



**DEN Networks Limited**  
**Investor Update: Q1 FY 2014-15**

**FACT SHEET**

**I. FINANCIALS**

Particulars	Rs.in crores				
	Cable	BB	Soccer	Distribution Business	Total
<b>Revenue from Operations</b>	<b>Rs. 285 cr</b>	<b>Rs. 1 cr</b>	<b>-</b>	<b>Rs. 13 cr</b>	<b>Rs. 299 cr</b>
• <b>Subscription</b>	Rs. 146 cr	Rs.1cr	-	Rs.10cr	Rs. 157 cr
• <b>Placement</b>	Rs. 116 cr	-	-	Rs. 3cr	Rs. 119 cr
• <b>Digital Activation revenues</b>	Rs. 20 cr	-	-	-	Rs. 20 cr
• <b>Other operating revenues</b>	Rs. 3 cr	-	-	-	Rs. 3 cr
<b>EBITDA (Before Other Income)</b>	<b>Rs. 69 cr</b>	<b>Rs. (8) cr</b>	<b>Rs. (4)cr</b>	<b>-</b>	<b>Rs. 57 cr</b>
Other Income	Rs. 18 cr	-	-	Rs.1cr	Rs. 19 cr
<b>EBITDA (After Other Income)</b>	<b>Rs. 87 cr</b>	<b>Rs. (8) cr</b>	<b>Rs. (4)cr</b>	<b>Rs. 1cr</b>	<b>Rs. 76 cr</b>
<b>Profit Before Tax</b>	<b>Rs. 25 cr</b>	<b>Rs. (9) cr</b>	<b>Rs. (4)cr</b>	<b>Rs. 1cr</b>	<b>Rs. 13 cr</b>

**II. SET TOP BOXES DEPLOYED: Current Qtr 270K STBs**

**III. LOAN FUNDS & LIQUIDITY (Consolidated excluding Distribution Business):**

- **Gross Secured Debt:** **Rs 976 crores**
- **Total Cash & Cash Equivalents:** **Rs. 1,084 crores**
- **Net Debt:** **Negative Net Debt/Debt Free**

**IV. CONSOLIDATED NET WORTH (excluding Distribution Business): Rs 1,821.7 crores**

## QUARTER FINANCIALS

### I. CABLE BUSINESS

#### 1. Year on Year (Q1FY 2014-15 vs. Q1 FY 2013-14)

- **Operational Revenues up 11.5% at Rs 285.02 crores; Subscription revenues grow by 92.7%**

Operational revenues for Q1 FY'15 were Rs 285.02 crores vs. Rs 255.59 crores in Q1 FY'14, up by Rs. 29.43 crores (11.5%) despite a decline of Rs.42.75 crores in Activation Revenue in Q1, FY15. The Subscription revenues grew by Rs. 70.29 crores (92.7%) Y-o-Y.

- **Operational EBITDA (before Other Income) at Rs.69.27 crores; Operational EBITDA (excluding Activation Revenue) increases 187%**

Operational EBITDA (before Other Income) for Q1 FY'15 stood at Rs 69.27 crores vs. Rs 79.84 crores in Q1 FY'14, a decline of Rs.10.57 crores (13.2%) due to lower Activation Revenue Q1, FY15.

If we exclude Activation Revenue, the Operational EBITDA has increased by 187% (Rs.32.18 crores) from Rs.17.24 crores in Q1 FY'14 to Rs. 49.42 crores in Q1, FY15, demonstrating the healthy build up of annuity subscription revenues.

- **PBT at Rs. 24.58 crores**

PBT in Q1 FY'15 was Rs 24.58 crores vs. Rs 33.21 crores in Q1 FY'14. The decline of Rs.8.64 crores (26%) Y-o-Y was largely due to the higher depreciation (Rs.10 crores).

#### 2. Quarter on Quarter (Q1FY 2014-15 vs. Q4 FY 2013-14)

- **Operational Revenues remain steady at Rs 285.02 crores Q-o-Q**

Operational revenues for Q1 FY'15 were Rs 285.02 crores vs. Rs 284.69 crores in Q4 FY'14, remaining steady despite a decline of Rs.13.8cr in Activation Revenue in Q1, FY15, primarily because of enhanced Subscription Revenues.

- **Operational EBITDA (before Other Income) at Rs.69.27 crores; Operational EBITDA (excluding Activation Revenue) increases 32%**

Operational EBITDA (before Other Income) for Q1 FY'15 stood at Rs 69.27 crores vs. Rs 71.12 crores in Q4 FY'14, despite a decline of Rs.13.8cr in Activation Revenue in Q1, FY15.

If we exclude Activation Revenue, the Operational EBITDA has increased by Rs.11.97 crores (32%) from Rs.37.45 crores in Q4 FY'15 to Rs. 49.42 crores in Q1, FY15. This operational profitability is expected to improve further as we improve the monetisation of existing STBs.

- **PBT at Rs. 24.58 crores**

PBT in Q1 FY'15 was Rs 24.58 crores vs. Rs 34.38 crores in Q4 FY'14. The decline of Rs.9.8 crores (28.5%) Q-o-Q was contributed by a lower EBITDA (Rs.1.8 crores), lower Other Income (Rs.4.6 crores) and higher depreciation (Rs.2.8 crores).

## II. CONSOLIDATED

### 1. Year on Year (Q1FY 2014-15 vs. Q1 FY 2013-14)

- **Operational Revenues (excluding Activation Revenue) grew by 35.4% Y-o-Y; Operational Revenues up 11.2% at Rs 298.80 crores Y-o-Y; Subscription revenues grew by Rs. 71.25 crores (82.7%) Y-o-Y.**

Operational Revenues for Q1 FY'15 were Rs 298.80 crores vs. Rs 268.69 crores in Q1 FY'14, up by Rs. 30.12 crores (11.2%) despite a decline of Rs.42.75 crores in Activation Revenue in Q1, FY15.

- **Operational EBITDA (excluding Activation Revenue) increases 103% Y-o-Y from Rs.18.34 crores in Q1 FY'14 to Rs. 37.31 crores in Q1, FY15;**

EBITDA (before Other Income) for Q1 FY'15 was Rs 57.16 crores vs. Rs 80.94 crores in Q1 FY'14, Y-o-Y. The decline of Rs.23.78 crores (29.4%) Y-o-Y comprises largely of losses on account of launch of Broadband & Soccer (Rs.12 crores) and lower Activation Revenue in Cable Business by Rs.42.75 crores.

- **PBT at Rs. 12.71 crores**

PBT in Q1 FY'15 was Rs 12.71 crores vs. Rs 34.49 crores in Q1 FY'14. The decline of Rs.21.77 crores (63%) Y-o-Y is largely because of the New Business Initiatives of Soccer & Broadband (Rs.12.3 crores), lower Activation Revenue in Cable Business by Rs.42.75 crores and higher depreciation by Rs.10 crores.

## 2. Quarter on Quarter (Q1FY 2014-15 vs. Q4 FY 2013-14)

- **Operational Revenues at Rs 298.80 crores remain steady Q-o-Q**

Operational Revenues for Q1 FY'15 were Rs 298.80 crores vs. Rs 301.85 crores in Q4 FY'14 remaining steady despite a decline of Rs.13.8cr in Activation Revenue in Q1, FY15, primarily because of enhanced Subscription Revenues..

- **Operational EBITDA (before Other Income) at Rs 57.16 crores; declines by 16.6% Q-o-Q on account of investing into New Business Initiatives of Soccer & Broadband**

EBITDA (before Other Income) for Q1 FY'15 was Rs 57.16 crores vs. Rs 68.57 crores in Q4 FY'14, Q-o-Q. The decline of Rs.11.4 crores (16.6%) Q-o-Q is primarily due to launch of Broadband & Soccer (Rs.8.9 crores) and a lower Cable EBITDA (Rs.1.9 crores) due to lower Activation Revenue in Q1, FY15.

If we exclude the New Business Initiatives and the one-time Activation Revenue, the Operational EBITDA (before Other Income) has increased by Rs.11.34 crores (29.6%), rising from Rs.38.35 crores in Q4 FY'15 to Rs. 49.69 crores in Q1, FY15.

- **PBT at Rs. 12.71 crores**

PBT in Q1 FY'15 was Rs 12.71 crores vs. Rs 32.86 crores in Q4 FY'14. The decline of Rs.20.14 crores (61.3%) Q-o-Q is because of the New Business Initiatives of Soccer & Broadband (Rs.9.3 crores) and a lower Cable EBITDA (Rs.9.8 crores) due to lower Activation Revenue in Q1, FY15.

## QUARTER HIGHLIGHTS

### I. INDUSTRY UPDATES

#### 1. Regulatory Developments by the TRAI

##### a) Tariff Order on Commercial Subscribers/ Establishments

TRAI amended the tariff order for commercial establishments subscribing to cable TV services on August 16, 2014. According to the order, commercial establishments that specifically charge clients on account of showing TV programmes will now have to pay tariff according to terms agreed with the broadcaster. However, commercial establishments which do not specifically charge customers on account of showing TV programmes will be treated like ordinary subscribers and will pay on per television set basis. Moreover, the **signals cannot be supplied directly by the Broadcasters to the commercial establishment and have to be provided by Distribution Platform Operators.**

##### b) Recommendations on Cross-Media Ownership Issues

The Telecom Regulatory Authority of India (TRAI) has come out with its recommendations on cross-media ownership. The recommendations cover a comprehensive definition for control, cross-media ownership, vertical integration and internal plurality. The recommendations, inter-alia, broadly address:

1. entities eligible for media ownership (example: Political bodies, religious bodies, government ministries and other publicly funded outfits barred from broadcasting and TV channel distribution sectors.
2. Manner of computing market share by media companies, defining genres to calculate cross-media ownership
3. Better regulation and disclosure of advertorials and paid news etc.

##### c) Consultation Paper on Regulatory Framework for Platform Services

TRAI published a consultation paper inviting suggestions from various stakeholders pertaining to regulations for platform services. Platform services (PS) are programs transmitted by Distribution Platform Operators (DPOs) exclusively to their own subscribers. The consultation paper aims to create a comprehensive set of regulations regarding local channels and value added services.

#### 2. Broadband

##### TRAI increases minimum broadband speed to 512 Kbps

As per The Telecom Consumers Complaint Redressal (Third Amendment) Regulations, 2014, TRAI has notified the minimum broadband speed has been increased to 512 Kbps from the current 256 Kbps. According to the amendment, broadband is defined as "a data connection that is able to support interactive services including internet access and has the capability of minimum download speed of 512 kbps to an individual subscriber from the point of presence (POP) of the service provider intending to provide broadband service".

## II. COMPANY UPDATES

### 1. DEN Launches DEN Boomband – It's High Speed Internet Services

DEN has soft launched its high speed internet services - DEN Boomband offering speeds of upto 100 Mbps on DOCSIS 3.0 technology. Den has commenced the network infrastructure deployment with complete ownership of the last mile connectivity, at 15 locations in Delhi NCR and Kanpur. After successfully completing the pilot launch in Q1FY15, DEN expects a full commercial launch in Sept'14.

Leveraging on synergies of the Cable business and capabilities of outsourced managed service partners, the network rollout will gain momentum in the coming quarters. This network can also be upgraded to offer Triple play services.

Global leading business partners including CISCO for technology solution, WIPRO for subscriber management system, Dentsu Creative Impact for brand creation and communication and the Global Strategy Consulting firm for complete project management are on-board for speedy rollout of the broadband services.

### 2. DEN Launches Delhi Dynamos FC – Delhi Team of Indian Super League (ISL)

DEN, through its wholly owned subsidiary – DEN Soccer Pvt. Ltd., has been awarded the team rights for Delhi - its home town. The team is named '**Delhi Dynamos FC**'. ISL is founded by **IMG Reliance** & Rupert Murdoch's **Star Group**, under the aegis of All India Football Federation (AIFF). The inaugural season of the League is scheduled to begin in October, 2014.

With a huge young population providing strong viewership, DEN believes football to have a great potential in India, and ISL, with its marquee promoters, offers the best platform to tap the growing popularity of the sport in the country.

The initiative gives **unparalleled opportunity to establish the 'DEN Brand'** and pave way in expanding its presence in digital cable and launch new services, especially Broadband. DEN's strong cable TV subscriber base and its network of local cable channels provides ready platform to create publicity for its team and the sport.

DEN has partnered with **Feyenoord Rotterdam** – a leading football club & academy from the Netherlands. The academy has been voted as the **best academy in the Netherlands for 5 successive years**. According to the CIES Football Observatory, Feyenoord is the World No. 1 in Player Development for this year's FIFA World Cup.

DEN has also appointed **Harm van Veldhoven** as the **manager**. **Harm**, has successfully managed top clubs in Holland and Belgium for over 14 years. It has also picked few of the prominent players in, both international and domestic arena, to create a world-class football team.

### 3. DEN's Transformation into a Customer Centric Organization

The company continues its endeavour to provide a better consumer experience and move from B2B to B2C environment. The following initiatives highlight the strides that DEN is taking in this direction:

- **Launch of Payment Gateway:** the company recently introduced Online Payment facility on its Corporate Website. With this, the subscribers can now make their cable TV bill payment from the ease of their homes at the click of a button via any mode ranging from credit card, debit card, net-banking or cash. The customers will also get instant online receipt of the payment.
- **Focus on Branding/ Customer Engagement:** DEN has created a separate branding/ marketing department to focus on promoting all segments of operations i.e cable, broadband & football. This would allow the company to showcase its products and services to the ultimate consumers in a better, more interactive manner. DEN has also hired one of the leading advertisement agencies, **Dentsu Creative Impact** for the creative duties of Delhi Dynamos in the ISL (Indian Super League). Such direct communication to the consumer on a mass scale would lead to a much higher visibility for the company.
- **Integrated services platform by Wipro:** under the recent tie-up for a 10 year fully managed services contract, Wipro is creating a customised solution for Subscriber Management System (SMS), Billing, CRM, Inventory Management, Web Interface and Payment Gateway. The solution will empower not only the company but also its customers and partner MSOs/LCOs to access realtime information and manage their accounts.

#### 4. DEN ready for the Phase 3 & 4 Opportunity:

As per industry estimates, there is still a total requirement of approx. 80 to 90 million digital cable set top boxes in Phase 3 & 4 across the country. This is almost 4 times the total requirement of Phase 1 & 2 markets. This presents a tremendous opportunity for DEN to capitalise on the large undigitized market to seed STBs and consolidate markets.

DEN is well capitalised, backend ready and has a rich experience of digitization in Phase 1 & 2 and is confident of achieving the targeted expansion in Phase 3 & 4.

DEN provides cable TV services to approx. 13 million subscribers in over 200 cities across 13 key states across India including Delhi, Uttar Pradesh, Karnataka, Maharashtra, Gujarat, Rajasthan, Haryana, Kerala, West Bengal, Jharkhand, Bihar, Uttrakhand and Madhya Pradesh. The company has a significant presence in the strategic & economically important Hindi Speaking Markets (HSM) belt.

DEN has already digitised its Phase 1 & 2 subscriber base of approx. 5 million. Even in the balance 8 million subscribers in Phase 3 & 4, 1.4 million STBs have been deployed, taking the **total STBs deployed to approx. 6.4 million.**

## Income Statement – Consolidated

### Q1 FY 2014-15

(Figures in Rs crores)

Particulars	Cable	BB	Soccer	Distribution	Total
<b>Revenue</b>	<b>285.0</b>	<b>1.1</b>	<b>-</b>	<b>12.7</b>	<b>298.8</b>
Income from Operations	284.6	1.1	-	12.7	298.4
Other Operating Income	0.4	0.0	-	0.0	0.4
<b>Expenditure</b>	<b>215.7</b>	<b>9.4</b>	<b>4.0</b>	<b>12.5</b>	<b>241.6</b>
Operational, Administrative and Other Costs	195.2	6.2	3.9	7.9	213.2
Personnel Cost	20.5	3.2	0.1	4.6	28.5
<b>EBITDA Before Other Income</b>	<b>69.3</b>	<b>(8.3)</b>	<b>(4.0)</b>	<b>0.3</b>	<b>57.2</b>
EBITDA Before Other Income Margins %	24.3%			2.1%	19.1%
Other Income	18.0	-	-	0.6	18.6
<b>EBITDA After Other Income</b>	<b>87.3</b>	<b>(8.3)</b>	<b>(4.0)</b>	<b>0.9</b>	<b>75.8</b>
Depreciation	43.1	0.1	-	0.0	43.3
Interest and Other Financial Charges	19.6	0.1	0.1	0.0	19.8
<b>Profit Before Tax</b>	<b>24.6</b>	<b>(8.5)</b>	<b>(4.2)</b>	<b>0.9</b>	<b>12.7</b>
Provision for Tax	4.2	-	-	0.1	4.3
Share of Minority Interest	7.3	-	-	-	7.3
<b>Profit After Tax (After Exceptional One Time Expenses)</b>	<b>13.1</b>	<b>(8.5)</b>	<b>(4.2)</b>	<b>0.7</b>	<b>1.1</b>



## Income Statement – Cable Business

### Year on Year – Q1 FY 2014-15 vs. Q1 FY 2013-14

(Figures in Rs crores)

Particulars	Q1 FY'15	Q1 FY'14
<b>Revenue</b>	<b>285.0</b>	<b>255.6</b>
Income from Operations	284.6	253.1
Other Operating Income	0.4	2.5
<b>Expenditure</b>	<b>215.7</b>	<b>175.8</b>
Operational, Administrative and Other Costs	195.2	153.3
Personnel Cost	20.5	22.5
<b>EBITDA Before Other Income</b>	<b>69.3</b>	<b>79.8</b>
EBITDA Before Other Income Margins %	24.3%	31.2%
Other Income	18.0	6.4
<b>EBITDA After Other Income</b>	<b>87.3</b>	<b>86.3</b>
Depreciation	43.1	33.1
Interest and Other Financial Charges	19.6	20.0
<b>Profit Before Tax</b>	<b>24.6</b>	<b>33.2</b>
Provision for Tax	4.2	2.3
Share of Minority Interest	7.3	11.2
<b>Profit After Tax (Before Exceptional One Time Expenses)</b>	<b>13.1</b>	<b>19.7</b>
Exceptional One Time Expenses	-	-
Foreign Exchange (Gain)/Loss	-	10.0
<b>Profit After Tax (After Exceptional One Time Expenses)</b>	<b>13.1</b>	<b>9.7</b>

\* Operational revenues for Q1 FY'15 is Rs 285.02 crores vs. Rs 255.59 crores in Q1 FY'14, up by Rs. 29.43 crores (11.5%) despite a decline of Rs.42.75 crores in Activation Revenue in Q1, FY15. The Subscription revenues grew by Rs. 70.29 crores (92.7%) Y-o-Y.

\* Operational EBITDA (excluding Activation Revenue) increases 187% from Rs.17.24 crores in Q1 FY'14 to Rs. 49.42 crores in Q1, FY15.

## Income Statement – Cable Business

### Quarter on Quarter – Q1 FY 2014-15 vs. Q4 FY 2013-14

(Figures in Rs crores)

Particulars	Q1 FY'15	Q4 FY'14
<b>Revenue</b>	<b>285.0</b>	<b>284.7</b>
Income from Operations	284.6	280.8
Other Operating Income	0.4	3.9
<b>Expenditure</b>	<b>215.7</b>	<b>213.6</b>
Operational, Administrative and Other Costs	195.2	192.2
Personnel Cost	20.5	21.4
<b>EBITDA Before Other Income</b>	<b>69.3</b>	<b>71.1</b>
EBITDA Before Other Income Margins %	24.3%	25.0%
Other Income	18.0	22.6
<b>EBITDA After Other Income</b>	<b>87.3</b>	<b>93.7</b>
Depreciation	43.1	40.3
Interest and Other Financial Charges	19.6	19.0
<b>Profit Before Tax</b>	<b>24.6</b>	<b>34.4</b>
Provision for Tax	4.2	13.9
Share of Minority Interest	7.3	5.2
<b>Profit After Tax (Before Exceptional One Time Expenses)</b>	<b>13.1</b>	<b>15.3</b>
Exceptional One Time Expenses	-	1.8
Foreign Exchange (Gain)/Loss	-	(4.6)
<b>Profit After Tax (After Exceptional One Time Expenses)</b>	<b>13.1</b>	<b>18.1</b>

\*Operational EBITDA steady at Rs.69.27 crores due to enhanced Subscription Revenue;

\* Operational EBITDA (excluding Activation Revenue) increases 32% from Rs.37.45 crores in Q4 FY'15 to Rs. 49.42 crores in Q1, FY15.

## Income Statement – Consolidated

(Cable + Broadband + Soccer + Distribution Business)

**Year on Year – Q1 FY 2014-15 vs. Q1 FY 2013-14**

*(Figures in Rs crores)*

Particulars	Q1 FY'15	Q1 FY'14
<b>Revenue</b>	<b>298.8</b>	<b>268.7</b>
Income from Operations	298.4	265.6
Other Operating Income	0.4	3.1
<b>Expenditure</b>	<b>241.6</b>	<b>187.7</b>
Operational, Administrative and Other Costs	213.2	160.7
Personnel Cost	28.5	27.0
<b>EBITDA Before Other Income</b>	<b>57.2</b>	<b>80.9</b>
EBITDA Before Other Income Margins %	19.1%	30.1%
Other Income	18.6	6.7
<b>EBITDA After Other Income</b>	<b>75.8</b>	<b>87.7</b>
Depreciation	43.3	33.2
Interest and Other Financial Charges	19.8	20.0
<b>Profit Before Tax</b>	<b>12.7</b>	<b>34.5</b>
Provision for Tax	4.3	3.1
Share of Minority Interest	7.3	11.2
<b>Profit After Tax (Before Exceptional One Time Expenses)</b>	<b>1.1</b>	<b>20.2</b>
Exceptional One Time Expenses	-	-
Foreign Exchange (Gain)/Loss	-	10.0
<b>Profit After Tax (After Exceptional One Time Expenses)</b>	<b>1.1</b>	<b>10.1</b>

\* Operational Revenues up by Rs. 30.12 crores (11.2%) despite a decline of Rs.42.75 crores in Activation Revenue in Q1, FY15.

\* Operational EBITDA at Rs 57.16 crores; despite loss of Rs.12 crores on account of investing into New Business Initiatives of Broadband & Soccer. Operational EBITDA (excluding Activation Revenue) increases 103% Y-o-Y.

## Income Statement – Consolidated

(Cable + Broadband + Soccer + Distribution Business)

### Quarter on Quarter – Q1 FY 2014-15 vs. Q4 FY 2013-14

(Figures in Rs crores)

Particulars	Q1 FY'15	Q4 FY'14
<b>Revenue</b>	<b>298.8</b>	<b>301.9</b>
Income from Operations	298.4	296.8
Other Operating Income	0.4	5.1
<b>Expenditure</b>	<b>241.6</b>	<b>233.3</b>
Operational, Administrative and Other Costs	213.2	207.3
Personnel Cost	28.5	25.9
<b>EBITDA Before Other Income</b>	<b>57.2</b>	<b>68.6</b>
EBITDA Before Other Income Margins %	19.1%	22.7%
Other Income	18.6	23.8
<b>EBITDA After Other Income</b>	<b>75.8</b>	<b>92.4</b>
Depreciation	43.3	40.5
Interest and Other Financial Charges	19.8	19.0
<b>Profit Before Tax</b>	<b>12.7</b>	<b>32.9</b>
Provision for Tax	4.3	20.5
Share of Minority Interest	7.3	5.2
<b>Profit After Tax (Before Exceptional One Time Expenses)</b>	<b>1.1</b>	<b>7.2</b>
Exceptional One Time Expenses	-	1.8
Foreign Exchange (Gain)/Loss	-	(4.6)
<b>Profit After Tax (After Exceptional One Time Expenses)</b>	<b>1.1</b>	<b>10.0</b>

*\*Consolidated Operational EBITDA of Rs.57.2 crores comprises of Cable Operational EBITDA of Rs. 69.27 crores as reduced by Rs.12.38 crores due to launch of New Business Initiatives of Broadband & Soccer.*