G: If you could just tell me when you say that you will be able to add 1 million subscribers which geographies will be contributing to this more and if you could tell which states or geographies do you think market will be driving this force?

Piyush Pankaj: Andhra Pradesh and Telangana will be highest on this and after that it's going to be Maharashtra North East and Gujarat in this lines and the last one is Tamil Nadu where we want to go on very aggressive but because entire Tamil Nadu is in lockdown so we are assessing that. So, if that market opens then it might be possible that we are going to be again revise our estimate from 1 to 1.2 or

1.3 million. On EPC project we have done around 3,100 gram panchayats and due to COVID this quarter we have done less but already government is accepting our terms and they are extending the terms of the contract and on that gestures they have released our bank guarantees for all the work which we have done till date, they are just keeping the bank guarantees for the remaining work which is there. So already those cash flows have come back to us on letting of the bank guarantee. We are getting the appreciation as you see that there are articles also on the national news that government is getting the appreciation for doing this project on the target as it was and we are hopeful that as the thing is now improving we will complete this whole project by end of quarter 2 or start of quarter 3. On the broadband, this quarter we have added 50,000 subscribers. We are very confident that next quarter is also going to be around 50,000-60,000 at least and quarter 3 and 4 also the momentum will be made on that basis. If you remember last time we had given the estimate that we will do between 1,20,000 to 1,50,000 subscriber addition and thus we are going to change that projection, we are going to do between 1,50,000 to 2,00,000 that is the projection right now.

- Pratiksha G:** Okay. Thank you.
- Moderator:** Next question is from Mr. Brijesh Ved from BNP Paribas. You can go ahead.
- Brijesh Ved:** Good evening sir and congratulations for a very good set of numbers in a very tough environment. My first question is with regards to the broadband ARPU. Now in this given environment and like what you also kind of very well covered that there is uptake in terms of the overall consumption. If I'm not mistaken as I see it you have most of your plans which do not have a concept of fair usage policy and therefore to that extent most of these plans continue to remain unlimited on a higher ARPU bracket. Do you have any sense in terms of where do you see this ARPU going up in this given time and do you see that happening any changes that you are doing to your current plans?
- Piyush Pankaj:** On the broadband ARPU, we are going to maintain our ARPU 400 plus, we were saying that from last 4 quarters. We are at 420-423 rupees and we are maintaining that so that's the outlook on which we are working.
- Rajan Gupta:** From this year perspective for GTPL we need to bring consumers because we have invested a lot of Capex in creating home-pass and upgrading home-pass. And EBITDA levels are quite healthy as we can see it on 35% so with healthy EBITDA levels, I think it is imperative this year we fill the home-passes by bringing in extra consumers. Obviously from a future perspective it is possible to increase our ARPU's. So we can still go for ARPU increase but probably that would be left to next year at least. This year focus will be more on filling the home-pass.
- Brijesh Ved:** On the same discussion if you could throw some light in terms of based on your experience the home-pass conversion. You know this is a great year from a perspective of what's happening on the economy because of COVID and work from home etc. Where do you see this home-pass conversion in your view in this year and next 2 years?
- Piyush Pankaj:** As explained earlier that in FTTH when you are doing it you first have to make supply and then you must go for the demand. Earlier you can say that one of the demand comes you can go for the supply because it's a reverse situation in FTTH and it takes around 18 months to 24 months to convert after creating the supply to come to at the level of 18% to 20% on that basis. Right now, if you see on FTTH basis if we are at around 12%-12.5% right now, on overall we are at around 13%-13.5% conversion. So as we are doing the investment every year so the FTTH side we will say that it has increased from 8%-9% to 12% right now and we look forward that we will do the investment and it will go up to 14%-15% but that gap will be maintained till the date we convert our all LAN customer to GPON format.
- Anirudhsinh Jadeja:** So, when there is network upgradation parallel to it the home-pass also start building up, close to around 25% ratio there is build up in the new home-pass. So along with upgradation, home-pass also grows even in the existing market. So yes, as Piyush said almost 50%-60% upgradation has already been done and in this financial year, remaining LAN customers or LAN home-passes will be converted it into GPON format.
- Piyush Pankaj:** When that happens, you will start seeing that the numbers start growing up from 13% right now to 15%-17% and then coming to the 20% which is the industry standard.

- Anirudhsinh Jadeja:** And as said because of the COVID there is a lockdown and there is issue with the roll out so there is a bit of constant ratio but still we are matching expectation so we feel going ahead this momentum will remain for next quarter 2 or quarter 3.
- Brijesh Ved:** I just wanted to understand what is your outlook now for the full year in terms of the revenue as well as EBITDA trajectory? As well as have you done any changes in terms of Capex that you are expecting for the full year.
- Piyush Pankaj:** Right now, we are keeping the Capex same I would say around 220 crores for the cable and broadband. Earlier I have given that the broadband will be 75 to 80 crores and rest will be cable right now we are increasing on the broadband side we are seeing it around 100-110 crore and as I say that the number of boxes from 1.3 we are keeping it to 1 million. thus, CATV is going down. On the revenue side we are still maintaining that the CAGR on which we grow. Last year we crossed ₹ 1,750 crores, close to ₹ 1,775 crores. This year we are going to grow at same CAGR. And EBITDA we did ₹ 456 crore in the last financial year. This year we have given that we are going to grow at same CAGR. We are keeping those all projections intact right now.
- Moderator:** Next question is from Mr. Bharat S. from Quest Investment. You can go ahead.
- Bharat S:** For the hybrid box can you give some pricing strategy, and will it be offered to all of existing plus new customers? What will be the mechanism and how will that work I mean say right now instead of cable when someone will be getting OTT also so what will be our revenue share in that whole platform?
- Piyush Pankaj:** The hybrid box is going to come where you can give multiple service together, it's like triple services, cable, broadband plus your embedded OTT. Also, customer can download the apps on the TV. Your non smart TV will become smart TV, you have the explorer over there, you have the casting over there so all types of things which you can do. So it's more of your TV is becoming the computer with all embedded apps and you can download the apps also. On this we are going to make the proposition for the existing customer also, our new customer also and we are going to launch the product in such a fashion that you can go for 2 services, you can go for 3 services or you can go for single service. Later on, we will add more services on these boxes. So that's the broad plan on which we are ready now. All this were ready, and we wanted to launch, all the testing have been done but due to COVID, it got delayed the whole box production. We are looking for the box so that we can get the box and we can go ahead for launch. So we are hoping that by end of this quarter or early next quarter we should be ready to launch.
- Bharat S:** What will be the pricing difference for each service in this hybrid set top box?
- Piyush Pankaj:** We are going to bundle the prices, that will come when we are going to launch. But we are going to bundle the services with the boxes and give attractive prices to the customers so that it will be value for any customer and they will feel that there is a value in getting those boxes and services.
- Bharat S:** So is it fair to assume that, only services the customer would have to pay, and they don't have to pay any additional charge for the box.
- Piyush Pankaj:** No it's going to be bundle price and there is going to be some discounts but it's going to be bundle price.
- Bharat S:** How will that I mean not this year but whenever full commercial launch happens so our additional ARPU because of that we expect I mean some kind of in your study whatever we have done.
- Piyush Pankaj:** Let it commercially launch then I will give you all the projections regarding to that because still we are trying to launch it but because of the COVID, we wanted to do it first in April but had to shift it, then we wanted to do on the 1st of July but again had to shift it. So let it commercially launch or at least if we are at the cusp of launching and at that time if we give this all thing that will be better I think.
- Bharat S:** In this case just to understand this service provider will be backend side will be JIO only or?
- Piyush Pankaj:** No it is going to be a GTPL branded product and GTPL will be the service provider.
- Bharat S:** Okay and right now whatever broadband service we are providing so are we providing for any internet service provider or do we have tie-up with any internet service provider or how does?

- Anirudhsinh Jadeja:** GTPL Broadband itself is an ISP license holder, So we are the ones providing service.
- Rajan Gupta:** GTPL Broadband is an ISP player with a category A license and they are providing ISP services to consumers directly. Nothing to do with any other company.
- Bharat S:** With this change, Hathway is getting merged I mean Joint Venture partner so will it have any I mean impact on the kind of I mean merging with Network 18. So how that will really play out for us?
- Anirudhsinh Jadeja:** It's privilege that JIO is our partner. Hathway is going to merge with Network 18, so yes going forward Network 18 will be our Joint Venture partner, which is our privilege. Yes obviously, all the synergies benefit as a group will be available to GTPL.
- Bharat S:** What kind of synergy are we seeing?
- Anirudhsinh Jadeja:** The synergy benefit is there even today and it will be there in future too. Even today there is network, infrastructure sharing, content negotiation, vendor negotiations, knowledge sharing happens today too and will happen in the future too. All the type of synergies we are getting, and all the synergy benefit is provided to us.
- Bharat S:** So over a period do you think we also get merged with as an entity that makes much broader sales from the whole ecosystem perspective. Is there any possibility?
- Anirudhsinh Jadeja:** We are already getting the benefits of being in the Eco-system.
- Bharat S:** Thank you.
- Moderator:** Next question is from Mr. Kunal Vora from BNP Paribas. You can go ahead.
- Kunal Vora:** Wanted to understand about 5G like how do you see 5G impacting your broadband business and main application is likely to be on wireless broadband JIO has announced to launch I mean it will take some time but obviously just wanted to understand. Because right now you are seeing consumers moving from 4G mobile data to fixed broadband. Do you think 5G can like reverse that with better speed and potentially lower cost per GB?
- Rajan Gupta:** None of us are 5G experts but we have been answering this question for quite some time, if you take learning from any of the global markets where high speed mobility solutions are available or even experience in India in last few years actually. So we have seen with the growth of data consumption on mobile a lot of sampling happens because start seeing lot of 5 minute videos, 1 minute videos, 15 minute tutorial on mobile and then they shift to broadband for data consumption. So that's seems to be replicated in India as well. So people see a 5 minute video on you tube on mobile and when they want to do 3 hrs Netflix show or they want to binge watch a series on weekend they obviously switch over to broadband connection. Similarly, for education purpose, one short 5-minute call with the tutor can happen on mobile or when it comes to 2 hours or 5 hours engaging session or a coding session then it obviously happens over a broadband connection. So that has been the experience and I think that should continue.
- Kunal Vora:** Well what are the speed that you are currently offering, I mean what are the average speed that your consumers are getting? And can you really increase it significantly over like is there a path to increase that significantly to ensure that remain well add of wireless.
- Rajan Gupta:** Currently most of the consumers are coming on 50 and 100 Mbps but technology wise, GTPL put it the kind infra and everything which has been put that's obviously can carry 1 Gig. We have been telling this earlier also, we have not launched it but it's very easy to launch with the current infrastructure itself. So technology frankly speaking allow us to move up to 1 Gig.
- Kunal Vora:** Secondly on what proportion of the television households will have smart TV's in your assessment when you are looking at with the smart set top box opportunity like would it be limited by the households with fixed broadband and they also limited because of lack of smart TV? Like how do you look at the opportunity for smart set top box?
- Anirudhsinh Jadeja:** Basically, if you see the major sales of smart TV is happening from last 3 to 4 years. So all the televisions before that were non smart televisions. So this set top box which we are discussing, the

hybrid TV will convert non smart television to smart television and then the television will not remain just a television but will be used for monitoring all the applications.

Piyush Pankaj: Smart TV penetration in India is still very low, less than 2% right now for if you take all over India household. So it is a quite good opportunity if you can push the smart boxes in the houses who can make your non smart TV into smart TV that's good position, we want to go ahead and do the marketing.

Kunal Vora: Okay, thank you.

Moderator: Next question is from Mr. Hardik Jain from White Stone. You can go ahead.

Hardik Jain: My first question is now with placement revenue, whatever we are getting but there are many broadcasters especially free to air channels which must be struggling for advertising revenue. So are there any negotiations or if there are talk of giving some relaxation in this placement to give broadcasters so just wanted your view on this.

Anirudhsinh Jadeja: So commercial and negotiation everything is closed. Yes there were some broadcasters who faced some issues in quarter 1. They were small broadcasters who were affected due to COVID to generate advertising revenue. But the momentum has started taking pace slowly and we don't see this would be an issue in the future. Obviously, all our commercial side this year's agreements whether it is a free to air channels or whether it is a pay broadcaster it is almost on the verge of closing so further we don't see anything else.

Hardik Jain: The reason for asking this was, these 120 crore-121 crore worth placement carriage marketing incentives so in this is there no chances of substantial reduction or reversing, this would stay, is it?

Piyush Pankaj: No actually right now there is nothing that would go down from here. Whatever that could be adjusted according to quarter 1 we have already adjusted it in this quarter by doing the conservative accounting. It's more of like on anticipation basis whatever the talk is going on. We have taken more than that are reduced it our revenues right now. So after the negotiation we are hoping that our revenue will go up rather than go down because already we have taken that net.

Hardik Jain: You have already clarified that you did not, you made some credit in the month of April to your LCO network and now everything is smooth. But does your LCO network I am sure because LCO network must be tackling problem with collection because still there are issues. So your thought on that, how is the LCO network handling the collection issues.

Piyush Pankaj: See since the time the new tariff has come into the play we were pushing our LCO's to collect online digitally from their customers and we have given number of tools throughout the year and also in March 20 and April 20 we had given new tools to them where they can send the link straight to the customer and then the customer can pay through the link straight to their bank accounts. So that has worked tremendously on the ground and LCO is able to convert their non-digital customer into digital customer also. And that's why from May onwards we are saying that everything becomes smooth. For one-one and half months somewhere from 15th of March to 30th April the disturbance was there because of the lockdown and society getting closed etc. But from may onwards we are seeing that it is very smooth and whoever customer is in lockdown and they can't pay they are going for the digital option. So that's what we have seen and that's why June is totally normal on collection side.

Hardik Jain: In March debtors were around 280 crores, what would be the debtor number for June end?

Piyush Pankaj: As on June 20 the total receivables have gone down by around ₹ 13- ₹ 13.5 crores from ₹ 353 crores it has come down to ₹ 339 crores that's the case. Mainly the subscription debtors has come down and some debtors have come down from the EPC project.

Hardik Jain: How much will be the EPC debtors in this?

Piyush Pankaj: EPC debtor in ₹ 339 crore is ₹ 110 crores.

Hardik Jain: Okay so the balance will be carriage and placement.

Piyush Pankaj: Yes. Mainly the carriage & placement . The subscription is hardly around ₹ 15 crore.

- Hardik Jain:** Now when we launch this hybrid box and because Network 18 has become our partner, so when we launch this hybrid box, will there be some packages where your subscribers will get all the Network 18 channels, Voot and other OTT content that they have and you can bundle them together and give to your customer at a price.
- Anirudhsinh Jadeja:** Today we get all the channels of Network 18 in linear format. Going forward all the OTT applications whether it is Voot, Netflix or Amazon everything would be inbuilt.
- Hardik Jain:** Yes I understand that it will be inbuilt but as a customer, I would have to subscribe each, like Amazon subscription etc.
- Anirudhsinh Jadeja:** As you said, we are planning to offer bundle product also.
- Hardik Jain:** Okay, it will be a bundle product where customer will not have to subscribe for all the different OTT's.
- Anirudhsinh Jadeja:** Yes that's right.
- Hardik Jain:** Okay thank you.
- Moderator:** Next question is from Mr. Ankit Pandey from fundz Mutual Funds. You can go ahead.
- Ankit Pandey:** I just wanted to get an update especially as you mentioned in the past the Capex I just didn't quite catch the figure it was ₹ 250 crore right and the split is changing could you explain that once more.
- Piyush Pankaj:** It was given as ₹ 210 to ₹ 220 crores on that we have given that ₹ 70 to ₹ 80 crore is for broadband and remaining for CATV, now we are changing, broadband is going to be ₹ 100 to ₹ 110 crores the rest is going to be the CATV Capex. Total Capex is going to remain same.
- Ankit Pandey:** The EBITDA that we are targeting for same CAGR in FY '21 would that be on a consolidated level including EPC?
- Piyush Pankaj:** No that's excluding EPC. We did ₹ 456 crore excluding EPC last year on apple to apple; from ₹ 456 crore we are targeting that we will grow at same CAGR.
- Ankit Pandey:** Alright. Also could you talk a little bit about the broadband I read a line in a presentation talking about its truly unlimited plan, 99% plus subscribers have opted for it. So this truly unlimited plan what are the speeds that we are offering because we had to say that 100 Mbps for us right now is enough and you can see we already have room to go up and comparatives are coming up with 200 Mbps plan. Do you think there's more room for improvement in the quality of service that you provide and later on we can improve the ARPU's
- Piyush Pankaj:** Right now we are providing 40 Mbps speed, 60 Mbps and 100 Mbps speed in the market. We are consistently giving that and we are seeing the unlimited plan that there is no limit on the data, they are truly unlimited. If we have to increase the ARPU and we will have to launch for 150 Mbps, 200 Mbps which we can do, but right now seeing the market we are happy with the 40, 50 and 100 Mbps offering. When we see that the market is ready for more then we will go ahead and launch higher speed plans.
- Anirudhsinh Jadeja:** So network is capable to offer up to 1 Gig, it's not a problem.
- Piyush Pankaj:** But based on the marketing and based on the demands we will see when we have to launch higher packages.
- Ankit Pandey:** What are we in terms with prospective discussions with the content creators I am sure there is plenty of strife in that area. Are we seeing some negotiation, some movement and some levitation of financial stresses or the situation is still early to comment?
- Piyush Pankaj:** Broadcasters side as you can say some FTA broadcasters, smaller broadcasters has faced the problem in April-May. From June onwards we are seeing that the normalcy is coming back and in this quarter the carriage and placement revenue which we have taken, we have taken on the lower side. And some of the negotiation is going on, And we are hopeful that we are going to close on more than what we have taken in our books and the revenue will increase on that basis. So now we are saying from June onwards the normalcy is coming back in all the broadcasters, almost you can

say that the negotiation has ended with main broadcasters, few smaller broadcasters are there for which still the negotiation is on.

Ankit Pandey: Okay the lower revenue, which we have taken in Carriage, do we hope that this comes back or that's not really an expectation that's more to keep the relationship and the content going?

Piyush Pankaj: It depends on the negotiation side. We are trying to get it back. based on the relationship.

Ankit Pandey: Okay. Thank you.

Moderator: Next question is from Mr. Aakash Shah from AMS Securities. You can go ahead.

Aakash Shah: I wanted to know the new markets that we are entering like Andhra Pradesh, Karnataka. Is only cable TV or is it broadband plus cable TV?

Piyush Pankaj: Andhra Pradesh, Telangana, Tamil Nadu and whole of new states in the North East apart from Assam which we are already there. We are just going for the cable TV first. Once we will be ready with the cable TV and our infrastructure then we will see all on that infrastructure you can use for the broadband. But yes right now we are entering as a cable TV business.

Aakash Shah: So that is just a business perspective, so going forward if you want to offer broadband the new infrastructure will be required or the existing infrastructure that you are putting up would be sufficient to offer broadband?

Piyush Pankaj: One of the great thing being in Cable business is that if you are riding on the same network for Broadband that's why your ROI increases as you use the cable assets also on the ground for the broadband. So your return on investment increases on that way. So once you establish your cable lines then you can just put the active devices on that and start broadband. Everywhere we are going with fibre, so already fibre is going to be there. You just have to put active devices on that and then you can start your broadband.

Aakash Shah: Okay so it's just a matter of product launch and timing of it. We can go for the Hybrid boxes also?

Piyush Pankaj: Yes that's right. You can do it across the state across the market.

Moderator: Next question is from Mr. Nilesh V. You can go ahead.

Nilesh V.: How do you expect the comparative landscape to evolve going forward in the next 3 to 4 years in terms of pricing disruption both on the broadband side and on the cable TV side. And in terms of evolution of digital technologies by the big competitor who has raised so much of capital yesterday. Do you see going forward your capital needs would increase and how do you intend to support it? Because largely I think you have seen situations where companies have supported their growth with debt aided Capex those have kind of seemed to disastrous results. So I think would expect the company to raise equity and support growth. So one is the pricing disruption on the broadband side and second is post the integration with Network 18, are you going to be complementing situations with Reliance JIO because there are situations where we have seen where JIO has also been laying fibre and taking kind of home and are you going to compete in the same set of areas or is there going to be an understanding with JIO that you will not compete in the areas where they are laying fibre and taking fibre to home. That was one question on CATV side and second question was on the CATV side are you seeing cord cutting happening with the kind of OTT platforms being made available and are you seeing the entire situation evolving and changing going forward?

Piyush Pankaj: First coming on the cable side, on the cable side as you see that out of 300 million household around 200 million household is TV household and out of that around 160 million is your cable and satellite household on that 100 million is your cable household. On cable household also if you talk about organised player, they are hardly 35 million right now. So still 65 million households are under the unorganized player which is a large opportunity to do the consolidation in the market. Plus there are 50 million households in the DTH as you know that now cable is fully digital and services side also this part so you can give the competition to the DTH on that way and have been a better technology, cable is a better technology than DTH. So you have a large market there to consolidate and to win back all the boxes plus 100 million household is still not TV household in our country so that will give you another growth in that way. They are not the cable subscribers around 140 million households. If you talk about the broadband market the wired broadband, I would say that the wired broadband is like a start-up right now because the whole country is around

21 million wired broadband and out of that 12 million is with BSNL and MTNL. So there are few private players in the market and they all have out of 300 million households they just have around 8 million in between them. So it's more of like a start-up business where the players are coming. Coming to the big digital player JIO, JIO is our partner and we are very happy that they are with us. Doing the business on that way we are getting all type of support from them, whatever technical support, technology support, negotiation support and everything is provided to us on that basis.

- Anirudhsinh Jadeja:** Yes Nilesheji as you said like technology wise like if you say we are also almost 50% to 60% our infrastructure migrated to LAN to the GPON. Yes it's a latest technology right now available, you can say globally also it's a GPON format. So GTPL is upgraded so it's an GPON format and on this coming year also rest of all LAN customer will be converted into GPON. In terms of technology, in terms of market, delivery side we are completely ready on up to 1 Gig product also so that's not an issue. On the same thing is the hybrid part, yes because of the COVID we were planning to launch last quarter or 1st of April but got delayed. It is expected to be launched on quarter 3. So we are ready overall I can say network wise, infrastructure wise, technology wise we can say we are at par.
- Nilesh V.:** Okay. Could you throw some highlights on your future fund-raising plans to support your growth Capex? Is it going to be largely because I would expect it to be largely equity funded and may be cash approval funded rather than debt funded? Because that is going to be disastrous raising that to fund your growth Capex.
- Piyush Pankaj:** Nilesh I would say that all those things we can talk one to one.
- Nilesh V.:** Sure. Complements again for delivering again on great set of positive earnings for the current quarter and I'm sure that same will continue going forward. All the best.
- Moderator:** I would like to handover the call to management for closing comments.
- Piyush Pankaj:** I thank everyone for taking out their time for this earning call. I and the whole management look forward to talking to you in the next quarter earning call. All the best, be safe, be secure and stay healthy.
- Moderator:** Ladies and Gentlemen, this concludes your conference for today. We thank you for your participation and for using I-junction conference service. You may please disconnect your lines now. Thank you and have a great day.