



DEN Networks Limited
Investor Update: Q2 FY 2013-14

QUARTER FACT SHEET

I. FINANCIALS

- **Consolidated Revenues:** **Rs 271.88 crores** *(Ex. Other Income of Rs 4.71 crores)*
- **Cable Revenues:** **Rs 258.93 crores** *(Ex. Other Income of Rs 4.38 crores)*
 - **Subscription Revenues:** **Rs 99.11 crores**
 - **Placement Revenues:** **Rs 119.90 crores**
 - **Digital Activation Revenues:** **Rs 29.43 crores**
- **Consolidated EBITDA:** **Rs 87.70 crores**
- **Consolidated PAT:** **Rs 11.18 crores**
(After Forex Losses & ESOP Expenses)

II. SET TOP BOXES DEPLOYED: 400,000 STBs approx.

III. LOAN FUNDS & LIQUIDITY

- **Consolidated Gross Debt:** **Rs 962.66 crores**
- **Consolidated Total Cash & Cash Equivalents:** **Rs 1,312.45 crores**
- **Consolidated Net Debt:** **Negative Net Debt/Debt Free**

IV. CONSOLIDATED NET WORTH: Rs 1,831.91 crores

Note: On account of a reporting policy change, w.e.f. Q2 FY'14 all Revenue figures exclude 'Other Income' which is reported separately after EBITDA. Past period figures have also been adjusted to this effect to make it comparable.

QUARTER FINANCIALS

I. CONSOLIDATED

1. Year on Year (Q2 FY 2013-14 vs. Q2 FY 2012-13)

- **Consolidated Revenues Up 32% Y-o-Y**

Consolidated Revenues for Q2 FY'14 were Rs 271.88 crores vs. Rs 205.26 crores in Q2 FY'13, up by 32% Y-o-Y.

- **Consolidated EBITDA Leaps 126% Y-o-Y**

Consolidated EBITDA for Q2 FY'14 was Rs 87.70 crores vs. Rs 38.73 crores in Q2 FY'13, a 126% leap Y-o-Y.

- **Consolidated PBT Jumps 89% Y-o-Y; Consolidated PAT Up by 55% Y-o-Y**

Consolidated PBT in Q2 FY'14 was Rs 33.83 crores vs. Rs 17.90 crores in Q2 FY'13, an 89% jump Y-o-Y.

Consolidated PAT (Before Forex Losses & ESOP Expenses) was Rs 17.14 crores for Q2 FY'14 vs. Rs 11.08 crores in Q2 FY'13, a 55% jump Y-o-Y.

2. Quarter on Quarter (Q2 FY 2013-14 vs. Q1 FY 2013-14)

- **Consolidated Revenues at Rs 271.88 crores, Up 1% Q-o-Q**

Consolidated Revenues for Q2 FY'14 were Rs 271.88 crores vs. Rs 268.69 crores in Q1 FY'14 on the back of strong growth in subscription revenues and higher placement revenues despite lower activation revenues in the current quarter.

- **Consolidated EBITDA of Rs 87.70 crores; Up 8% Q-o-Q**

Consolidated EBITDA for Q2 FY'14 was Rs 87.70 crores vs. Rs 80.94 crores in Q1 FY'14, up 8% Q-o-Q. EBITDA Margins stood at 32.3%, up 213 basis points from 30.1% in Q1 FY'14.

- **Consolidated PBT Remains Steady; Consolidated PAT Rises 10%**

Consolidated PBT for this quarter stood at Rs 33.83 crores.

Consolidated PAT (After Forex Losses) for Q2 FY'14 was Rs 11.18 crores, up 10% Q-o-Q from Rs 10.15 crores in Q1 FY'14.

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II. CABLE BUSINESS

1. Year on Year (Q2 FY 2013-14 vs. Q2 FY 2012-13)

- **Cable Revenues Up 35% Y-o-Y**

Cable business revenues for Q2 FY'14 were Rs 258.93 crores vs. Rs 192.51 crores in Q2 FY'13, up 35% Y-o-Y.

- **Cable EBITDA Leaps 134% Y-o-Y**

Cable business EBITDA for Q2 FY'14 was Rs 85.05 crores vs. Rs 36.36 crores in Q2 FY'13, a 134% Y-o-Y jump.

- **Cable PBT Rises 110%; Cable PAT Rises 76% Y-o-Y**

Cable business PBT in Q2 FY'14 was Rs 30.96 crores vs. Rs 14.73 crores in Q2 FY'13, up 110% Y-o-Y.

Cable business PAT (Before Forex Losses & ESOP Expenses) for Q2 FY'14 was Rs 15.60 crores vs. Rs 8.87 crores in Q2 FY'13, a 76% rise Y-o-Y.

Cable business PAT (After Forex Losses & ESOP Expenses) stood at Rs 9.64 crores.

2. Quarter on Quarter (Q2 FY 2013-14 vs. Q1 FY 2013-14)

- **Cable Revenues at Rs 258.93 crores, Remain Steady Q-o-Q**

Cable business revenues for Q2 FY'14 were Rs 258.93 crores vs. Rs 256.41 crores in Q1 FY'14 on the back of strong growth in subscription revenues and higher placement revenues despite lower activation revenues in the current quarter.

- **Cable EBITDA Rose 7% Q-o-Q**

Strong focus on costs saw Cable business EBITDA for Q2 FY'14 at Rs 85.05 crores higher by 7% Q-o-Q vs. Rs 79.39 crores in Q1 FY'14.

- **Cable PBT Remain Strong, Cable PAT (After Forex Losses & ESOP Expenses) Rises 5%**

Cable business PBT in Q2 FY'14 was Rs 30.96 crores despite a 12% rise in depreciation and higher finance costs.

Cable business PAT (After Forex Losses) was Rs 9.64 crores in Q2 FY'14, up 5% vs. Rs 9.22 crores in Q1 FY'14.

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QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

1. Regulatory Developments

a) TRAI Continues its Push to Reform the Digital Cable TV Value Chain

- The TRAI has mandated all operators to complete their KYC data collection drives across all Phase 1 & 2 Cities
- Talks ongoing for defining the billing relationship between LCOs & MSOs
- The TRAI is also undertaking various measures to ensure the flow of subscription revenues from LCO to MSO, and then to the rest of the cable TV value chain

b) Consultation Paper on Content Aggregation:

The regulator had invited comments on content aggregation and pay channel aggregators in the Indian television industry. Various stakeholders have responded to the regulator with their comments. The TRAI is expected to announce new regulations in this regard in the near future.

2. Broadcasters Expanding Their SD & HD Offerings: New Channels Entering the Market

- The broadcasting industry is focusing on expanding their channel offerings across genres and languages on the back of digitisation. The past quarter saw the launch of several new channels like Romy Now, &Pictures and Zee Anmol.
- Broadcasters are also looking at capturing the niche and premium segments of the Indian television audience. A recent example of this is the launch of the subscription-only HD channel Star World Premiere HD.

3. Cable Broadband – The Next Growth Driver

There is a growing demand for high speed internet in India fuelled by a rapidly increasing internet device market, a burgeoning e-commerce sector and high data consumption habits. Coupled with the successful implementation of the Cable TV Digitisation in DAS Phases 1 & 2, this has set the stage for the growth of cable broadband in the country.

Cable is the only 'pipe' or wired platform which not only has an existing deep penetration of Indian households reach but also the capacity to provide double-play services of video and high-speed broadband internet and triple-play services with the addition of fixed line telephony along with these services. MSOs have been investing in the infrastructure required for setting up broadband networks in their markets and are gearing up to offer bundled cable and broadband offerings to their subscribers.

II. COMPANY UPDATES

1. Digitisation Update

- a) **DAS Phases 1 & 2:** DEN has built a large digital subscriber base of approximately 5 million subscribers in the 27 out of 41 Phase 1 & 2 cities that it is present in. DEN's phase-wise presence and subscriber bases are as follows:
- **Phase 1:** Delhi, Mumbai & Kolkata. Digital subscriber base of 2 million approx.
 - **Phase 2:** Present in 24 out of a total of 38 cities. Digital subscriber base of 3 million approx.
- b) **DAS Phases 3 & 4:** The Company has an analog base of an estimated 8 million homes in its Phase 3 & 4 markets. The Company is now gearing up to focus on digitising its current subscribers in these markets and also exploring opportunities for further market expansion.
- **Consumer Demand:** There is a significant demand for DEN's digital cable services in the company's existing Phase 3 & 4 markets. The pace of seeding is expected to pick up in the next few months.
 - **Further Expansion through Consolidation:** The Company is witnessing a lot of interest from smaller players (MSOs and LCOs) from Phases 3 & 4 areas looking to align themselves with DEN and the company is receiving several such requests on a regular basis.
- c) **Introducing Digital Services in Newer Markets:** DEN has launched its digital services in several major cities and towns of West Bengal, Jharkhand and Bihar over the last couple of months.

2. DEN: Gearing up for Broadband Launch

The company believes that the next big opportunity after full digitisation of cable TV is offering high speed broadband services to its subscribers. According to industry research:

- Over 50% of total internet users in India reside in Phase 1 & 2 cities. DEN is Present in 27 of the 41 cities where full digitisation has been implemented.
- DEN cities account for an estimated 74% of total Indian households having computers.
- DEN is present in 11 out of the 17 top ranking e-commerce cities in India.

DEN is in the process of building its broadband organisation. The senior management team for the broadband vertical is already in place and is being led by Yugal Kishore Sharma, the former COO of Tikona Digital Networks, a wireless broadband company.

DEN expects to launch its broadband service offering by late Q4, FY 2013-14

3. DEN: Expanding the HD Offerings

- Over 30 HD channels are currently on-air in India. This number is expected to go up rapidly with the increasing penetration of HD on the back of the pan-India DAS implementation drive.
- DEN has the capacity to carry 50+ HD channels on its existing bandwidth. Currently DEN HD offers 20 HD channels.

The Company is actively pushing 'DEN HD', its premiere HD service in Delhi and Mumbai. On offer are attractive exchange plans for existing SD subscribers and highly competitive HD Channel Packages available for either monthly or long term annual subscription.

DEN plans to launch a suite of internet-enabled HD and hybrid STBs over the next few months. The company is also in discussions with vendors for developing specialised next generation applications and OTT services.

Income statement – Consolidated

Year on Year – Q2 FY 2013-14 vs. Q2 FY 2012-13

Particulars	Quarter ended Sept 30, 2013	Quarter ended Sept 30, 2012
Revenue	271.88	205.26
Income from Operations	266.33	202.74
Other Operating Income	5.55	2.53
Expenditure	184.18	166.53
Operational, Administrative and Other Costs	159.19	144.66
Personnel Cost	24.99	21.87
EBITDA	87.70	38.73
EBITDA Margins	32.3%	18.9%
Depreciation	37.04	17.29
Interest and Other Financial Charges	21.53	9.05
Other Income	4.71	5.50
Profit Before Tax	33.83	17.90
Provision for Tax	5.37	4.40
Share of Minority Interest	11.32	2.41
Profit After Tax (Before ESOP & Forex Losses)	17.14	11.08
Cost of Stock Options	-	0.81
Foreign Exchange (Gain)/Loss	5.96	(5.33)
Profit After Tax (After ESOP & Forex Losses)	11.18	15.60

(Figures in Rs crores)

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Income Statement – Consolidated

Quarter on Quarter – Q2 FY 2013-14 vs. Q1 FY 2013-14

Particulars	Quarter ended Sept 30, 2013	Quarter ended June 30, 2013
Revenue	271.88	268.69
Income from Operations	266.33	265.61
Other Operating Income	5.55	3.08
Expenditure	184.18	187.74
Operational, Administrative and Other Costs	159.19	160.70
Personnel Cost	24.99	27.04
EBITDA	87.70	80.94
EBITDA Margins	32.3%	30.1%
Depreciation	37.04	33.22
Interest and Other Financial Charges	21.53	19.97
Other Income	4.71	6.73
Profit Before Tax	33.83	34.49
Provision for Tax	5.37	3.13
Share of Minority Interest	11.32	11.20
Profit After Tax (Before Forex Losses)	17.14	20.15
Foreign Exchange (Gain)/Loss	5.96	10.00
Profit After Tax (After Forex Losses)	11.18	10.15

(Figures in Rs crores)

Note: On account of a reporting policy change, w.e.f. Q2 FY'14 all Revenue figures exclude 'Other Income' which is reported separately after EBITDA. Past period figures have also been adjusted to this effect to make it comparable.

Income Statement – Cable Business

Year on Year – Q2 FY 2013-14 vs. Q2 FY 2012-13

Particulars	Quarter ended Sept 30, 2013	Quarter ended Sept 30, 2012
Revenue	258.93	192.51
Income from Operations	254.35	191.95
Other Operating Income	4.58	0.55
Expenditure	173.88	156.15
Operational, Administrative and Other Costs	153.43	137.98
Personnel Cost	20.45	18.17
EBITDA	85.05	36.36
EBITDA Margins	32.8%	18.9%
Depreciation	36.93	17.18
Interest and Other Financial Charges	21.53	9.05
Other Income	4.38	4.61
Profit Before Tax	30.96	14.73
Provision for Tax	4.04	3.45
Share of Minority Interest	11.32	2.41
Profit After Tax (Before ESOP & Forex Losses)	15.60	8.87
Cost of Stock Options	-	0.81
Foreign Exchange (Gain)/Loss	5.96	(5.33)
Profit After Tax (After ESOP & Forex Losses)	9.64	13.39

(Figures in Rs crores)

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Income statement – Cable Business

Quarter on Quarter – Q1 FY 2013-14 vs. Q4 FY 2012-13

Particulars	Quarter ended Sept 30, 2013	Quarter ended June 30, 2013
Revenue	258.93	256.41
Income from Operations	254.35	253.88
Other Operating Income	4.58	2.53
Expenditure	173.88	177.01
Operational, Administrative and Other Costs	153.43	154.33
Personnel Cost	20.45	22.68
EBITDA	85.05	79.39
EBITDA Margins	32.8%	31.0%
Depreciation	36.93	33.10
Interest and Other Financial Charges	21.53	19.97
Other Income	4.38	6.45
Profit Before Tax	30.96	32.77
Provision for Tax	4.04	2.34
Share of Minority Interest	11.32	11.20
Profit After Tax (Before Forex Losses)	15.60	19.22
Foreign Exchange (Gain)/Loss	5.96	10.00
Profit After Tax (After Forex Losses)	9.64	9.22

(Figures in Rs crores)

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