

Issue Details	
Issue Opens	21-June-17
Issue Closes	23-June-17
Issue Size (Rs. Crore)	484.8
Face value (per equity share)	10
Price Band (Rs.)	167-170
Lot Size (No of Share)	88
No of Shares on Offer (crore)	1.44
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	04-July-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	98.9	73.9
Public (incl institutions and employees)	1.1	26.1
Total	100.0	100.0

Objects of the Issue

1. The Offer for Sale: Company 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.
2. Repayment/pre-payment, in full or part, of certain borrowings; and
3. General corporate purposes.
4. Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

Issue Date: 21th June – 23th June 2017

Price Band (Rs.) : 167-170

Lot Size (No. of Share) : 88

Company Background

Incorporated in 2006, GTPL Hathway Limited is Gujarat 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 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.

Financials

Particulars	For the year/period ended (in Rs. Million)		
	FY-16	FY-15	FY-14
Total Assets	14,910	11,231	10,723
Total Revenue	7,462	6,272	5,288
Profit After Tax	46	155	(85)

Concerns

- Any inability to seed STBs in Phase IV markets and acquire new subscribers may impact future growth prospects of the company.
- GTPL yet to deploy capex for the GPON technology it is banking upon for the broadband business and could face some difficulty in raising the said funds.
- Threat from competition: There is also a lingering threat from Jio launch to the business.

Strengths

- Leading regional MSO with significant share in Gujarat and Kolkata.
- Envisions strong broadband growth with newer GPON technology rollout.
- Has a high quality infrastructure network.
- It also has a strong focus on digitization.

Our View

On the upper price band of Rs.170 and on FY16 EPS of Rs.8.09, P/E ratio works out to 21x. Even based on the last 3 years consolidated EPS of Rs.5.29, P/E Ratio works out to be 32x. Means, company is asking the upper band of issue price of Rs.170 in the P/E Ratio between 21x and 32x. Its listed peers like Hathway Cable, Den Networks and Siticable are running under losses, hence their P/E ratio cannot be compared with this issue. One more peer Ortel communication is trading at P/E ratio of 19.8x.

Company revenues grew at 18% CAGR in last 3 years. It earned thin profits of 0.6% for FY16. GTPL Hathway IPO price is highly priced. Most of this companies in this industry are incurring losses. Considering all these factors, Investors should stay away from such high risk IPO's which do not leave anything for investors.