

# GTPL Hathway Limited

## Issue Snapshot:

Issue Open: June 21 - June 23 2017

Price Band: Rs. 167 – 170

Issue Size: 28,517,650 Equity Shares  
(including Fresh issue of 14,117,650\*  
Equity Shares + Offer for sale 14,400,000  
equity shares)

\*Offer Size: Rs.484.80 crs

QIB	upto	50% eq sh
Retail	atleast	35% eq sh
Non Institutional	atleast	15% eq sh

Face Value: Rs 10

Book value: Rs 37.80 (Dec 31, 2016)

Bid size: - 88 equity shares and in  
multiples thereof

100% Book built Issue

## Capital Structure:

Pre Issue Equity Capital: Rs. 98.35 cr

Post issue Equity Capital: Rs.112.46 cr

Listing: BSE & NSE

Book Running Lead Manager: JM  
Financial Institutional Securities Limited,  
BNP Paribas, Motilal Oswal Investment  
Advisors Limited, Yes Securities (India)  
Limited

Registrar to issue: Link Intime India Pvt  
Ltd

## Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoters & Promoter Group	98.95	73.85
Public (incl institutions & employees)	1.05	26.15
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\*= assuming pricing at the higher end of price band

Source of the note: RHP

## Background & Operations:

GTPL Hathway Limited (GTPL) is a leading regional Multi System Operator (MSO) in India, offering cable television and broadband services. It is the number 1 MSO in Gujarat with a market share of 67% accounting for approximately 3.7 million of 5.6 million cable television households in Gujarat and number 2 MSO in Kolkata and Howrah in West Bengal with a market share of 24% of cable television subscribers in this market in 2015, accounting for approximately 0.7 million of 3.0 million cable television households in Kolkata and Howrah. Gujarat is an important market for broadcasters and advertisers as it contributed to more than a 5% viewership share on an all-India basis and more than 8% of the Hindi speaking market in India in 2015. It accounted for a 14% share of the total cable carriage and placement fee market in India in Fiscal 2016. As of January 31, 2017, its digital cable television services reached 189 towns across India, including towns in Gujarat, West Bengal, Maharashtra, Bihar, Assam, Jharkhand, Madhya Pradesh, Telangana, Rajasthan and Andhra Pradesh. As of January 31, 2017, it seeded approximately 6.55 million STBs and had approximately 5.69 million active digital cable subscribers. As of January 31, 2017, GTPL had 228,217 broadband subscribers (based on the number of broadband subscribers of its Subsidiary, GTPL Broadband Private Limited; the broadband business of it was transferred to GTPL Broadband Private Limited with effect from April 1, 2016). As of January 31, 2017, it provided broadband services primarily in the state of Gujarat and had established a home pass of approximately 1.05 million households.

GTPL provides cable television signals to its subscribers either directly or through affiliated LCOs. It generally structure its relationships with LCOs such that the LCO continues to be the principal contact with its subscribers in the relevant local area. GTPL's primary source of revenue for cable services is subscription income received from subscribers and placement / carriage income received from carriage fees payable by broadcasters for carrying their channels and placement fees payable by broadcasters for placing their channels on a preferred channel number or position. As of January 31, 2017, it offered up to 285 pan-India standard definition channels, 158 regionally-transmitted standard definition channels, 32 pan-India high definition channels and 39 regionally-transmitted high definition channels on its digital cable platform. It also owned and operated 27 channels offering localized content developed for the states in which it broadcast, including a range of religious and cultural content, film, music and educational channels. GTPL also has the right to place the "Gujarat News" channel on its network, which is produced by its Group Company, Gujarat Television Private Limited. It produces its own content and also offer third-party content on its local channels to ensure that it has a suitable mix of content that appeals to a range of demographics. Its local content offering is a key strength, providing it with a competitive advantage to attract, retain and grow its subscriber base.

GTPL has completed its roll-out of STBs in Phase I, Phase II and Phase III areas and are working towards completing the roll-out of STBs in Phase IV areas. Its digital services platform is supported by its owned intercity and intra-city optical fiber cable network, which as of January 31, 2017. Its broadband network includes an optical fiber network and advanced internet nodes to enable seamless connectivity, higher broadband speed and can support multiple services including VoD and OTT. It source its equipment from some of the leading international vendors of digital and electronic components, including Harmonic International AG, NDS Limited, Shenzhen Skyworth Digital Technology Co. Limited, Changhong (Hong Kong) Trading Limited, Tele System Communication Pte. Limited, and Nagravision S.A. and use an advanced software platform, such as Magnaquest Technologies Limited, to support its services. In October 2007, Hathway acquired a 50% share of its business. Over the past ten years, it has grown both organically, through the expansion of its services, and inorganically, through acquisitions, joint ventures or by entering into Right to Use Agreements with other smaller regional MSOs, Local Cable Operator(s) (LCOs) and Independent Service Operator( ISOs).

## Objects of Issue:

The Offer comprises the Fresh Issue by GTPL and an Offer for Sale by the Selling Shareholders.

GTPL will not receive any proceeds from the Offer for Sale by the Selling Shareholders and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. The company proposes to utilise the funds which are being raised through the Fresh Issue, towards funding the following objects:

1. Repayment/pre-payment, in full or part, of certain borrowings; and
2. General corporate purposes.

In addition to the aforementioned Objects, GTPL expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

## Competitive Strengths:

**One of the leading regional MSOs with significant market share in Gujarat and Kolkata:** GTPL is one of the leading regional MSOs in India offering cable television and broadband services. As of January 31, 2017, its digital cable television services reached 189 towns across India, including towns in Gujarat, West Bengal, Maharashtra, Bihar, Assam, Jharkhand, Madhya Pradesh, Telangana, Rajasthan and Andhra Pradesh. It is number 1 MSO in Gujarat with a market share of 67% accounting for approximately 3.7 million of 5.6 million cable television households in Gujarat and number 2 MSO in Kolkata and Howrah in West Bengal with a market share of approximately 24% of cable television subscribers in this market in 2015, accounting for approximately 0.7 million of 3.0 million cable television households in Kolkata and Howrah. Gujarat is an important market for broadcasters and advertisers as it contributed to more than a 5% viewership share on an all-India basis and more than 8% of the Hindi speaking market in India in 2015. It accounted for a 14% share of the total cable carriage and placement fee market in India in Fiscal 2016

**High quality infrastructure network:** GTPL's services are supported by its owned and leased fiber optic cable network (using HFC), digital head-ends, analog head-ends, advanced CAS, SMS and advanced internet nodes facilitating seamless delivery of its services. Its ability to improve and maintain network infrastructure to keep pace with the constantly evolving subscriber preferences and technology landscape is a competitive advantage. It is currently in the process of upgrading its main head-end in Ahmedabad with advanced technology from Harmonic International AG. It also has four support digital head-ends located in Dibrugarh, Adilabad, Visakhapatnam and Patna, which are connected via leased-line network from various telecom operators, who in turn deliver these leased line circuits through GTPL's own optical fiber cable network spanning over 25,000 kilometers (on a standalone basis). These headends are used to insert certain encrypted local channels along with the feed received from the main head-ends. The support head-ends also provide backup in the event of any disruption or outage in the leased line. As of January 31, 2017, the Company's digital cable TV transmission used a spectrum ranging from 306 MHz to 682 MHz.

GTPL also source the equipment for its digital service offerings from some of the leading international vendors of digital components. It procures STBs primarily from NDS Limited, Changhong (Hong Kong) Trading Limited, Shenzhen Skyworth Digital Technology Co. Limited and Tele System Communication Pte. Limited, and other equipment such as head-ends and servers from some of the leading suppliers, including Harmonic International AG and NDS Limited. Its CAS is sourced from NagraVision S.A. and NDS Limited and its fiber is procured from vendors such as Sterlite Technologies Limited. Its services are supported by Magnaquest Technologies Limited, which is an advanced software platform. Its fiber and circuits are leased from leading telecom service providers.

**Balanced local and regional content offering to attract and retain subscribers:** As of January 31, 2017, GTPL owned and operated 27 channels offering localized content developed for the states in which it broadcast, including 4 religious channels, 9 movie channels, 3 music channels and 11 regional channels. It also has the right to place the "Gujarat News" channel on its network, which is produced by its Group Company, Gujarat Television Private Limited. It produces its own content and offer third-party content on its local channels to ensure that it has a mix of content that appeals to a range of demographics. GTPL's local content offering is a key strength, providing it with a competitive advantage to attract, retain and grow its subscriber base and to attract advertising targeted at specific regions and cultures. In addition to its owned channels, it carry a wide range of channels covering a variety of genres, including general entertainment, news, sports, movies, music, infotainment, regional, religious, kids, lifestyle and other bouquets of channels that cater to the varied tastes and preferences of subscribers in the markets in which it is present. Its subscribers will continue to subscribe for its services in part due to the specific local and regional interests to which GTPL caters through its own channels.

**Strong traction on digitization:** GTPL's market position and industry expertise has provided it with the ability to take advantage of the four-phased policy on digitization announced by the Ministry of Information and Broadcasting (MIB), pursuant to which the cable television industry must transition the distribution of channel signals in India to DAS by March 31, 2017, thereby requiring cable operators to transmit digital signals through addressable STBs. In accordance with the digitization schedule set out by the MIB, it has completed its roll-out of STBs

in Phase I, Phase II and Phase III areas and is working towards completing the roll-out of STBs in Phase IV areas. As of January 31, 2017, GTPL offered up to 285 pan-India standard definition channels, 158 regional standard definition channels, 32 pan-India high definition channels and 39 regionally-transmitted high definition channels on its digital cable platform. Digitization makes the subscriber universe addressable and provides it and its subscribers with a number of advantages, including the ability to telecast a large number of channels, tiering options with differentiated content across local, regional and niche genres, higher quality picture and improved quality of service. Amongst other factors, its digital service offerings and the quality of such offerings strengthen GTPL's relationships with subscribers and helps it to compete with other platforms, such as DTH satellite television, thereby enabling it to compete effectively. The conversion of analog subscribers into digital subscribers helps GTPL cross-sell its broadband and other value-added services, which helps increase revenues per subscriber.

**Successful track record of identifying, acquiring and integrating MSOs, ISOs and LCOs:** As on January 31, 2017, GTPL had active relationships with 14,606 LCOs. It has added 4,004 and 1,286 LCOs on a net basis in Fiscal 2016 and Fiscal 2015, respectively, and another 3,338 LCOs on a net basis in Fiscal 2017 through January 31, 2017. Its understanding of the cable television distribution industry and its acquisition experience has enabled it to identify and successfully acquire MSOs/ISOs/LCOs. In addition, GTPL generally allows the senior management and promoters of an acquired MSO/ISO/LCO to retain a significant minority interest, which aligns their long-term interest with the company. GTPL has implemented a range of training initiatives for employees of LCOs, including training intended to improve their familiarity with its services and procedures, to help ensure that the LCOs provides its subscribers with quality service.

**Experienced Promoters and management team with proven execution track record backed by Hathway, one of India's leading MSOs:** GTPL's individual Promoters, Mr. Aniruddhasinhji Jadeja and Mr. Kanaksinh Rana, have extensive experience in the cable television industry. Its Promoters are involved in key aspects of its business, including negotiations with broadcasters, technology upgrades and the maintenance of relationships with LCOs. Its management team has experience in a variety of industries, including cable television distribution, media operations, finance and accounting. Members of its management team has completed programmes from business schools, programmes regarding customer service management and hold degrees in commerce and engineering. GTPL's management team's industry experience and business acumen has helped it to drive its growth and operating performance and will continue to do so in the future. It also benefit from its relationship with Hathway, one of its Promoter companies. Hathway had approximately 12 million active STBs and had 0.85 million broadband subscribers as of December 31, 2016. To reduce the costs of operation of the business of GTPL, GTPL and Hathway has agreed to co-operate and explore commercial opportunities. In doing so, GTPL and Hathway will endeavour to jointly participate in negotiations with the broadcasters in order to achieve favourable discounts and carriage/placement rates from them.

### **Business Strategy:**

**Grow subscriber base in existing markets and enter into new geographies:** Over the years GTPL has successfully grown both organically and inorganically through acquisitions, joint ventures and by entering into Right to Use Agreements with smaller regional MSOs/ISOs/LCOs. It has expanded the presence of its digital service offerings from 64 towns as of March 31, 2014 to 189 towns as of January 31, 2017. It intends to complete the roll-out of STBs in Phase IV areas, acquire new digital subscribers and offer broadband services to its existing and new subscribers. GTPL's understanding of the cable television distribution industry and acquisition experience has enabled it to successfully identify and acquire MSOs/ISOs/LCOs. It continues to evaluate acquisition and partnership approaches to further increase its subscriber base. To enter into new geographies, it aims to penetrate markets where the market opportunity is high, the competitive intensity is low and it can target MSOs/ISOs/LCOs suitable for partnering with it.

**Increase primary subscriber base:** As of January 31, 2017, 0.33 million of GTPL's total digital and analog subscribers were "primary subscribers", to whom it provided direct connections, either through its relationship with such subscribers, through joint ventures, or through Right to Use Agreements entered into with LCOs. Increasing primary subscriber numbers is a key strategy. It aims to attract new primary subscribers in regions where it already operates. In addition, it plans to enter into new joint ventures with LCOs and MSOs which has an existing primary subscriber base. Through Right to Use Management Agreements, it manages the LCO network and provides cable television services directly to subscribers. Additionally, to enjoy the full benefit of its investments, GTPL intends to consolidate its equity interest in selected JVs and subsidiaries by acquiring the portion of the equity stake not currently owned by it.

**Increase focus on high quality digital offerings and the provision of regional content:** GTPL has completed its roll-out of STBs in Phase I, Phase II and Phase III areas and are working towards completing the roll-out of STBs in Phase IV areas. As of January 31, 2017, it offered up to 285 pan-India standard definition channels, 158 regionally-transmitted standard definition channels, 32 pan-India high definition channels and 39 regional high definition channels on its digital cable platform. It intends to increase the number of pan-India high definition channels it offers to more than 50 before the end of Fiscal 2017 through a new head-end with the capability of transmitting an increased number of high definition channels. Its ability to offer differentiated, relevant and exclusive local and regional content on its own channels gives it a competitive advantage. As such, GTPL intends to provide an increased number of local channels covering religious events, local cultural events, regional films and music and local news to attract and retain subscribers interested in regional content and to attract advertisers to increase advertising revenue.

**Increase broadband offering and subscriber base:** GTPL intends to increase the penetration of its broadband subscriber base through a multipronged strategy. First, it intends to increase the penetration of its broadband services in existing markets by increasing its reach of homes passed, by upgrading its existing infrastructure, by increasing the bandwidth that it offers its subscribers, and by expanding its sales and service network. Second, it intends to upgrade its last mile with GPON FTTH technology in major cities of Gujarat over the next two years and launch services based on Metro Ethernet Network (MEN) technology in the remaining smaller towns of Gujarat. Third, it intends to increase its geographic footprint to new towns and local areas in Madhya Pradesh and enter into new markets such as Telangana. Fourth, it plans to take an inorganic approach to increase its broadband subscriber base by acquiring niche companies offering broadband services, similar to its acquisition of the 51% stake in GTPL Kaizen Infonet Private Limited (formally known as Kaizen Infonet Private Limited) on May 28, 2015, which increased to a 100% stake on August 31, 2015.

GTPL also intends to offer cost-effective high speed plans which will be attractive to its subscribers. It also intends to continue cross-selling broadband services to its digital cable television subscribers to increase the spread and consolidation of its broadband services. GTPL's ability to offer broadband services to its existing digital cable consumers will enable it to reduce its payback period, increase the return on its investment, increase retention rates, lower churn and strengthen its relationships with LCOs and subscribers.

**Deployment of advanced technology:** Given GTPL's size, leadership position and subscriber base in key markets, it is in a strong position to launch and monetize multiple service offerings and new technology which will drive ARPU growth. It is currently in the process of upgrading its main head-end in Ahmedabad with advanced technology from Harmonic International AG which will enable it to offer better quality services, a higher number of HD channels, 4K channels, high definition HEVC services, high definition MPEG 4 services and OTT services. GTPL is deploying NagraVision S.A.'s OpenTV Middleware architecture to provide consumers with a uniform and easy to navigate user interface with added features to enhance subscriber experience. It is also deploying NagraVision's TV Key product with a Global TV Manufacturer to deliver up to 4K TV content directly to subscribers using a USB Dongle-TV Key. It also plans to upgrade its last mile with GPON technology to enable seamless connectivity, higher broadband speed and provide multiple services including OTT with Harmonics hardware and VoD. It plans to continue deploying MPLS with its existing optical fiber cables on a ring and mesh network to better control where and how its broadband traffic is carried

## Industry:

### Cable Television (TV) Industry in India

#### Media and Entertainment Industry Growth

The Indian M&E industry includes television, print, films, digital advertising, animation and VFX, gaming, out-of-home (OOH), radio and music segments. The size of the Indian M&E industry grew at a CAGR of 11.6% to Rs. 1,262 billion in 2016 from Rs. 728 billion in 2011 and increased by 9.1% in 2016 from Rs. 1,157 billion in 2015. The chart below shows the trend in growth of the segmental and total revenue for the Indian M&E industry in the 2011-2016 period:

#### The Indian M&E industry: Size

Overall industry size (INR billion) (For calendar years)	2011	2012	2013	2014	2015	2016	Growth in 2016 over 2015
TV	329.0	370.1	417.2	474.9	542.2	588.3	8.5%
Print	208.8	224.1	243.2	263.4	283.4	303.3	7.0%
Films	92.9	112.4	125.3	126.4	138.2	142.3	3.0%
Digital advertising	15.4	21.7	30.1	43.5	60.1	76.9	28.0%
Animation and VFX	31.0	35.3	39.7	44.9	51.1	59.5	16.4%
Gaming	13.0	15.3	19.2	23.5	26.5	30.8	16.2%
OOH	17.8	18.2	19.3	22.0	24.4	26.1	7.0%
Radio	11.5	12.7	14.6	17.2	19.8	22.7	14.6%
Music	9.0	10.6	9.6	9.8	10.8	12.2	13.0%
<b>Total</b>	<b>728.4</b>	<b>821.0</b>	<b>918.1</b>	<b>1025.5</b>	<b>1156.5</b>	<b>1262.1</b>	<b>9.1%</b>

Source: KPMG in India's analysis and estimates, 2016-17

(Source: The KPMG-FICCI Report)



The Indian M&E industry is expected to grow at a CAGR of 13.9% to Rs. 2,419 billion in 2021 from Rs. 1,262 billion in 2016. The TV segment is expected to grow at a CAGR of 14.7% over the 2016-2021 period, which is slightly a faster rate of growth than the expected industry average CAGR of 13.9%. The chart below shows the expected trend in growth of the segmental and total revenue for the Indian M&E industry in 2016-2021 period:

### The Indian M&E industry: Projections

Overall industry size (INR billion) (For calendar years)	2016	2017P	2018P	2019P	2020P	2021P	CAGR (2016-2021P)
TV	588.3	651.0	750.9	876.8	1,014.5	1165.6	14.7%
Print	303.3	325.0	350.4	378.5	405.6	431.1	7.3%
Films	142.3	155.0	166.0	178.2	191.6	206.6	7.7%
Digital advertising	76.9	101.5	134.0	174.3	226.5	294.5	30.8%
Animation and VFX	59.5	69.5	81.2	95.5	111.9	131.7	17.2%
Gaming	30.8	37.2	44.2	52.2	60.7	71.0	18.2%
OOH	26.1	29.0	32.5	36.4	40.8	45.7	11.8%
Radio	22.7	26.4	30.7	35.9	41.5	47.8	16.1%
Music	12.2	14.0	16.3	19.0	22.1	25.4	15.8%
<b>Total</b>	<b>1262.1</b>	<b>1408.7</b>	<b>1606.2</b>	<b>1846.7</b>	<b>2115.2</b>	<b>2419.4</b>	<b>13.9%</b>

Source: KPMG in India's analysis and estimates, 2016-17

## TV Broadcasting in India

### Evolution of the TV broadcasting sector

TV broadcasting in India commenced on September 29, 1959 when Doordarshan, the state-owned channel, started free-to-air terrestrial broadcast of TV service in Delhi. The terrestrial broadcasting expanded and introduced color television during the Asian Games in 1982 held in Delhi. At present, it is one of the largest terrestrial TV networks in the world. The use of satellite communication for direct broadcasting of TV programs began in 1975, when a joint project named "The Satellite Instructional Television Experiment" was launched by ISRO and NASA to provide for community viewing of TV programs in schools and Panchayat centers. Cable TV in India came into prominence in 1989 when a few entrepreneurs set up small analog cable TV networks and started distribution of local video channels showing movies and music videos after obtaining cable rights from film and music distributors. The cable and satellite TV market in India became more popular with the introduction of sports, international news channels and new programming genres created by Indian media companies. Cable TV distribution emerged as a simple delivery mechanism for distributing multiple satellite channels to the consumers. This led to an exponential growth of LCOs that aggregated and distributed broadcast content to the consumers. In the early years, the cable TV distribution business was unregulated and fragmented, driven by thousands of small scale operators with scattered client bases. Cable TV operations were largely analog-based with poor quality of service and concerns regarding non-transparency in revenue flows of LCOs. The Government promulgated the Cable Television Networks (Regulation) Ordinance 1994 on September 29, 1994 to set forth rules for registration of cable TV operators. Subsequently, this ordinance was converted into the Cable Television Networks (Regulation) Act 1995 adopted on March 25, 1995, which required cable operators to register and set forth cable operators' obligations, content code and consumer protection rules. This was the foundation of the subsequent regulatory framework in the cable TV sector in India contributing towards consolidation, emergence of MSOs and modernization of distribution networks. The process for establishing a regulatory framework for satellite broadcasting was initiated by the Government in 1999 taking into consideration the issues related to up linking / down linking of TV channels which resulted in adopting the policy guidelines. DTH operations commenced in India in 2003. DTH offered distribution of TV services with improved quality and choice to the customer without any intermediary distributor. In 2009, the Government adopted the policy guidelines for HITS to facilitate addressability and digitization in the distant areas. IPTV services started in India with a few IPTV service providers in 2008 when cable TV operators and telecom service providers were permitted to provide IPTV services. A few service providers have initiated efforts towards distribution of TV content using OTT services on mobile networks. TRAI was authorized by the Central Government to regulate the broadcasting and cable TV sector in India in 2004. The Government, through TRAI, continued to regulate tariffs at whole sale and retail levels to ensure non-exclusive, non discriminatory access and transparency while protecting both consumer and sector interests. TRAI also initiated digitization of cable TV distribution networks and recommended that the process of digitization be executed in four phases.

(Source: TRAI's Consultation Paper on Tariff Issues Related to TV Services No. 01/2016, January 29, 2016)

### TV distribution platforms

At present, the following TV distribution platforms are present in India:

- **Cable TV:** there are more than 700 MSOs providing cable TV services through DAS and 60,000 LCOs. Each

- **MSO** is required to install its own independent head-end;
- **DTH**: there are six pay and one free DTH operators in India;
- **HITS**: there are two HITS operators in India; and
- **IPTV**: some telecom service providers are using IPTV technology for distribution of TV signals.

The value chain of each TV distribution platform consists of broadcasters, delivery platform operators, last mile operators and subscribers, except for DTH where delivery platform operators directly send signals to subscribers without an intermediary. (Source: TRAI's Pre-Consultation Paper on Infrastructure Sharing in Broadcasting TV Distribution Sector No. 7 of 2016, May 23, 2016) Digital cable and DTH services are both DAS. However, in DTH service, TV channels are directly received by consumers from satellite using small dish antennas located at the customer premises. In digital cable TV, signals reach consumers through a cable network. In digital cable TV, MSOs downlink the broadcasters' data and transmit it to STBs activated for the subscribers. STBs decrypt the encrypted data allowing the subscribers to view the channels. Digital cable is capable of carrying interactive VAS, triple-play services (including video, audio and data), broadband etc. through the same digital cable TV network. MSOs can deactivate the service in case of non-payment by the subscribers or LCOs. STBs are provided by cable operators on a purchase, rent or hire-purchase basis. STBs are sourced by LCOs from their respective MSOs. (Source: TRAI's "Frequently Asked Questions (FAQs) on Digital Addressable Cable TV Systems") HITS is similar to DTH. Both distribute channels instantly through a satellite. Unlike DTH, where the end-user is the consumer, the HITS end-user is a cable operator that delivers the signals to the end consumers. IPTV delivers television channels to subscribers using high speed internet protocol over copper cable networks. IPTV provides voice, video and data transmission (referred to in the industry as triple-play services) and can support video on demand, live video and gaming

### Digital cable and DTH TV

Digital cable has various advantages as compared with DTH. While DTH operators need more transponders to carry additional channels, leading MSOs can already offer 800-1,000 channels. MSOs are also well equipped to offer broadband as well as VAS such as telephony, gaming and shopping. (Source: The MPA Report) The chart below summarizes advantages of digital cable over DTH:

	Digital Cable	DTH
<b>Channel Capacity</b>	Most MSOs have the capability to offer 800+ channels	Channel capacity limited by the number of transponders
<b>Regional/local Offerings</b>	Carry host of regional channels in addition to local channels	Limited regional offerings but no local channel offerings
<b>Weather proof signals</b>	Signals are not interrupted on account of rains	Operates on Ku-band making signals vulnerable to rains
<b>Broadband</b>	'Return-path' allows cross selling broadband to the last mile	Limited monetisation through add on services as it lacks return path capability

### Subscription revenue trends

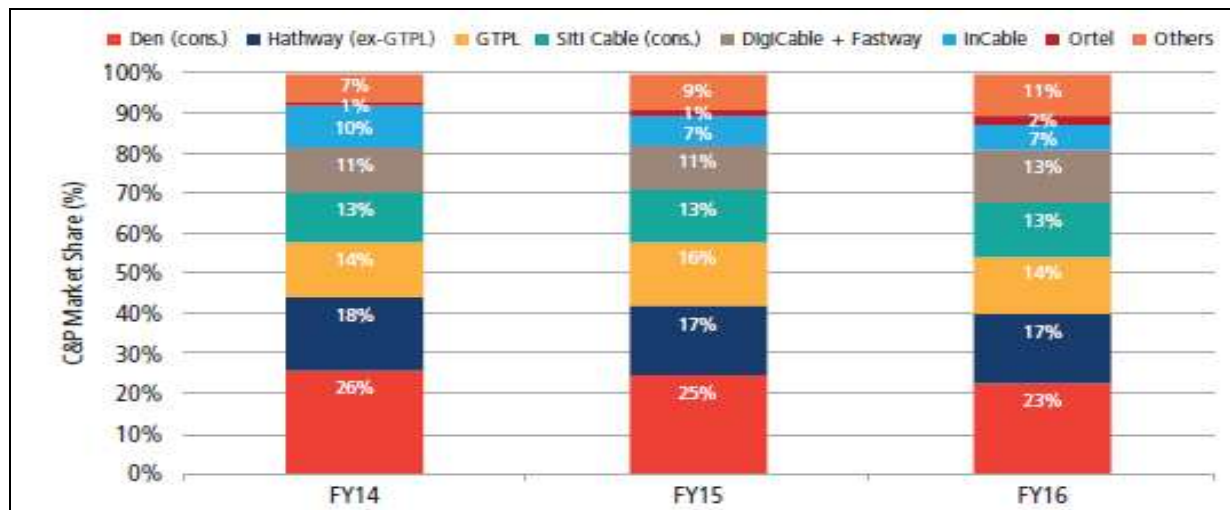
Historically, Indian cable TV subscription revenues have remained muted, largely because of the prevalence of analog cable. Bolstered by the DAS mandate, digital subscription revenues for MSOs have experienced an increase over the last five years. Digitization has led to higher transparency, allowing MSOs to mitigate losses from revenue leakage, which is highly prevalent in analog systems. Digitization has also enabled MSOs to offer more channels in addition to high-value services such as HDTV, pay-per-view and digital video recorders, allowing cable TV ARPU to expand. Consequently, digital cable subscription revenues grew at a 76% CAGR during the 2011-2015 period. The chart below shows the cable TV subscription revenue in India in the periods indicated:

### Carriage and placement fee trends

Channel carriage fees are paid by broadcasters to MSOs to carry their channels on their preferred signal and frequency band. Channel carriage fees consist of (a) carriage fees whereby a fee is paid by the broadcaster to the operator to carry the broadcaster's channel; and (b) placement fees, whereby a fee is paid by the broadcaster to the operator for placing the channel at a certain frequency. As MSOs' channel

capacity was limited during the analog regime, MSOs were charging broadcasters high carriage and placement fees to carry their channels. Carriage income per channel has dropped since the DAS implementation, improving channel distribution economics. Digitization enables MSOs to carry more channels and package their offerings strategically. Operators can also earn placement income from strategic channel tiering and packaging. Carriage and placement fees are expected to continue to make an important contribution to MSOs' revenues in the medium term, even though growth has flattened out. *(Source: The MPA Report)*

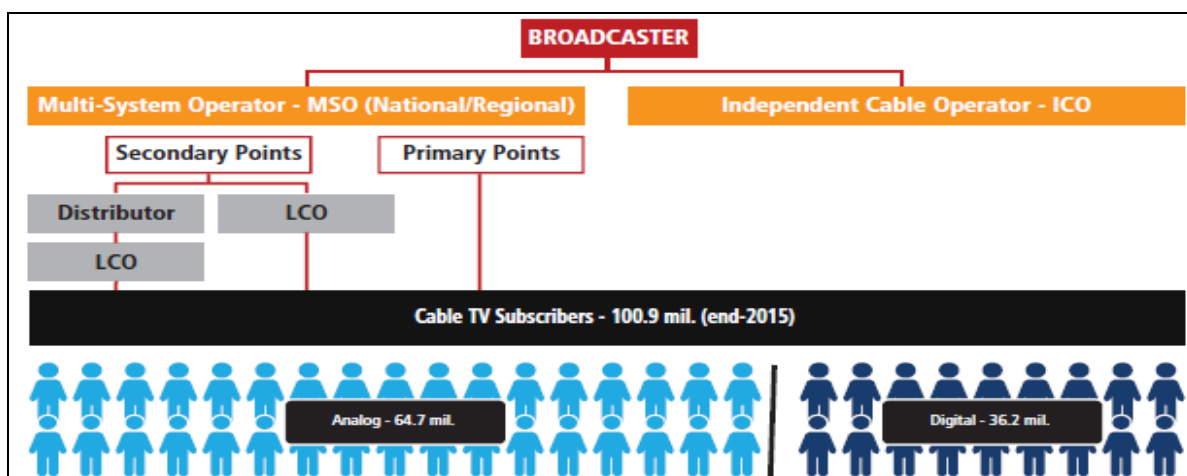
At the end of Fiscal 2016, top five MSOs accounted for approximately 80% of the total cable carriage and placement market in India. The Company accounted for approximately 14% of this market in Fiscal 2016. The chart below shows India' MSOs' market shares based on the carriage and placement income in the periods indicated:



### Cable TV Industry Structure

India's cable TV industry has grown rapidly since its inception two decades ago, advanced by entrepreneurship and innovation from distribution platforms and content providers. Cable TV, analog as well as digital, now available in over 100 million Indian households, is established as a mass medium for entertainment and information. *(Source: The MPA Report)*. Cable TV broadcasting operates by uplinking a broadcaster's channel to a satellite which then provides a downlink signal to a particular region. The downlink signal is received by MSOs at their network operating center through dish antennas and other equipment such as modulators, decoders, encoders and amplifiers. In other countries, globally, MSOs own the network end-to-end, providing 'last mile' connectivity (direct signals to end-users or primary points). In India, however, MSOs operate on secondary points, providing signals to LCOs that, in turn, own the last mile. MSOs typically enter into agreements with LCOs with LCOs serving as "franchisees". Currently, approximately 95% of cable TV subscribers in India are driven via secondary points as opposed to the last mile. *(Source: The MPA Report)*

The chart below shows the cable TV industry value chain in India:



### The key participants in the cable TV industry value chain include:

- **National MSO:** Dominant presence across states;
- **Regional MSO:** Dominant presence in few states;
- **Independent cable operator:** Single system operator which manages only one head-end; and
- **LCO:** Local cable operator also known as last-mile operator which has ownership of the last-mile.

Subscription revenue is the revenue earned by MSOs and LCOs for cable television services. Primary operators, including LCOs and those few MSOs who operate 'last mile' networks, receive subscription fees from subscribers. However, in secondary networks, the subscription fee is shared between the LCOs and the MSOs. The MSO is responsible for paying the cost for content to broadcasters. Further, MSOs may have access to channel bandwidth on head-ends that they operate and may use these channels to transmit "own brand" channels and other VAS. MSOs may earn revenues from advertising by selling commercial spots that are interspersed in an own brand channel's regular programs and by selling sponsorship rights to certain programs.

## Digitization

### Overview

In 2011, the Government notified the Cable TV Amendment Act which required the mandatory digitization of cable TV in India. The Act was aimed at changing India's analog-dominant TV distribution landscape and establishing modern systems and processes. Divided into four phases, it is envisaged that the entire country would move from analog cable TV to DAS. (Source: The MPA Report)

### Cable TV Growth Drivers

#### Key growth drivers for the Indian cable TV industry include:

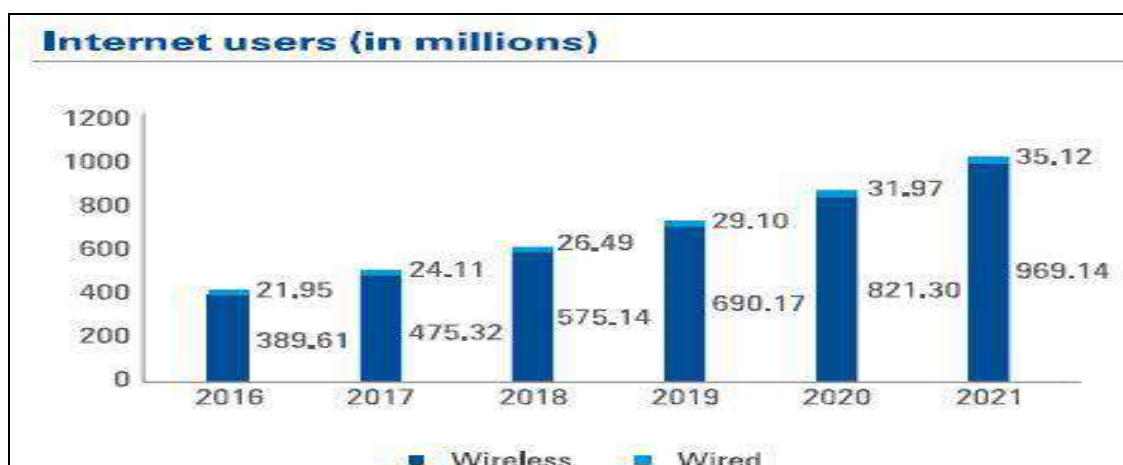
- growth in TV households and steady growth in cable penetration;
- converting existing analog cable subscribers to digital;
- upselling existing subscribers to extended basic and premium packages;
- higher contribution from HD services; and
- streamlined back-end systems and call-centre operations.

Additionally, MSOs are also expected to benefit from the ongoing investments in broadband.

## Internet / Broadband Industry

### Overview

India's internet subscriber base is expected to increase from 411.6 million subscribers in 2016 to 1,004.3 million subscribers in 2021 led by growth in wireless subscribers. The following chart shows the number of the internet subscribers in India in the 2016-2021 period, with the breakdown into the wireless and wireline internet subscribers:



Wired broadband in India lags behind wireless internet by a large margin, with 21.3 million wired internet subscribers as compared to 346.2 million wireless broadband subscribers as of September 30, 2016. The pan-India reach of MSOs represents an opportunity for the industry to tap into the rapidly growing needs of a data hungry nation, by providing cost effective, high speed connectivity to users; as traditionally wired internet does not have to contend with high spectrum costs. The MSOs made rapid strides in terms of their subscriber acquisitions with the top 3 MSOs registering a 64% growth in broadband subscriptions over 2016, as shown in the chart below. Investments in network



maintenance and customer service would be the key for MSOs as most of their networks are overhead, which are prone to frequent faults, as compared to a completely underground network. (Source: The KPMG-FICCI Report)

<b>Broadband subscriber base of major MSOs</b>			
<b>No. of Broadband Subscribers ('000s)</b>	<b>Dec-15</b>	<b>Dec-16</b>	<b>YoY Growth %</b>
<b>Hathway Cable and Datacom</b>	<b>567</b>	<b>860</b>	<b>52%</b>
<b>Den Networks</b>	<b>76</b>	<b>159</b>	<b>109%</b>
<b>Siti Networks</b>	<b>107</b>	<b>213</b>	<b>99%</b>
<b>Total</b>	<b>750</b>	<b>1,232</b>	<b>64%</b>

Source: KPMG in India's analysis

With 137 million broadband subscribers in 2015, India's broadband market penetration was lower as compared to developed markets such as the US, UK, Korea and Japan. There is headroom for growth in India's broadband subscriber base as well as the internet user base generally. Fixed broadband had only 6% household penetration at the end of 2015. In recent years, telecom operators have invested in 3G, while offering mobile broadband at attractive data tariffs. At the same time, the price of smartphones and other handheld devices declined. This led to a growth in wireless broadband. India is expected to have similar developments in fixed broadband. Both private and government market participants have been investing more in the segment over the last few years. Data has become more affordable driving the uptake of high-bandwidth applications such as video streaming and VoIP. A robust fixed broadband infrastructure is expected to stimulate adoption of high-bandwidth applications, including long-form online video, gaming, video-conferencing and video-chats. Going forward, 3G and 4G will more likely be used for low-bandwidth applications, even if India remains a primarily wireless broadband market. It is unlikely that wireless broadband pricing catches up with the fixed broadband pricing in the near future. (Source: The MPA Report)

### Fixed broadband

**Fixed broadband offers the following benefits to consumers:**

- **Lower network latency:** fixed broadband networks tend to have lower latency compared with wireless networks. This enables a more seamless experience for applications such as HD video streaming and online gaming.
- **Stability:** fixed infrastructure can deliver high-speed internet with minimal interference.
- **Higher data allowances:** fixed broadband plans attract heavy data users as they allow for higher data usage at comparable prices than wireless broadband.

Considering the benefits of fixed broadband, leading cable operators as well as telecom operators are investing in fiber upgrades and next-generation fixed broadband technologies. The Government's digital India program is also expected to promote cable broadband with cable pipes already reaching over 100 million homes. Digitization is viewed as the main means to achieve this and help develop two-way cable networks, allowing cable operators to offer broadband bundled with digital TV.

### India's broadband market as compared to other countries

The broadband market in the Asia Pacific has developed rapidly over the past decade and a half, with fixed broadband playing a critical part. Within this segment, infrastructural competition between cable and telecom operators leveraging digital infrastructure has been important. Cable operators have typically been able to capture close to a 20% market share with strong margins and ARPUs. Telecom operators in India had a large share of India's fixed broadband market at the end of 2015. BSNL, the state owned telecom operator, was the leader with a 60% share. In the recent years, however, the market share of cable MSOs has been increasing and reached 20% of the market in 2015. For the cable industry, broadband is promising in terms of improving ARPUs. This, combined with lower bandwidth costs (as opposed to high content costs on cable TV), can lead to better per-subscriber economics and relatively high margins.

### Key Concerns

**Required to obtain certain approvals, licenses, registrations and permissions for operating business:** GTPL is required to obtain certain approvals, licenses, registrations and permissions for operating its business, some of which has not been applied for, has expired or may expire and require renewals in the future. This includes its registration to operate as an MSO granted by the MIB, shops and establishment

licenses and permissions for laying of overhead cables. The business of the Company and Subsidiaries can be run using overhead cables or underground cables for delivery of cable services depending on the area of operations. GTPL is required to comply with certain conditions set out in the licenses and approvals granted to it. Failure to obtain any of the approvals, licenses, registrations or permissions or renewals thereof in a timely manner, or at all, or failure to comply with the conditions set forth therein, could adversely affect the business, results of operations and financial condition.

**TRAI may soon auction all available spectrum of frequencies in the wireless 700 MHz band for use in the telecommunication sector:**

Certain recent policy recommendations by TRAI, if notified, could adversely affect the manner in which GTPL conduct its business. TRAI was also asked to consider whether the process should be split into two phases to avoid disturbance to users of this spectrum. In response, on July 12, 2016, TRAI provided its recommendations in “Valuation and Reserve Price of Spectrum in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz Bands”. As of January 31, 2017, GTPL was not using the 700 MHz spectrum band and were using spectrum between 306 MHz to 682 MHz to transmit 489 channels on its cable network. However, if it exhausts the spectrum of up to the 700 MHz frequency and want to continue adding channels, it may have to go beyond the 700 MHz frequency. If the spectrum is allocated to telecommunication companies, they will carry out wireless transmission in those frequencies and it may lead to interference of signals in the coaxial pockets of its networks and hence limit GTPL’s ability to transmit within the frequency spectrum of up to 700 MHz or require it to adopt technological systems to stop such interference. This may impact the ability to expand and prevent GTPL from increasing the number of channels offered on its cable network. It cannot be assured that this regulation or licensing, if and when implemented, will not adversely affect its business, results of operation and financial condition.

**GTPL may be unable to keep pace with changes in technology and existing and future technological developments may allow new competitors and alternative competitive platforms to emerge:**

The entertainment and media, cable distribution and internet service provider industry are characterized by rapid changes in technology and the introduction of new products and services. Technological developments within the cable distribution services include changes that may result in improved utilization of network infrastructure, better consumer experience with more robust content recording features and new interactive content. As new technologies are developed, the products and services GTPL offers may become obsolete or less competitive. If it is unable to adopt and digitize its services at the rate of its competitors and are unable to compete for the leisure and entertainment time of its subscribers, its ability to effectively compete in the market place will be affected. In addition, content broadcasted exclusively by GTPL is at risk of being illegally shown, copied and/or made available for download from video-sharing websites. If it do not respond appropriately to advances in technology and increased availability of leisure and entertainment choices, its competitive position could deteriorate and its financial results could suffer. It also cannot be assured that it will successfully anticipate the demand for products and services requiring new technology. If it is unable to keep pace with changes in technology and provide advanced services in a timely manner, or anticipate the demands of the market place, this could materially and adversely affect its business, results of operations and financial condition. GTPL may not have sufficient financial resources to fund new technology or access new resources, and therefore it may not be able to develop and implement new technologies in a timely manner and on a cost effective basis or at all. This may delay the implementation of services, reduce the quality and functionality of its services, increase its operational costs, reduce market share and impact its revenue streams, adversely affecting the business, results of operations and financial condition.

**GTPL may be unsuccessful in implementing new value-added services for its digital cable service subscribers:** To increase GTPL’s ARPU, it plans to launch additional value-added and revenue enhancing services, such as video on demand and a personal video recording facility. It has limited prior experience in delivering such services and it may not be able to successfully provide these services due to unpredictable technical, operational or regulatory challenges. Further, there can be no assurance that these services will generate significant revenue. It may rely on third-party service providers, including technology platform and content providers, to offer value added services. GTPL may not have control over such third parties and it will continue to be exposed to the risk that they do not perform their obligations in accordance with the agreed service standards in a timely manner or at all, in which event its revenues from value added services may be adversely affected. It may be unsuccessful in implementing new value-added services for its digital cable service subscribers, which may materially and adversely affect its business, results of operations and financial condition.

**Holding company, Hathway, is engaged in business activities which compete with its business:** GTPL’s holding company, Hathway, provides cable television and cable broadband services, and therefore is in a similar line of business as its and the target subscribers may be the same for its Company and Hathway. In the event of a conflict of interest between GTPL and Hathway, it cannot assure that Hathway will not act in a manner that is adverse to its interests. Further, it may lose some of its target subscribers to Hathway, which would affect the subscriber base.

**Cable television and internet broadband services are subject to extensive governmental regulation, which could adversely affect its business by increasing its expenses or limiting operational flexibility:** GTPL’s operations are regulated and subject to detailed supervision by TRAI, MIB, DoT and other government bodies. Accordingly, it is subject generally to changes in Indian law, as well as to changes in

regulation and government policies relevant to the cable television and broadband industries. Any changes in the laws, rules, regulations, guidelines or norms applicable to the cable television and broadband industries, whether favorable or unfavorable to it, could materially impact its business, results of operations and financial condition. The Telecommunication (Broadcasting and Cable) Services (Eight) (Addressable Systems) Tariff Order, 2017 (the "Tariff Order") was notified by TRAI on March 3, 2017. The new tariff regime introduced by the Tariff Order may have a significant impact on future ARPUs, pay TV economics, its pricing model, operational flexibility and results of operations.

**Business model is capital intensive and may not be able to arrange adequate funds for future capital expansion:** GTPL's business model requires significant capital investment primarily for acquiring equipment for operating HFC networks (a combination of optic fiber in the backbone and coaxial cables in the downstream). Building and maintaining an HFC network requires capital investment. Such investment is primarily used to fund its fiber networks. Furthermore, investment is also required for co-axial cables, amplifiers and passive devices for transmitting optical signals from nodes to branches and end subscribers. Consequently, in order to continue to provide competitive services and technologies to its subscribers, it is continually required to make significant capital investment in its network and technologies. However, as future network expansion will be dependent in part on the future demand for its services, it is difficult for GTPL to predict future capital expenditure requirements with certainty. Further, it will incur additional capital expenditure in connection with the roll-out and expansion of its digital cable television and broadband services. GTPL has completed its roll-out of STBs in Phase I, Phase II and Phase III areas and are working towards completing the roll-out of STBs in Phase IV areas. Its return on its capital investment depends upon, among other things, successful implementation of its strategy, competition, subscriber acquisition costs, demand for digital cable television and broadband services, government policies, interest rates and general economic conditions. If its return on capital investment does not meet its or market expectations, this could materially and adversely affect its business, results of operations and financial condition.

**The cable television distribution industry is highly competitive, which affects the ability to attract and retain subscribers:** The cable television distribution industry is highly competitive and often subject to rapid and significant changes in the market place, technology, regulatory and legislative environments. GTPL primarily compete with other cable television service providers in markets in which it operates, as well as with DTH satellite television service providers. Existing and new competitors, and in particular competitors with substantially more resources than it, could begin to operate in the markets that it operates in or identify and acquiring targets being pursued by it. Moreover, the cable television industry is largely unorganised and fragmented and based on local preferences. GTPL may not be able to adjust the programs and bouquets it offers to cater to the local preferences of its end subscribers. Increasing competition may require the company to expend significant resources on advanced equipment, enhanced program offerings and more sophisticated marketing initiatives, which may increase subscriber acquisition and retention expenses. Alternatively, GTPL may be required to accept lower subscriber acquisitions and higher turnover of subscribers in the form of subscriber service cancellations, or churn. It cannot be assured that it will be able to compete successfully, which could adversely affect its business, results of operations and financial condition.

**The success of broadband services may be slowed or halted by competition from wireless internet or fixed broadband offerings in India:** India's internet subscriber base is expected to increase from 411.2 million subscribers in 2016 to 825.2 million subscribers in 2020, led by growth in wireless subscribers. In recent years, telecom operators have invested in 3G, while offering mobile broadband at attractive data tariffs. At the same time, the prices of smartphones and other handheld devices have declined. These factors have led to a growth in wireless internet offerings and the services available on mobile devices, such as the distribution of TV content using OTT services on mobile networks. An increase in the use of wireless internet, and/or the entrance of additional players into the market could increase the competition GTPL face in the provision of broadband services and required it to expend significant resources on advanced equipment and technologies, which could have a negative impact on its business, results of operations and financial condition.

**Heavily dependent on LCOs to reach the majority of cable television subscribers, to collect subscription fees, to increase subscriber base and to maintain service quality standards:** GTPL's programming on its cable network is generally delivered through LCOs that connect its cable lines to the homes of its subscribers pursuant to agreements entered into with LCOs. As of January 31, 2017, only 0.33 million of its subscribers were "primary subscribers", to whom it provided its services directly. Therefore, the majority of its revenue is dependent on its LCOs' ability to generate and maintain subscription revenue. Any failure by LCOs to collect subscription fees from end subscribers may adversely affect the business. GTPL compete against other MSOs for partnerships with LCOs to offer its cable services. Although it has established strong relationships with its LCOs through its Promoters, its success will depend upon its ability to retain arrangements with LCO. Any negative publicity regarding GTPL's brand or services resulting from such circumstances could adversely affect its business, results of operations and financial condition. In respect of the number of requisitions for STBs received from LCOs, GTPL do not have the ability to independently determine the number of requisitions that any given LCO has received from subscribers, and must rely on the information provided by the LCOs. It may not receive the full subscription fee if the information on the number of subscribers it receive from LCOs is inaccurate. Any under-reporting by LCOs could adversely affect the revenues and results of operations. In addition, in recent years, it faced an increase in doubtful debts from non-paying LCOs. If the amount of such debts continues to increase in future, its results of operations will be adversely affected.

**Any inability to complete the roll-out of STBs in Phase IV areas and to attract new digital cable subscribers may adversely affect the business, results of operations and financial condition:** GTPL expects that its future growth will be dependent in part on the completion of the roll-out of STBs in Phase IV areas. Digital cable television service gives the company the ability to earn higher revenues and curbs the current industry-wide problem of LCOs under-reporting subscriber numbers. MIB has notified a four-phase digitization process for cable television in India which was required to be completed by March 31, 2017. It has completed its roll-out of STBs in Phase I, Phase II and Phase III areas and are working towards completing the roll-out of STBs in Phase IV areas. The discontinuation of analog signals was challenged in the courts in a number of states and its digitization in Phase IV areas could be delayed or halted if any such court actions (including injunctions) are successful. There can be no assurance that digitization will adhere to the revised schedule or the completion date will not be extended further. Conversion of analog subscribers into digital subscribers and completion of the roll-out of STBs also require increased capital expenditure for STBs and improvement of its cable network, particularly in Phase IV areas. It cannot be assured that the revenues that it generates from new digital cable television subscribers will be sufficient to meet this expenditure. Its inability to retain existing digital subscribers and complete the roll-out of STBs in Phase IV areas in a cost-effective manner or to attract new subscribers to its digital cable services may adversely affect the business, results of operations and financial condition.

**Expansion and penetration strategies may result in additional risks and uncertainties in the business:** GTPL operates in a dynamic industry, and on account of changes in market conditions, industry parameters, technological improvements or changes, its management continually assesses its strategies to position it for future growth. It intends to expand its business and increase direct subscription revenue by acquiring LCOs, local MSOs and entering into joint ventures and by expanding in the states of West Bengal, Jharkhand and Bihar. While it has been successful in the past in acquiring LCOs, local MSOs and entering into joint ventures, no assurance can be made that it will be able to continue to make such acquisitions or enter into such joint ventures or that it will be able to do with the same frequency and success as in the past. The future success of its business will depend on ability to continue to effectively implement its business and growth strategies, including ability to continuously develop and improve operational, financial and other controls, none of which can be assured. Any failure on part to implement its business strategies, including the scaling of its operations to correspond with its business strategy, could be detrimental to its long-term business outlook and its growth prospects and materially and adversely affect the business, results of operations and financial condition.

**Subscriber base is highly concentrated in the state of Gujarat:** As of January 31, 2017, in the state of Gujarat only, GTPL had approximately 3.33 million active digital cable subscribers, which constituted 58.61% of its total digital cable subscriber base. Increasing competition in Gujarat may require it to expend significant resources on advanced equipment, enhanced program offerings and more sophisticated marketing initiatives. Increased subscription rates and the availability of alternate platforms may reduce the ability to retain subscriber base. It cannot be assured that it will be able to compete successfully in this state, or that it will be able to retain and grow its subscriber base. Failure to do so could adversely affect the business, results of operations and financial condition.

**Dependent on third parties to provide with the majority of programming content:** GTPL depend on third party broadcasters to provide with the majority of its programming content. It pay channel cost comprises the fees it pays to broadcasters for the right to telecast their channels on its network. Under Indian interconnection regulations, all broadcasters are required to offer their content to all platforms and operators. It enter into subscription agreements with broadcasters and pay them licensing or subscription fees as stipulated under the agreements. Any change in Indian interconnection regulations that would permit broadcasters to refuse to provide such programming to it or to impose unfair terms or conditions may adversely affect its ability to acquire programming on a cost-effective basis, or at all, which would adversely affect the business, financial condition and results of operations. When offering new programming, or upon expiration of existing contracts, broadcasters may increase the rates they charge it for programming, which would increase its pay channel costs. Increases in pay channel costs may cause it to increase the rates that it charges its subscribers, which may, in turn, increase subscriber churn and cause potential subscribers to refrain from subscribing to its services. In addition, it may be unable to pass pay channel cost increases on to its subscribers or LCOs. If GTPL pay channel costs increase, this could adversely affect its business, results of operations and financial condition.

**GTPL may not be able to offer attractive packages of channels to its subscribers, which may adversely affect the business, results of operations and financial condition:** GTPL's marketing strategy to attract subscribers includes offering of bouquets of channels, i.e. the aggregation of certain channels into packages at a price less than the sum of the prices of such channels on an à la carte basis. Such packages may include channels of different genres and do not take into account the preferences of broadcasters. However, Indian regulations impose certain restrictions on the way such packages can be offered and priced. Broadcasters can also set high prices for their pay channels or bouquets of pay channels which will restrict its ability to offer such channels as a part of its bouquets or which it may not be able to pass onto subscribers or offer discounts on if it includes them in its bouquets of channels. If GTPL is not able to offer attractive packages to its subscribers, its ability to attract and retain subscribers may be reduced and this may adversely affect the business, results of operations and financial condition.



**A portion of revenue consists of placement / carriage income, which is dependent upon the continued demand for channels to be placed on the required position:** GTPL's placement / carriage income is received from carriage fees payable by broadcasters for carrying their channels and placement fees payable by broadcasters for placing their channels on a preferred channel number or position in the LCN for digital services. Depending upon the availability of its LCN/frequency and keeping in mind subscribers' preferences, it negotiates such fee with broadcasters and places their channels on the required position. It generally enters into placement / carriage agreements for a period of one year, which is of a renewable nature and agrees to a fixed fee for the term of the agreement, payable in installments. If broadcasters are uninterested in the position on the LCN, the package or the frequencies, it may be unable to enter into agreements with broadcasters, thereby adversely affecting its business, results of operations and financial condition. Additionally, failure to provide the package or the frequency requested by the broadcaster could constitute a breach of the relevant placement / carriage agreement, providing the broadcaster with the right to terminate the agreement, thereby requiring it to refund the broadcaster all amounts paid to it in advance for the period beyond the date of termination, failing which shall be liable to pay interest on the said amount until date of payment.

**Margins may decline after GTPL complete the roll-out of STBs in Phase IV areas:** GTPL's revenue from activation charges consists of one-time charges collected when it connects its digital cable television services to a subscribers' STB. While actively digitizing its analog subscriber base, its revenue from activation charges has been high, due to the volume of subscribers being converted. However, once it completes the roll-out of STBs in Phase IV areas, it expects that the new subscriber additions will slow down and, accordingly, its margins may decline due to a decrease in revenue from activation charges generated from new subscribers. Although the capital expenditure associated with the acquisition of STBs will simultaneously decrease, a decline in its revenue from activation charges may adversely affect the business.

**Damage to relationship with Hathway could materially and adversely affect the business, results of operations and financial condition:** GTPL benefits from its relationship with Hathway, its holding company, in a number of ways. To do so, its Company and Hathway will endeavour to jointly participate in negotiations with the broadcasters in order to achieve favourable discounts and carriage / placement rates from them. Its growth and future success is therefore influenced, in part, by its continued relationship with Hathway. Hathway has provided corporate guarantees and undertakings to secure its term loans, buyers' credit and finance lease arrangements. If Hathway was to withdraw its security to its borrowings and/or sponsor support to it or refuse to provide its security to its borrowings and/or sponsor support in the future, its ability to lease equipment and/or obtain debt financing in the future may be adversely affected. If GTPL's relationship with Hathway is harmed for any reason, this could materially and adversely affect its business, results of operations and financial condition.

**GTPL imports some of its equipment from vendors located outside of India, and foreign currency fluctuations in respect of purchases made in various foreign currencies may have a negative impact on its results of operations:** While most of GTPL's revenues and its expenses are denominated in Indian Rupees, from time to time it enters into finance arrangements to acquire certain equipment, which are denominated in foreign currencies and expose it to foreign exchange rate risks. Once the digitization process is completed, its foreign currency exposure will be low. The exchange rate between the Rupee and other currencies, including the U.S. Dollar, has changed substantially in recent years and may fluctuate substantially in the future. A decline in the value of the Rupee against the U.S. Dollar or other applicable currencies would increase its interest expenses for such indebtedness.

**GTPL is exposed to risks relating to churn of subscribers and loss of STBs:** Subscriber attrition, or "churn", results in the loss of the future profit that would otherwise be earned from subscribers whose services are disconnected and the inability to recoup any unrecovered costs incurred in acquiring the subscriber. It recognizes a subscriber as a "churned subscriber" at the end of the reporting period if the signal to the subscriber has been continuously deactivated for more than 90 days at the end of the reporting period. A high churn rate may adversely affect its business, results of operations and financial condition. There can be no assurance that it will be able to control churn or that its churn rate will not increase.

**GTPL's cable television and internet broadband services are subject to extensive governmental regulation, which could adversely affect the business by increasing its expenses or limiting operational flexibility:** GTPL's operations are regulated and subject to detailed supervision by TRAI, MIB, DoT and other government bodies. Accordingly, it is subject generally to changes in Indian law, as well as to changes in regulation and government policies relevant to the cable television and broadband industries. Any changes in the laws, rules, regulations, guidelines or norms applicable to the cable television and broadband industries, whether favorable or unfavorable to it, could materially impact its business, results of operations and financial condition. Increased regulation or changes in existing regulation may require it to change its business policies and practices and may increase the costs of providing services to subscribers, which could adversely affect its business, results of operations and financial condition.

**GTPL's networks may be vulnerable to security breaches, piracy and hacking:** GTPL's networks may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in its services to its subscribers. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of its services, which could result in lost revenue and dissatisfied subscribers. Additionally, it stores and processes increasingly large

amounts of personally identifiable information of its subscribers, employees or its business partners. It face risks inherent in protecting the security of such personal data. Although it has developed systems, processes and security controls that are designed to protect personally identifiable information of its clients, employees or its business partners, it may be unable to prevent the improper disclosure, loss, misappropriation of, unauthorized access to, or other security breach relating to such data that it stores or process. As a result, GTPL may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and it may suffer damage to its business, competitive position and reputation.

**Profit & Loss**

Rs in million

Particulars	9MFY17	FY16	FY15
Revenue from Operations	6519.3	7384.5	6176.4
Other Income	115.4	77.6	95.6
Total Income	6634.6	7462.0	6272.0
Total Expenditure	4908.0	5828.8	4766.1
Operating Expenses	3286.9	4140.5	3526.2
Employee benefits expense	782.9	808.3	594.7
Other expenses	838.2	880.0	645.2
PBIDT	1726.6	1633.2	1505.9
Interest	444.9	450.4	413.2
PBDT	1281.7	1182.8	1092.7
Depreciation	1013.3	1038.3	836.8
PBT	268.5	144.6	255.8
Tax (incl. DT & FBT)	91.7	102.1	101.1
Tax	271.7	335.1	92.8
Deferred Tax	-180.0	-232.9	8.3
Reported Profit After Tax	176.8	42.4	154.7
Share of Minority	-13.7	3.6	0.1
Adj. Profit	163.0	46.0	154.9
EPS (Rs.)	1.7	0.5	77.4
Equity	983.5	983.5	20.0
Face Value	10.0	10.0	10.0
OPM (%)	24.7	21.1	22.8
PATM (%)	2.5	0.6	2.5

Source: RHP

**Balance Sheet:**

Rs in million

Particulars	9MFY17	FY16	FY15
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8611.4	7825.7	5721.3
Capital work-in-progress	616.4	606.2	107.7
Goodwill	514.7	492.5	450.3
Other Intangible assets	901.0	855.0	772.3
<b>Financial Assets</b>	<b>495.3</b>	<b>484.0</b>	<b>588.2</b>
<i>Investments</i>	<i>171.4</i>	<i>179.9</i>	<i>225.7</i>
<i>Loans</i>	<i>276.1</i>	<i>245.3</i>	<i>315.8</i>
<i>Other</i>	<i>47.7</i>	<i>58.7</i>	<i>46.7</i>
Deferred tax assets (net)	466.0	285.1	50.6
Non- current tax assets (net)	364.3	267.5	74.1
Other non-current assets	0.0	0.0	0.0
<b>Total Non-Current Assets</b>	<b>11969.0</b>	<b>10815.8</b>	<b>7764.5</b>
<b>Current assets</b>			
<b>Financial Assets</b>	<b>4210.0</b>	<b>3378.9</b>	<b>2911.1</b>
<i>Investments</i>	<i>0.7</i>	<i>7.4</i>	<i>0.5</i>
<i>Trade receivables</i>	<i>3220.8</i>	<i>2450.9</i>	<i>2263.1</i>
<i>Cash and cash equivalents</i>	<i>966.7</i>	<i>836.1</i>	<i>613.3</i>
<i>Loans</i>	<i>21.4</i>	<i>79.8</i>	<i>34.2</i>
<i>Other financial assets</i>	<i>0.5</i>	<i>4.7</i>	<i>0.0</i>

Other current assets	790.1	715.6	555.9
<b>Total Current Assets</b>	<b>5000.2</b>	<b>4094.5</b>	<b>3467.0</b>
<b>Total Assets</b>	<b>16969.2</b>	<b>14910.3</b>	<b>11231.5</b>
<b>Equity</b>			
Equity Share capital	983.5	983.5	20.0
Other Equity	2734.1	2521.1	2793.1
<b>Equity attributable to owners of the Company</b>	<b>3717.5</b>	<b>3504.6</b>	<b>2813.1</b>
Non Controlling Entity Interest	425.5	491.1	422.6
<b>Total Equity</b>	<b>4143.0</b>	<b>3995.7</b>	<b>3235.7</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
<i>Borrowings</i>	<i>3,066.11</i>	<i>2,522.86</i>	<i>1,672.47</i>
<i>Other financial liabilities (other than those specified in item</i>	<i>0.05</i>	<i>1.29</i>	<i>3</i>
Provisions	53.17	37.52	32.23
Deferred tax liabilities (Net)	1,646.64	1,430.00	649.6
<b>Total Non-Current Liabilities</b>	<b>4,765.97</b>	<b>3,991.67</b>	<b>2,357.30</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>	<b>3,159.66</b>	<b>3,322.38</b>	<b>2,923.69</b>
<i>Borrowings</i>	<i>1,258.21</i>	<i>922.02</i>	<i>709.9</i>
<i>Trade payables</i>	<i>1,194.75</i>	<i>1,230.42</i>	<i>1,293.53</i>
<i>Total outstanding dues of Micro, Small and Medium Enterprise</i>	<i>4.68</i>	<i>0.13</i>	<i>0.25</i>
<i>Total outstanding dues of creditors other than Micro, Small and Medium Enterprise</i>	<i>1,190.07</i>	<i>1,230.29</i>	<i>1,293.28</i>
<i>Other financial liabilities</i>	<i>706.7</i>	<i>1,169.94</i>	<i>920.26</i>
Provisions	126.85	83.05	58.17
Deferred Revenue	744.73	578.33	288.49
Other current liabilities	4,028.97	2,939.15	2,368.13
<b>Total Current Liabilities</b>	<b>8060.21</b>	<b>6922.91</b>	<b>5638.48</b>
<b>Total Equity and Liabilities</b>	<b>16969.2</b>	<b>14910.3</b>	<b>11231.5</b>

Source: RHP

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