

GTPL Hathway Ltd : Average Issue IPO Note : High debt, Aggressively-Priced : Ranking**



Issue details

Price band (Rs)	Rs.167-170
IPO Opening Date	21/06/17
IPO Closing Date	23/06/17
Issue Size	Rs. 484.80 Cr.

Recommendation

Total revenue grew at a **CAGR of 18.79%** from Rs.528.80 Cr for the FY 2014 to Rs.746.20 Cr for FY 2016. For the first nine months of the current fiscal, it has posted net profit of Rs. 16.30 cr. on a turnover of Rs. 663.46 crore. Thus it has inconsistency in top and bottom lines. Sudden jump in bottom line for first nine month is surprising. If we annualize the latest earnings and attribute on fully diluted equity post issue, then asking price is **at a P/E of 88** and at a P/BV of 3.29. If we calculate offer price on FY16 EPS, then asking price is **at a PE of 425**. Most of its peers including the co-promoters are faring badly and making losses. Issue pricing looks very aggressive compared to its peer who are not doing well. GTPLH has disclosed earnings only up to December 2016 leaving suspension on FY 17 earnings.

Highlights

- GTPL Hathway Ltd (GTPLH) is a leading regional MSO in India, offering cable television and broadband services.
- It was the number 1 MSO in Gujarat with a market share of 67% of cable television subscribers in 2015
- GTPLH accounted for a 14% share of the total cable carriage and placement fee market in India in Fiscal 2016.
- As of January 31, 2017, company's 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 has total debt of Rs.464.82 crore as on March 2016

Company Introduction

Incorporated in 2006, GTPL Hathway Limited is Gujrat based Multi System Operator offering cable television and broadband services. GTPL Hathway is number 1 cable service provider in Gujarat with a market share of 67% of cable television subscribers.

GTPL Hathway provides digital cable television services in 169 towns across India. We provide cable television signals in both digital and analog modes of re-transmission.

GTPL's source of revenue for cable services is subscription income received from subscribers and carriage and placement revenues received from broadcasters for carrying their channels and placing their channels on their preferred channel number or position. GTPL also have the right to place the 'Gujarat News' channel on our network, which is produced by our Group Company, Gujarat Television Private Limited. GTPL produce 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.



www.gtpl.net

Financial Summary (Rs. In Crore)

Particulars	nine month ended Dec. 2016	FY2016	FY2015	FY2014
Total Income	663.46	746.2	627.2	528.8
Net Profit	16.3	4.59	15.48	-8.46
EPS (Rs)	1.44*	0.4	1.37	-

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

As of January 31, 2017, the company 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.

Company Promoters:

1. Mr. Aniruddhasinhji Jadeja,
2. Mr. Kanaksinh Rana,
3. Gujarat Digi Com Private Ltd and
4. Hathway Cable and Datacom Ltd

The object of the issue

- The Fresh Issue - Company proposes to utilise the funds repayment/pre-payment, in full or part, of certain borrowings
- General corporate purposes
- The Offer for Sale - Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.

IPO Issue Proceed

To part finance its pre-payment/repayment of certain borrowings and meet general corpus fund needs, the company is coming out with a maiden IPO with a primary offer of Rs. 240 crore (approx 14117647 shares at the upper price band) and offer for sale of 14400000 equity share of Rs. 10 each via book building route with a price band of Rs. 167-170. Through this IPO company hopes to mobilize Rs. 480.48-Rs. 484.80 crore (based on lower and upper price bands). Minimum application is to be made for 88 shares and in multiples thereon, thereafter. Issue opens for subscription on 21.06.17 and will close on 23.06.17. Post issue shares will be listed on BSE and NSE. Post issue, its current paid up equity capital of Rs. 98.35 crore will stand enhanced to Rs. 112.47 crore.

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