Den Networks Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	Den Networks operates as a structurally declining cable business that functions more as a treasury vehicle for the Reliance ecosystem than a growth-oriented media entity.	—
2	Revenue contracted 3.1% YoY to ₹974 Cr, driven by a severe 17% erosion in core subscription revenue as OTT and 5G FWA competition intensifies.	—
3	Operating margins are under significant pressure with operating profit crashing 39.8% to ₹68 Cr, primarily due to rising content costs and a "melting ice cube" business model.	—
4	Reported PAT of ₹166 Cr is entirely deceptive, masking a core operational loss of ₹24.11 Cr that is only offset by ₹233 Cr in treasury-driven other income.	—
5	The balance sheet remains a fortress with a D/E ratio of 0.01x and negligible debt of only ₹20 Cr, consisting almost entirely of lease liabilities.	—
6	Cash flow quality is critically poor, with Cash Flow from Operations (CFO) turning negative at -₹17 Cr despite the positive PAT, signaling non-operational profit drivers.	—
7	Capital allocation is highly inefficient, evidenced by a dismal 6% ROCE and the failure to deploy ₹2,045 Cr of preferential allotment funds for the 8th consecutive year.	—
8	Earnings quality is compromised by deteriorating receivables, where 26.8% of debt is aged over three years and 46% of gross receivables require provisioning.	—
9	Governance concerns are elevated due to 33.45% of revenue originating from Related Party Transactions and a lack of transparency regarding individual KMP compensation.	—
10	Operational risks are highlighted by a shift to defensive "harvest mode," with 29.9% of Set-Top Boxes being refurbished rather than new installations.	—
11	The outlook remains bleak as the company lacks a clear catalyst for growth or capital return, remaining a "value trap" despite holding ₹3,139 Cr in idle cash.	—
12	Investment View: Avoid; monitor for a reversal in subscription revenue growth and the deployment of idle cash via dividends or buybacks before reconsidering.	—

1. Business overview

- **Business Segments:** The company operates primarily in the Cable television segment (95.76% of turnover) and a smaller Broadband segment (4.24%).
- **Revenue Drivers:** Revenue is heavily skewed toward B2B streams; **Placement/Marketing income** from broadcasters accounts for 56.89% (₹548.40 Cr) of service revenue, while consumer-led Subscription income accounts for 38.82% (₹374.18 Cr).
- **Cost Drivers: Content Costs** are the primary expense (₹620.98 Cr), rising 6.19% YoY despite declining revenues. Other major costs include employee benefits, leaseline expenses, and contract service charges.
- **Industry Position:** Den Networks is a legacy cable player within the Reliance Industries ecosystem, currently facing structural pressure from 5G FWA (Fixed Wireless Access) and OTT platforms.

- **Operational Dynamics:** Management has pivoted toward a "Refurbishment" model, with 29.96% of Set-Top Boxes (STBs) supplied being refurbished units to preserve margins.
- **Geographical Presence:** Operates as a national Multi-System Operator (MSO) with a significant presence in India, utilizing a network of Local Cable Operators (LCOs).
- **Subsidiary Nexus:** Futuristic Media and Entertainment Ltd (FMEL) serves as a material subsidiary and centralized service hub, with □118.95 Cr in services rendered to it by the parent.
- **Expansion Plans:** There are no aggressive expansion plans for high-speed fiber or new territories; the company is currently in a defensive "harvest mode."

2. Management commentary & outlook

- Management is prioritizing a shift toward "strengthening internal talent" and promoting from within to take on broader responsibilities, which serves as a proxy for headcount freezes and cost containment.
- The strategic focus has shifted to the "Circular Economy" through the refurbishment of 29.96% of STBs, signaling a defensive posture rather than aggressive technology upgrades like 4K or IPTV.
- There is a notable leadership gap following the cessation of the Chief Technical Officer (CTO) due to superannuation without an immediate external replacement, reinforcing a lack of innovation focus.
- **Capital Allocation Stasis:** A massive **□2,045 Cr** from the 2018-19 preferential allotment remains entirely unutilized, parked in Mutual Funds and FDs for the 8th consecutive year.
- The demand environment for the core cable business is characterized by "managed decline," with no mention of market share gains or new territory entry.
- Management highlights significant ESG achievements, including a 50% reduction in Scope 1 emissions and 49% fuel reduction, though this is highly correlated with reduced field operations and network maintenance.
- The long-term vision appears centered on maintaining the company as a "Cash Box" or strategic utility for the Reliance ecosystem, potentially awaiting a group-level merger or corporate action.
- **Management Tone:** The tone is stoic and defensive, focused entirely on efficiency, refurbishment, and internal talent rather than growth. The refusal to deploy a □3,139 Cr cash pile while the core business erodes suggests that minority shareholders are not the strategic priority, leading to a verdict of a "Value Trap" environment.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	974	1,005
Sales Growth %	-3.10	-6.97
Expenses	906	893
Material Cost %	0	0
Raw material cost	0	0
Manufacturing Cost %	0	64
Employee Cost %	7	8
Other Cost %	86	17
Operating Profit	68	113
OPM %	7	11
Other Income	233	244
Exceptional items	0	61
Other income normal	233	183
Interest	2	2
Depreciation	91	106
Profit before tax	208	249
Tax %	20	21
Net Profit	166	197
Minority share	0	3
Exceptional items AT	0	48
Profit excl Excep	166	148
Profit for PE	166	152
Profit for EPS	166	200
Profit Growth %	9	214
EPS (□)	3.47	4.19
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	477	477
Reserves	3,308	3,143
Borrowings	20	23
Long term Borrowings	0	0
Short term Borrowings	0	0
Lease Liabilities	20.04	22.99
Preference Capital	0	0
Other Borrowings	0	-0.01
Other Liabilities	478	500
Non controlling int	41	40
Trade Payables	286	292
Advance from Customers	0	1
Other liability items	151	167
Total Liabilities	4,283	4,142
Fixed Assets	404	463
Land	0	14
Building	0	35
Plant Machinery	0	363
Equipments	0	18
Computers	0	64
Furniture n fittings	0	2
Vehicles	0	1
Intangible Assets	153	182
Other fixed assets	0	1,175
Gross Block	0	1,855
Accumulated Depreciation	0	1,392
CWIP	8	14
Investments	210	1,516
Other Assets	3,661	2,149
Trade receivables	107	150
Receivables over 6m	0	80
Receivables under 6m	0	146
Prov for Doubtful	0	-75
Cash Equivalents	3,139	1,695
Loans n Advances	3	-10
Other asset items	412	313

Line item	Mar 2026	Mar 2025
Total Assets	4,283	4,142

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	-17	18
Profit from operations	78	107
Receivables	25	-76
Payables	8	27
Loans Advances	0	0
Other WC items	-42	-8
Working capital changes	-9	-57
Direct taxes	-86	-32
Cash from Investing Activity	24	-22
Fixed assets purchased	-41	-41
Fixed assets sold	1	1
Investments purchased	-2,280	-1,435
Investments sold	3,644	1,786
Interest received	41	107
Dividends received	0	0
Invest in subsidiaries	0	0
Investment in group cos	0	0
Redemp n Canc of Shares	0	0
Acquisition of companies	0	0
Other investing items	-1,340	-440
Cash from Financing Activity	-3	-7
Proceeds from shares	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Proceeds from deposits	2.02	0
Interest paid fin	-1.81	0
Dividends paid	0	0
Financial liabilities	-2.95	-5.71
Other financing items	-0.70	-1.44
Net Cash Flow	4	-11
Free Cash Flow	-57	-22
CFO/OP	102	44

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	40	55
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	40	55
Working Capital Days	-6	-66
ROCE %	6	5

3.2 Financial analysis summary

- **Revenue** from operations declined by 3.10% to □974.00 Cr, with the Cable segment contributing 95.76% of turnover, while Operating Profit fell sharply by 39.8% to □68.00 Cr as Content Costs rose to □620.98 Cr despite the shrinking top-line scale.
- **Net Profit** of □166.00 Cr is entirely supported by Other Income of □233.00 Cr (including □141.50 Cr interest and □213.40 Cr investment gains), masking an underlying core operational loss of approximately □24.11 Cr.
- **CFO** turned negative at -□17.00 Cr despite a PAT of □166.00 Cr, a critical discrepancy driven by the classification of treasury income as investing activity and a sharp increase in Direct taxes paid to □86.00 Cr.
- **Trade Receivables** decreased to □107.00 Cr, but this is due to aggressive impairment as the Allowance on trade receivables spiked to □13.91 Cr and 26.81% of gross receivables (□53.57 Cr) are now aged over 3 years.
- The **Balance Sheet** is exceptionally liquid with Cash Equivalents rising to □3,139.00 Cr, representing 73.3% of Total Assets, yet this results in a low ROCE of 6.00% as the company functions as a treasury fund.
- **Fixed Assets** (Net Block) declined to □404.00 Cr as Depreciation of □91.00 Cr outpaced new Capex of □41.00 Cr, while the 8-year useful life for STBs may be delaying the recognition of technological obsolescence.
- **Total Debt** is negligible at □20.00 Cr, consisting entirely of Lease Liabilities, ensuring a robust solvency position with minimal Finance Costs of □2.00 Cr.
- **Related Party Transactions** indicate high dependency, with Jiostar India Pvt Ltd accounting for 21.24% of Revenue and □333.60 Cr in content purchases, creating a circularity that concentrates risk.
- **Working Capital** is constrained by Other Assets, including □84.46 Cr in Deposits against cases locked in long-term litigation for Entertainment Tax and VAT.
- **Net Worth** increased to □3,785.00 Cr solely through retained earnings, but the lack of Dividend Payout (0.00%) suggests management is prioritizing cash preservation over shareholder returns.
- **Other Expenses** analysis shows "Rates and taxes" nearly doubled to □8.61 Cr, while "Other Assets" are weighed down by □84.46 Cr in non-productive deposits against legal cases, representing a significant recoverability risk.
- **Other Income** of □232.23 Cr is volatile, including a □123.85 Cr MTM loss on investments, which now dictates the bottom-line volatility more than the core media business.
- **Overall Synthesis:** Den Networks presents a stagnant operational profile where declining core cable margins and poor cash conversion are fully offset by a massive **□3,139 Cr** treasury chest, effectively transforming the company into a cash-rich investment vehicle with a break-even media business attached.

3.3 Contingent liabilities & commitments

- **Entertainment Tax Disputes:** ₹36.42 Cr (Tripled YoY from ₹12.48 Cr).
- **VAT Disputes:** ₹36.26 Cr.
- **GST Disputes:** ₹11.62 Cr (Significant reduction from ₹119.60 Cr in the prior year).
- **Service Tax & Income Tax Disputes:** ₹5.89 Cr and ₹3.94 Cr respectively.
- **Capital Commitments:** ₹10.09 Cr (Net of advances).
- **Note:** The Group has paid ₹43.65 Cr under protest, recorded as "Other Assets," which carries recoverability risk depending on legal outcomes.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; treasury income drives PAT while operations consume ₹17 Cr.	—	[CFO vs PAT Gap]: Profit driven by non-operational treasury income classified under investing activities.
2	Receivables & channel-stuffing signal	Revenue ↓ — collection deterioration; ₹92.55 Cr provision on ₹199.8 Cr gross receivables signals risk.	—	: Provision for doubtful debts increased to ₹92.55 Cr despite lower net receivables.
3	Revenue timing (unbilled/deferred)	Revenue ↑ — unbilled revenue growth; ₹63.65 Cr contract assets vs ₹38.81 Cr liabilities.	—	: Activation fees deferred over 8 years; unbilled revenue represents 6.5% of total sales.
4	Revenue from related parties %	Revenue ↑↓ — circular dependency; 21.24% of revenue and major content costs involve Jiostar.	—	: High concentration within Reliance ecosystem; Jiostar is both largest customer and vendor.
5	Inventory vs revenue growth	Neutral — service-based model; zero inventory reported as content and services drive revenue.	—	[P&L Statement]: Material cost and inventory days are consistently zero for this media sector.
6	Inventory valuation method change	Neutral — no inventory held; business model relies on service delivery and STB activation.	—	[P&L Statement]: No changes in valuation policy as inventory is not a material line item.
7	Exceptional items in operating profit	Profit ↑ — non-operational boost; ₹7.51 Cr provision write-backs included in revenue inflates margins.	—	: Revenue includes ₹7.51 Cr of "Liabilities/ excess provisions written back," aiding operating profit.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive useful life; 8-year STB life delays depreciation compared to hardware standards.	—	: STBs amortized over 8 years; Distribution Network Rights amortized over 5 years.
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain; ₹7.51 Cr liability write-back offsets operational losses in cable segment.	—	: Non-operational write-backs inflate top line; Cable segment reported operating loss of ₹19.99 Cr.
10	Tax rate consistency	Profit ↑ — tax shield benefit; 20.48% effective rate aided by ₹121.93 Cr deferred tax assets.	—	: DTA of ₹121.93 Cr recognized; utilization of brought forward losses reduces current tax.
11	CWIP age and stalling projects	Neutral — minimal exposure; CWIP reduced to ₹8 Cr from ₹14 Cr, suggesting capitalization.	—	[Balance Sheet]: CWIP represents a negligible 0.18% of total assets; no signs of stalling.
12	Deferred tax asset recognition	Profit ↑ — future tax benefit; ₹168.52 Cr unabsorbed depreciation provides significant future tax shields.	—	: Management expects future taxable profits to realize recognized deferred tax assets.
13	RPT quantum and trend	Revenue ↑↓ — ecosystem reliance; Jiostar transactions represent significant portion of total operating costs.	—	: Heavy reliance on fellow subsidiaries for both content acquisition and distribution revenue.
14	Dividend paid vs FCF adequacy	Neutral — zero payout; negative FCF of -₹57 Cr precludes dividends despite massive cash.	—	[Cash Flow]: Negative FCF driven by operational cash burn and high tax payments.
15	Auditor Reliance Risk	Neutral — reliance on other auditors for 43.4% of revenue and ₹368 Cr of assets.	—	[Auditor Report]: Significant portion of consolidated figures relies on secondary audit quality.
16	Associate De-consolidation	Profit ↑↓ — avoidance of liability consolidation for 50-51% owned entities.	—	

#	Check	Impact	Status	Notes detail
				: Management claims lack of "practical ability to direct activities," avoiding full consolidation.
17	Receivables Aging Risk	Revenue ↓ — chronic collection issues; 26.8% of receivables are >3 years old.	—	: High risk of further write-offs in the cable segment.

4. Management & governance

A. Auditor Report & Key Audit Matters * **Audit Opinion: Unqualified**. The consolidated financial statements present a true and fair view. * **Key Audit Matter (KAM):** ***Revenue Recognition***. The auditor identified risks regarding the high volume of data processed through IT systems for subscription revenue and the complexity of placement/marketing agreements with broadcasters. The focus was on data integrity and the accuracy of unbilled revenue accruals. * **Auditor Response:** Tested the IT control environment, performed end-to-end walkthroughs of the billing process, and verified placement income against underlying broadcaster contracts on a sample basis. * **Other Matter:** The auditor did not audit 21 subsidiaries and 5 associates representing **368.61 Cr** of assets and 423.05 Cr of revenue. Reliance was placed on other auditors, representing a significant reliance risk as these entities account for 43.42% of consolidated revenue. * **Internal Financial Controls:** Auditor confirmed that the company maintains adequate internal financial controls over financial reporting as of March 31, 2026. * **Auditor Fees:** Total fees paid to Statutory Auditors (Chaturvedi & Shah LLP) and their network firms amounted to **1.574 Cr**, representing approximately 0.16% of consolidated revenue.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | :--- | :--- | :--- | --: | :--- | | Jiostar India Pvt Ltd | Fellow Subsidiary | Purchase of Services | 333.60 Cr | ***Aggressive*** | | Jiostar India Pvt Ltd | Fellow Subsidiary | Sale of Services | 206.96 Cr | ***Aggressive*** | | Futuristic Media and Entertainment Ltd | Subsidiary | Services Rendered | 118.945 Cr | ***Material*** | | Reliance Jio Infocomm Ltd | Fellow Subsidiary | Purchase of Services | 18.54 Cr | Neutral | | Futuristic Media and Entertainment Ltd | Subsidiary | Services Availed | 6.653 Cr | Neutral | | Hathway Digital Limited | Fellow Subsidiary | Other Expenses | 5.81 Cr | Neutral | | Jio Platforms Limited | Fellow Subsidiary | Other Expenses | 4.20 Cr | Neutral |

RPT Risk Checks: * % of Revenue: **33.45%** (Total RPT Revenue / Consolidated Revenue) → High dependency on the Reliance/Jio ecosystem. * % of CFO: **N/M** (CFO is negative -17.00 Cr). * **Circular Dependency:** Jiostar India is both the largest customer (21.24% of revenue) and the largest vendor (content provider), suggesting the company operates as a pass-through entity. * **Associate Classification:** Note 2.17 reveals that 50-51% owned entities (Den ADN and Den Satellite) are treated as associates to avoid full consolidation of operational liabilities.

C. Shareholding * **Promoter:** 74.90% (Mar 2026) | 74.90% (Mar 2025) * **FII:** 0.59% | **DII:** 0.00% | **Public:** 25.00% * **Promoter Pledge:** 0.00%. * **MPS Compliance:** The company is at the 25% public shareholding limit.

D. Board Composition + KMP Compensation * **Total Directors:** 8 | **Independent %:** 50.00% | **Women Directors:** 2 (25.00%). * **Chairman:** Sameer Manchanda (Non-Executive Non-Independent). * **Aggregate KMP Compensation: 5.27 Cr** (FY26) vs 6.72 Cr (FY25), a -21.58% decrease. * **Revenue Correlation:** KMP pay decreased alongside a **39.82% decline in Operating Profit**, showing alignment. * **Transparency Gap:** Individual KMP pay (CEO/CFO) remains hidden from the main report, requiring a specific email request, which limits direct accountability.

F. Capital Allocation & Capex | Action | FY current (□Cr) | FY prior (□Cr) | % of CFO | Signal | | :--- | --: | --: | --: | :--- | | Dividends | 0.00 | 0.00 | 0.00% | — | | Capex (Fixed Assets Purchased) | 41.00 | 41.00 | ***-241.18%*** | — | | Investments Sold (Net) | 1,364.00 | 351.00 | **-8,216.87%** | **Positive** | | Interest Received | 41.00 | 107.00 | **-247.06%** | **Positive** |

- **CFO Coverage of Capex**: CFO (**-17.00 Cr**) fails to cover Capex (41.00 Cr) with a ratio of -0.41.

- **Nature of Capex**: Maintenance-heavy; 29.96% of STBs are now refurbished, signaling cost preservation over growth.
- **Deployment Efficiency**: **Sales Growth is -3.10%**, confirming Capex is defensive and failing to generate incremental revenue.
- **Key Takeaways**: The company hoards **3,138.67 Cr** in cash, yet generates a meager ROCE of 6.00%. The 2,045.00 Cr from the 2018 allotment remains unutilized for the 8th consecutive year.

H. Risks * **CFO/PAT Disconnect:** PAT of □166 Cr vs CFO of -□17 Cr. Profits are 140% treasury-driven; core operations are loss-making. (Impact: High - unsustainable earnings quality). * **Structural Decline:** Subscription income fell 17.14% in FY25 and remains under pressure from OTT/5G FWA. (Impact: High - erosion of core business value). * **Tax Litigations:** Entertainment Tax and VAT disputes total □72.68 Cr. (Impact: Medium - potential cash outflow representing 44% of annual PAT). * **Receivables Quality:** 26.81% of gross receivables are >3 years old; 46.3% already provided for. (Impact: High - chronic collection issues and future write-offs). * **Concentration Risk:** Single customer (Jiostar) accounts for 21.24% of revenue. (Impact: High - extreme dependency on fellow subsidiary).

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	2	↓	Subscription rev -17%; 29.9% STBs refurbished	Core business is a "melting ice cube" facing structural OTT/5G FWA threats.
Financial health	4	→	D/E 0.01x; Cash □3,139 Cr	Fortress balance sheet with massive liquidity, though ROCE is a poor 6%.
Earnings quality	1	↓	CFO -□17 Cr vs PAT □166 Cr; 46% Receivables Prov.	PAT is entirely treasury-driven; core operations are cash-consumptive and loss-making.
Management & governance	2	↓	KMP pay hidden; 33% RPT Revenue; □2k Cr idle cash	Lack of transparency on KMP pay and failure to deploy capital for 8 years.
Capital allocation & earnings visibility	1	↓	0% Dividend; ROCE 6% < WACC; Negative FCF	Value-destructive hoarding of cash in low-yield instruments while core business melts.

Business positives (for this company this year) * **Debt-Free Status:** Total debt is negligible at □20 Cr (lease liabilities), maintaining a **D/E of 0.01x**. * **Massive Liquidity:** Cash and bank balances stand at **□3,138.67 Cr**, representing 73.3% of total assets. * **Litigation Resolution:** Significant reduction in GST disputes from **□119.60 Cr to □11.62 Cr**. * **Cost Rationalization:** Employee benefit expenses decreased by **13.2% YoY** through headcount/salary optimization. * **ESG Progress:** Achieved a **50% reduction** in Scope 1 emissions and 13% reduction in water consumption.

Business negatives / concerns (for this company this year) * **Cash Flow Divergence: CFO of -□17 Cr** against a PAT of □166 Cr indicates non-operational profit drivers. * **Core Operational Loss:** Stripping out treasury income reveals an **operating loss of □24.11 Cr**. * **Receivables Deterioration: 26.81%** of gross receivables are aged >3 years; bad debt provision spiked to □13.91 Cr. * **Capital Stagnation: □2,045 Cr** in preferential allotment funds remains unutilized for the 8th consecutive year. * **Revenue Concentration: 21.24% of revenue** and 36.8% of expenses are tied to a single related party (Jiostar). * **Structural Decline:** Subscription revenue continues to erode, and **29.96% of STBs** are now refurbished rather than new.

Overall scorecard summary Den Networks is a "Cash Box" with a deteriorating media business attached. While the balance sheet is exceptionally strong with □3,139 Cr in cash, the earnings quality is poor as the bottom line is entirely dependent on treasury income rather than operations. Governance is clouded by a lack of transparency in KMP compensation and a massive RPT circularity within the Reliance ecosystem. The company is on a **deteriorating trajectory** operationally, as management has failed to deploy capital to stem the structural decline of its core cable segment.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 7/10 — Governance Rating: 2

Part c: investor verdict

Thesis: Den Networks is a debt-free treasury vehicle with a structurally declining cable business that serves as a strategic utility for the Reliance ecosystem.

Overall stance: Avoid

Rationale: The core business is loss-making and cash-consumptive, while management's refusal to deploy massive cash reserves or pay dividends leads to persistent value destruction for minority shareholders. Re-evaluate when: Cash Flow from Operations (CFO) becomes consistently positive AND >50% of the □2,045 Cr idle cash is deployed into growth capex or returned via buyback/dividends. BULL CASE: A Reliance-led merger with Hathway/GTPL at a premium to book value to consolidate the ISP/Cable landscape. BEAR CASE: Continued double-digit erosion of subscription revenue combined with a major write-down of the □3,139 Cr treasury portfolio due to MTM volatility. Key monitorable: Subscription Revenue Growth: -17% → >0%

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Cash Conversion (CFO/PAT)	0.09x (Critical)	Negative (CFO -□17 Cr)	The company has transitioned from poor cash conversion to an outright operational cash burn, rendering reported profits purely accounting-driven.
Operating Margin (OPM)	11%	7%	Operating margins are collapsing as rising content costs outpace the company's ability to rationalize expenses in a shrinking revenue environment.
Related Party Dependency	10.2% of Revenue	33.45% of Revenue	The entity is increasingly functioning as a pass-through vehicle for the Reliance/Jiostar ecosystem, significantly heightening concentration risk.
Regulatory Risk (GST)	□119.60 Cr Contingent Liability	□11.62 Cr Contingent Liability	Management successfully mitigated a massive contingent liability threat, providing a rare boost to the balance sheet's risk profile.
Free Cash Flow (FCF)	-□22 Cr	-□57 Cr	The cash burn is accelerating, indicating that the core business can no longer sustain its own maintenance requirements.
Asset Strategy (STBs)	Standard deployment focus	29.96% Refurbished units	The shift toward refurbished hardware signals a pivot to "harvest mode," where capital preservation is prioritized over technological competitiveness.
Receivables Management	55 Debtor Days	40 Debtor Days	The improvement in debtor days is artificial, driven by aggressive provisioning and write-offs of long-overdue balances rather than improved collection efficiency.

7.2 Persistent patterns

- **Massive Capital Underutilization:** The company continues to hold **□2,045 Cr in preferential allotment proceeds idle** in low-yielding instruments for the 8th consecutive year.
- **Value-Destructive ROCE:** Returns on capital remain **consistently below the cost of capital (5%–6%)**, reflecting a failure to deploy massive liquidity into value-accretive growth.
- **Zero Capital Return Policy:** Despite a fortress balance sheet and negligible debt, the company maintains a **persistent zero-dividend policy**, prioritizing cash hoarding over minority shareholder returns.
- **Governance Transparency Gaps:** Management consistently **withholds individual KMP compensation details** from the main annual report, requiring specific email requests for disclosure.
- **Structural Core Erosion:** A recurring trend of **significant annual declines in subscription revenue** persists as the user base migrates to OTT and 5G Fixed Wireless platforms.
- **Treasury-Driven Earnings:** Reported **Net Profit remains entirely dependent on Other Income**, masking a core media business that is consistently near or below operational break-even.
- **High Auditor Reliance Risk:** The statutory auditors consistently **do not audit subsidiaries representing over 40% of consolidated revenue**, relying instead on the work of secondary auditors.