



DEN Networks Limited

Investor Update (Q1 FY 2012-13)

QUARTER FINANCIALS

I. CONSOLIDATED

1. Quarter on Quarter (Q1 FY 2012-13 vs. Q4 FY 2011-12)

- **Consolidated PAT Rises 157% Q-o-Q:** PAT was Rs 12.22 crores vs. Rs 4.75 crores in Q4 FY'12, a 157% rise Q-o-Q. PAT (before ESOP Expenses) was Rs 13.03 crores vs. Rs 8.19 crores in Q4 FY'12, a 59% rise Q-o-Q
- **Consolidated EBITDA Jumps 13% Q-o-Q:** EBITDA (before forex losses of Rs 2.37 crores) stood at Rs 47.43 crores, up 13% Q-o-Q from Rs 42.13 crores in Q4 FY'12
- **Consolidated Net Revenues Not Comparable to Past Periods:** Consolidated Net Revenue of Rs 200.52 crores in Q1 FY'13 is not comparable to past periods on account of reporting policy change at MediaPro as detailed below.

2. Year on Year (Q1 FY 2012-13 vs. Q1 FY 2011-12)

- **Consolidated PAT Rises 562% Y-o-Y:** PAT was Rs 12.22 crores vs. Rs 1.84 crores in Q1 FY'12, a 562% rise Y-o-Y. PAT (before ESOP Expenses) was Rs 13.03 crores vs. Rs 7.74 crores in Q1 FY'12, a 68% rise Y-o-Y
- **Consolidated EBITDA up 72% Y-o-Y:** EBITDA (before forex losses of Rs 2.37 crores) stood at Rs 47.43 crores, up 72% Y-o-Y from Rs 27.63 crores in Q1 FY'12
- **Consolidated Net Revenues Not Comparable to Past Periods:** Consolidated Net Revenue of Rs 200.52 crores in Q1 FY'13 is not comparable to past periods on account of reporting policy change at MediaPro as detailed below.

Accounting Policy Change at Media Pro – Revenue Reporting Changed from Gross to Net

Media Pro Enterprise India Private Limited (MediaPro) is a joint venture company of Star DEN Media Services Private Limited (Star DEN). Star DEN is a 50-50 J-V between DEN and Star in which DEN holds a 50% stake.

With effect from April 1 2012, MediaPro has started reporting its revenues on a net basis. (Net Revenues = Gross Revenues less Cost of Distribution Rights paid to Broadcasters) in its standalone financial results.



The same used to be reported on a gross basis in the previous quarters & financial years. However, this does not have any impact on the net consolidated results and profitability of the Company.

DEN's proportionate share/ interest in Media Pro is consolidated line by line in its unaudited consolidated financial results. Due to this accounting policy change, revenues and related expense items of MediaPro being consolidated into DEN's results was less by Rs. 120.45 crores in the current quarter (Q1 FY'13). As a result, income from operations in this quarter is not comparable with past periods.

II. CABLE BUSINESS

1. Quarter on Quarter (Q1 FY 2012-13 vs. Q4 FY 2011-12)

- **PAT Rises 213% Q-o-Q:** PAT stood at Rs 11.43 crores vs. Rs 3.66 crores in Q4 FY'12, a 213% rise Q-o-Q. PAT (before ESOP Expenses) was Rs 12.24 crores vs. Rs 7.10 crores in Q4 FY'12, a 73% rise Q-o-Q.
- **EBITDA Jumps 16% Q-o-Q:** EBITDA (before forex losses/ exceptional one-time expenses) stood at Rs 46.19 crores, up 16% Q-o-Q from Rs 39.76 crores in Q4 FY'12.
- **Revenues Steady, up 1% Q-o-Q:** Total revenue at Rs 190.11 crores was up 1% Q-o-Q from Rs 188.75 crores in Q4 FY'12.

2. Year on Year (Q1 FY 2012-13 vs. Q1 FY 2011-12)

- **PAT Up 1200% Y-o-Y:** PAT stood at Rs 11.43 crores vs. Rs 0.87 crores in Q1 FY'12, a 1200% rise. PAT (before ESOP Expenses) at Rs 12.24 crores rose 81% Y-o-Y vs. Rs 6.77 crores in Q1 FY'12.
- **EBITDA Rises 77% Y-o-Y:** EBITDA (before forex losses of Rs 2.37 crores) at Rs 46.19 crores rose 77% Y-o-Y from Rs 26.12 crores in Q1 FY'12
- **Revenues Jump 21% Y-o-Y:** Total revenues at Rs 190.11 crores rose 21% Y-o-Y from Rs 157.50 crores in Q1 FY'12.



QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

1. Extension of Digitisation Phase 1 Deadline

In order to grant more time to the stakeholders to carry out the digital transition in a seamless manner, the Ministry of Information and Broadcasting (MIB) extended the deadline for Phase 1 of digitisation from June 30, 2012 to October 31, 2012.

2. Steps by MIB and TRAI to ensure timely implementation of Digital Addressable Systems (DAS)

Amidst a sober national economic environment, the Indian Television Distribution industry is undergoing a major transformation in the form of Digitisation. Strongly supported by government bodies like the Telecom Regulatory Authority of India (TRAI) and the Ministry of Information and Broadcasting (MIB), Digitisation is all set to transform the TV distribution industry.

Among other initiatives, the TRAI and the MIB are taking the following steps to ensure successful Digitisation in Phase 1 cities by the new deadline:

- **Special Digitisation Task Force:** Fortnightly meetings of the Digitisation Task Force consisting of various stakeholders to track the implementation of DAS and closely monitor the progress made by these stakeholders.
- **Collecting Data from MSOs:** Dedicated website for real time updation of data from various MSOs
- **Follow-up with Stakeholders:** MIB to issue warning letters and take action under the provisions of the Cable Act to those going slow on their digitisation commitments
- **Spreading Public Awareness:**
 - Social Media presence in the form of an official MIB Facebook page to spread awareness about Digitisation amongst consumers
 - Public Awareness Campaign for DAS with TV spots and radio jingles



II. COMPANY UPDATES

1. Successfully Digitising Subscriber Base in Phase 1 Markets

DEN is rapidly digitising its subscriber base in the Phase 1 cities of Delhi, Mumbai and Kolkata. A major chunk of DEN's subscriber base in Delhi has already been converted to digital. Put together with rapid conversions of subscribers in Mumbai and Kolkata, DEN is poised to become one of the leading Digital TV platforms in the country as digitisation progresses.

- **Operational Preparedness**

- **Partnering with Leading Global Companies**

- DEN has added Cisco as one of its set top box suppliers to continue providing high quality products and services to its subscribers.

- **Supply Chain for Set top Boxes in Place**

- Supplies for the estimated number of set top boxes required for digitising all Phase 1 markets have been secured to ensure timely seeding and no disruption in television services for consumers in DEN's service areas.

- **Adequate funding**

- DEN has secured funds for investments in its digital infrastructure and set top boxes required for digitising its subscribers.

- **Aggressive BTL Activities to Drive Sales**

DEN is conducting a number of below-the-line (BTL) activities with the objective of reaching out to consumers in Phase 1 cities. These consumer engagement and digitisation awareness activities have not only helped in increasing the pace of digital penetration, but also in building brand recognition and subscriber loyalty.

- **Dedicated Sales Force for Direct Selling of Set top Boxes**

- DEN has built a robust sales team which is undertaking direct selling activities through DSAs (direct selling agents) in association with the Local Cable Operators (LCOs). This team meets thousands of customers every day for spreading awareness about digitisation and for the installation of DEN set top boxes.

- **Tying up with Resident Welfare Associations (RWAs)**

- DEN has tied up with RWAs in its service areas to organise digitisation-centric events. These events include special activities which capture the interest of residents and have stalls for on-the-spot bookings and installations of DEN STBs.



- **Organizing Street Plays**

Nukkad Naataks were organized by groups of trained performers to attract huge crowds and inform them about DEN Digital Cable and its benefits.

- **DEN on Wheels**

A branded canter with an on-board TV and DEN set top box has been deployed in Delhi to demonstrate DEN's digital cable offering to consumers around different corners of the city.

- **Glow Signs**

Glow signs and hoardings have been put up in strategic, high visibility locations in and around DEN service areas to increase brand recognition and top-of-the-mind recall.

2. Growth through Consolidation & New Market Entry

DEN continues to consolidate its presence in existing towns and strengthen its position as the leading cable service provider in India by entering strategic markets like West Bengal, Bihar and Jharkhand.

3. Introducing DEN HD

DEN launched its premiere High Definition Video Service under the brand name of DEN HD. The service offering includes leading real HD channels in video resolution of 1080i and Dolby Digital (5.1 Surround Sound). The company is working at augmenting its HD channel offering in the next few months.



Income Statement – Consolidated

Q1 FY 2012-13

Consolidated Financials (Quarter ended June 30, 2012)			
Particulars	Cable Business (A)	Distribution Business (B)	Consolidated (A+B)
Revenue	190.11	10.41	200.52
Income from Operations	184.62	130.10	314.72
Less: Cost of Distribution Rights	NA	120.45	120.45
Net Income from Operations	184.62	9.65	194.27
Other Operating Income	0.53	0.01	0.54
Other Income	4.96	0.75	5.71
Expenditure	143.92	9.18	153.09
Operational, Administrative & Other Costs	121.28	3.61	124.89
Personnel Cost	18.42	3.60	22.02
Provision for Doubtful Debts	4.22	1.97	6.18
EBITDA (Before Forex Losses)	46.19	1.23	47.43
EBITDA Margin	24.3%	11.9%	23.7%
Forex Losses	2.37	-	2.37
EBITDA (After Forex Losses)	43.82	1.23	45.06
Depreciation	15.46	0.10	15.56
Interest and Other Financial Charges	9.97	-	9.97
PBT	18.40	1.13	19.53
Provision for Tax	4.13	0.35	4.48
Share of Minority Interest	2.02	-	2.02
Share in Profit of Associates	-	-	-
Net Profit	12.25	0.78	13.03
ESOP Expenses	0.81	-	0.81
Profit after Tax - PAT	11.43	0.78	12.22

(Figures in Rs crores)



Income statement – Cable Business
Quarter on Quarter – Q1 FY 2012-13 vs. Q4 FY 2011-12

Cable Business		
Particulars	Quarter ended June 30, 2012	Quarter ended Mar 31, 2012
Revenue	190.11	188.75
Income from Operations	184.62	180.53
Other Operating Income	0.53	4.87
Other Income	4.96	3.35
Expenditure	143.92	148.99
Operational, Administrative and Other Costs	121.28	124.11
Personnel Cost	18.42	17.89
Provision for Doubtful Debts	4.22	6.99
EBITDA	46.19	39.76
EBITDA Margin	24.3%	21.1%
Forex Losses	2.37	0.48
Exceptional One Time Expenses	-	4.05
EBITDA (After Forex Losses/Exceptional One Time Expenses)	43.82	35.23
Depreciation	15.46	14.61
Interest and Other Financial Charges	9.97	8.27
PBT	18.39	12.35
Provision for Tax	4.13	3.88
Share of Minority Interest	2.02	1.37
Share in Profit of Associates	-	-
Net Profit	12.24	7.10
ESOP Expenses	0.81	3.44
Profit after Tax – PAT	11.43	3.66

(Figures in Rs crores)



Income Statement – Cable Business
Year on Year – Q1 FY 2012-13 vs. Q1 FY 2011-12

Cable Business		
Particulars	Quarter ended June 30, 2012	Quarter ended June 30, 2011
Revenue	190.11	157.50
Income from Operations	184.62	149.73
Other Operating Income	0.53	4.13
Other Income	4.96	3.64
Expenditure	143.92	131.38
Operational, Administrative & Other Costs	121.28	117.10
Personnel Cost	18.42	13.66
Provision for Doubtful Debts	4.22	0.62
EBITDA (Before Forex Losses)	46.19	26.12
EBITDA Margin	24.3%	16.6%
Forex Losses	2.37	-
EBITDA (After Forex Losses)	43.82	26.12
Depreciation	15.46	12.18
Interest and Other Financial Charges	9.97	5.12
PBT	18.39	8.82
Provision for Tax	4.13	1.00
Share of Minority Interest	2.02	1.44
Share in Profit of Associates	-	0.40
Net Profit	12.24	6.77
ESOP Expenses	0.81	5.90
Profit after Tax – PAT	11.43	0.87

(Figures in Rs crores)