



## **DEN Networks Limited** **Investor Update (Q1 FY2011-12)**

### **I) Quarter Financials**

#### **1. Cable Business**

##### **Year-on-Year**

- **Strong year-on-year revenue growth**
- **Revenues at Rs 158 cr in Q1 FY'12 vs Rs 132 cr in Q1 FY'11; up 19% Y-o-Y**
- **EBITDA was at Rs 26.1 cr in Q1 FY'12 vs Rs 29.8 cr in Q1 FY'11.**
- **Net Profit<sup>1</sup> (before ESOP costs) was Rs 6.8 cr in Q1 FY'12 vs Rs 7.5 cr in Q1 FY'11.**
- **Other operating income in Q1 FY'11 contained a non-recurring income of Rs 4 cr.**
  - **EBITDA in Q1 FY'12 was Rs 26.1 cr vs Rs 25.7 cr in Q1 FY'11 (when adjusted for the non-recurring item)**
  - **Net Profit<sup>1</sup> is up 22% in Q1 FY'12 vs Rs 5.5 cr in Q1 FY'11 (when adjusted for the non-recurring other operating income.)**

##### **Quarter-on-Quarter**

- **Strong rise in profitability quarter-on-quarter**
- **EBITDA stood at Rs 26.1 cr in Q1 FY'12 vs Rs 23.6 cr in Q1 FY'11; up 11%**
- **Net Profit<sup>1</sup> (before ESOP costs) was Rs 6.8 cr vs Rs 5.2 cr in Q1 FY'11; up 31%**

#### **2. Consolidated**

- **Revenues at Rs 287 cr in Q1 FY'12 vs Rs 249 cr in Q1 FY'11; up 15% Y-o-Y**
- **Net Profit<sup>1</sup> (before ESOP costs) was Rs 7.7 cr in Q1 FY'12 vs Rs 10.0 cr in Q1 FY'11**
- **Net Profit in Q1 FY'11 was Rs 8 cr when adjusted for the non-recurring income vs Rs 7.7 cr in Q1 FY'12**

#### **3. Performance Analysis**

- **DEN sees strong growth continuing in the analog cable market**
- **At the same time, the Company sees digitalisation rising and continues to invest heavily in digital infrastructure and in its digital cable offerings.**

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<sup>1</sup> Net Profit: Profit after Tax, before employee stock compensation expenses



## II) Quarter Highlights

### 1) Media Pro

- STAR DEN and Zee turner formed a 50:50 joint venture called Media Pro for jointly distributing channels of the two entities across India.
- The J-V marks a historic move in India's television landscape. It will distribute 68 pay channels from the Star, Zee, Turner and other broadcasting groups. The J-V has commenced operations.

### 2) Geographic Expansion

- DEN has stepped up its geographic expansion since Q1 with entry into two new states West Bengal (Kolkata) and Jharkhand (Ranchi, Hazaribagh, etc.).
- It is also bolstering its presence in UP and other states by expanding into new towns.

### 3) Digitalisation

- The Hon'ble Ministry of Information & Broadcasting (MIB) reiterated its goal of digitalising India by 2014.
- Recent statements from senior MIB officials underscore their commitment to the proposed roadmap which awaits the approval from the Union Cabinet.



## Income Statement – Cable Business

Year-on-Year - Q1 FY2011-12 vs Q1 FY2010-11

| Particulars                                 | Cable Business                 |                                |
|---|--------------------------------|--------------------------------|
|   | Quarter ended<br>June 30, 2011 | Quarter ended<br>June 30, 2010 |
| <b>Revenue</b>                              | <b>157.50</b>                  | <b>131.82</b>                  |
| Income from operations                      | 149.73                         | 119.41                         |
| Other operating income                      | 4.13                           | 9.24 <sup>2</sup>              |
| Other income                                | 3.64                           | 3.18                           |
| <b>Expenditure</b>                          | <b>131.39</b>                  | <b>102.04</b>                  |
| Operational, administrative and other costs | 117.10                         | 88.24                          |
| Personnel cost                              | 13.67                          | 12.66                          |
| Provision for doubtful debts/ advances      | 0.62                           | 1.14                           |
| EBITDA                                      | 26.11                          | 29.78                          |
| Depreciation                                | 12.18                          | 10.86                          |
| Interest and other financial charges        | 5.12                           | 4.95                           |
| Provision for tax                           | 1.00                           | -0.50                          |
| Share of Minority Interest                  | 1.44                           | 6.93                           |
| Share in profit of associates               | 0.40                           | -                              |
| <b>Net Profit</b>                           | <b>6.77</b>                    | <b>7.54</b>                    |
| Cost of Stock Options                       | 5.89                           | -                              |
| <b>Profit after Tax - PAT</b>               | <b>0.88</b>                    | <b>7.54</b>                    |

*(Figures in Rs crores)*

<sup>2</sup> Other Operating Income in Q1 FY'11 contains a non-recurring item of Rs 4 cr (approx.) accounted for in a J-V



## Income Statement – Cable Business

Quarter-on-Quarter- Q1 FY2011-12 vs Q4 FY2010-11

| Particulars  | <b>Cable Business</b>          |                                    |
|--|--------------------------------|------------------------------------|
|  | Quarter ended<br>June 30, 2011 | Quarter ended<br>March 31,<br>2011 |
| <b>Revenue</b>   | <b>157.50</b>                  | <b>162.41</b>                      |
| Income from operations   | 149.73                         | 154.35                             |
| Other operating income   | 4.13                           | 3.36                               |
| Other income   | 3.64                           | 4.71                               |
| <b>Expenditure</b>   | <b>131.39</b>                  | <b>138.87</b>                      |
| Operational, administrative and other costs                              | 117.10                         | 123.46                             |
| Personnel cost   | 13.67                          | 12.87                              |
| Provision for doubtful debts/ advances                                   | 0.62                           | 2.54                               |
| EBITDA   | 26.11                          | 23.55                              |
| Depreciation   | 12.18                          | 11.19                              |
| Interest and other financial charges                                     | 5.12                           | 5.05                               |
| Exceptional expense - Provision for<br>diminution in value of investment | -                              | 0.50                               |
| Provision for tax  | 1.00                           | 9.56                               |
| Share of Minority Interest   | 1.44                           | -7.76                              |
| Share in profit of associates  | 0.40                           | 0.18                               |
| <b>Net Profit</b>  | <b>6.77</b>                    | <b>5.17</b>                        |
| Cost of Stock Options  | 5.89                           | 0.19                               |
| <b>Profit after Tax - PAT</b>  | <b>0.88</b>                    | <b>4.98</b>                        |

*(Figures in Rs crores)*



## Income Statement – Consolidated

Year-on-Year - Q1 FY2011-12 vs Q1 FY2010-11

| Particulars                                 | Consolidated                |                             |
|---|-----------------------------|-----------------------------|
|   | Quarter ended June 30, 2011 | Quarter ended June 30, 2010 |
| <b>Revenue</b>                              | <b>286.76</b>               | <b>249.27</b>               |
| Income from operations                      | 278.63                      | 236.51                      |
| Other operating income                      | 4.29                        | 9.47 <sup>3</sup>           |
| Other income                                | 3.84                        | 3.29                        |
| <b>Expenditure</b>                          | <b>259.13</b>               | <b>215.43</b>               |
| Operational, administrative and other costs | 238.55                      | 196.56                      |
| Personnel cost                              | 17.79                       | 15.59                       |
| Provision for doubtful debts/ advances      | 2.79                        | 3.28                        |
| EBITDA                                      | 27.63                       | 33.84                       |
| Depreciation                                | 12.26                       | 10.93                       |
| Interest and other financial charges        | 5.12                        | 4.95                        |
| Provision for tax                           | 1.48                        | 1.01                        |
| Share of Minority Interest                  | 1.44                        | 6.93                        |
| Share in profit of associates               | 0.40                        | -                           |
| <b>Net Profit</b>                           | <b>7.74</b>                 | <b>10.02</b>                |
| Cost of Stock Options                       | 5.90                        | -                           |
| <b>Profit after Tax - PAT</b>               | <b>1.84</b>                 | <b>10.02</b>                |

*(Figures in Rs crores)*

<sup>3</sup> Other Operating Income in Q1 FY'11 contains a non-recurring item of Rs 4 cr (approx.) accounted for in a J-V