



DEN Networks Limited
Investor Update (Q2 FY 2012-13)

QUARTER FINANCIALS

I. CONSOLIDATED

1. Quarter on Quarter (Q2 FY 2012-13 vs. Q1 FY 2012-13)

- **Consolidated PAT Rises 28% Q-o-Q:** PAT for Q2 FY'13 was Rs 15.59 crores vs. Rs 12.21 crores in Q1 FY'13, a 28% rise Q-o-Q.
- **Consolidated EBITDA Jumps 10% Q-o-Q:** EBITDA for Q2 FY'13 was Rs 49.56 crores vs. Rs 45.06 crores in Q1 FY'13, up 10% Q-o-Q
- **Consolidated Net Revenues Rise 8% Q-o-Q:** Consolidated Net Revenues for Q2 FY'13 were Rs 216.09 crores vs Rs 200.60 crores in Q1 FY'13, up 8% Q-o-Q.

2. Year on Year (Q2 FY 2012-13 vs. Q2 FY 2011-12)

- **Consolidated PAT Rises 251% Y-o-Y:** PAT was Rs 15.59 crores for Q2 FY'13 vs. Rs 4.43 crores in Q2 FY'12, a 251% rise Y-o-Y. PAT (before ESOP Expenses) was Rs 16.40 crores vs. Rs 7.73 crores in Q2 FY'12, a 112% rise Y-o-Y.
- **Consolidated EBITDA up 59% Y-o-Y:** Consolidated EBITDA for Q2 FY'13 was Rs 49.56 crores, vs. Rs 31.16 crores in Q2 FY'12, up 59% Y-o-Y.
- **Consolidated Net Revenues Not Comparable to Past Periods:** Consolidated Net Revenue of Rs 216.09 crores in Q2 FY'13 is not comparable to figures for the corresponding quarter in FY'12 on account of reporting policy change at MediaPro (see footnote)¹.

¹ **Reporting Policy Change at MediaPro:** Media Pro Enterprise India Private Limited (MediaPro) is a joint venture company of Star DEN Media Services Private Limited (Star DEN). DEN is a 50% shareholder in Star DEN. With effect from April 1 2012, MediaPro has started reporting Net Revenues (i.e. 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.

DEN's proportionate share/ interest in Media Pro is consolidated line by line in its unaudited consolidated financial results. Thus, income from Operations in this quarter are not comparable with corresponding periods in the previous year. However, this does not have any impact on the net consolidated results of the Company.



II. CABLE BUSINESS

1. Quarter on Quarter (Q2 FY 2012-13 vs. Q1 FY 2012-13)

- **PAT Rises 17% Q-o-Q:** PAT for Q2 FY'13 was Rs 13.39 crores vs. Rs 11.43 crores in Q1 FY'13, a 17% rise Q-o-Q. PAT (before ESOP Expenses) was Rs 14.20 crores vs. Rs 12.25 crores in Q1 FY'13, up 16% Q-o-Q.
- **EBITDA Rises 6% Q-o-Q:** EBITDA for Q2 FY'13 was Rs 46.30 crores vs Rs 43.82 crores in Q1 FY'13, up 6% Q-o-Q.
- **Revenues Grow 6% Q-o-Q:** Total revenue for Q2 FY'13 was Rs 202.45 crores vs Rs 190.18 crores in Q1 FY'13, up 6% Q-o-Q.

2. Year on Year (Q2 FY 2012-13 vs. Q2 FY 2011-12)

- **PAT Up 394% Y-o-Y:** PAT for Q2 FY'13 was Rs 13.39 crores vs. Rs 2.71 crores in Q2 FY'12, a 394% rise Y-o-Y. PAT (before ESOP Expenses) in Q2 FY'12 was Rs 14.20 crores vs. Rs 6.01 crores in Q2 FY'12, up 136% Y-o-Y.
- **EBITDA Jumps 63% Y-o-Y:** EBITDA for Q2 FY'13 was Rs 46.30 crores vs. Rs 28.49 crores in Q2 FY'12, up 63% Y-o-Y.
- **Revenues Grow 24% Y-o-Y:** Total revenues for Q2 FY'13 were Rs 202.45 crores vs. Rs 163.01 crores in Q2 FY'12, up 24% Y-o-Y.



QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

1. DAS in Phase 1 - Government's push makes DAS a Reality

November 1, 2012 marked the switch off date of analogue cable TV signals in Phase 1 cities as per the DAS roadmap. Ministry of Information & Broadcasting (MIB) issued figures put the number of digital cable set top boxes installed in the four cities at 6.4 million. DTH subscribers in these cities were 2.8 million.

The MIB launched a widespread public awareness campaign through Print and Electronic Media.

- **Go Digital or Go Black:** The 'Blackout Advertisement' carried out by the Ministry on all major television channels created massive public awareness about the digitization and underscored the urgency to get set top boxes before the October 31st deadline.
- **Text Message (SMS) Campaign :** An intensive mass SMS campaign was launched in the 4 metros reminding consumers to go digital by contacting their LCOs
- **Radio:** Public Awareness ads and jingles were aired on all major Radio channels highlighting the benefits of going Digital and encouraging the consumers to get their STB at the earliest.
- **Outdoor and Other:** Ads were also put up on hoardings on bus shelters, cinema halls ran ads

2. Joint Initiatives by National MSOs

The major national MSOs operating in the DAS Phase 1 markets undertook joint consumer awareness campaigns through the release of advertisements on the front pages of major national dailies educating consumers about the benefits of Digital Cable. MSOs advertised a promotional scheme for STBs in for consumers in Phase 1 cities at a subsidized rate of Rs 799/-.

3. Legal and Regulatory Developments

The TDSAT (Telecom Disputes Settlement & Appellate Tribunal) passed a judgment on October 19, 2012 on certain key provisions of the law and regulations governing DAS. Salient rulings of this judgment were:

- The restriction placed on the MSO for demanding placement fees were set aside to bring the regulations at par with DTH operators



- Placement charges were left open to market forces and will depend on the mutual agreement between the broadcasters and platforms (MSOs & DTH operators)
- The direction that MSOs must set up head-ends having the capacity to carry 500 channels was also set aside and left to market forces

4. DAS Phase 2: MIB Embarks on Roadmap for Phase 2

Carrying forward the momentum behind digitisation in Phase 1 cities, the MIB has already begun consultations with stakeholders to assess preparedness and chart the roadmap for digitising Phase 2 comprising of 38 cities across 15 states.

II. COMPANY UPDATES

1. DEN's Digital Subscriber Base Grows Exponentially with Phase I

DEN's digital subscriber base crossed the 2-million mark with rapid seeding of set top boxes in Phase I cities of Delhi, Mumbai and Kolkata. The company installed over 1 million digital STBs in just the last four months with a bulk of these additions between September and October 2012.

2. Focus Shifting to Phase II Cities

DEN has a strong analog presence in Phase II cities across Uttar Pradesh, Maharashtra, Gujarat, Karnataka, Rajasthan and Haryana. The awareness and momentum created by the successful digitisation of Phase I cities has already resulted in huge pent up demand in the Phase 2 cities that DEN operates in.



Income Statement – Consolidated

Q2 FY 2012-13

Consolidated Financials (Quarter ended September 30, 2012)			
Particulars	Cable Business (A)	Distribution Business (B)	Consolidated (A+B)
Revenue	202.45	13.65	216.09
Income from Operations	191.95	134.49	326.44
Less: Cost of Distribution Rights	<u>NA</u>	<u>123.71</u>	<u>123.71</u>
Net Income from Operations	191.95	10.78	202.74
Other Operating Income	5.88	1.97	7.85
Other Income	4.61	0.89	5.50
Expenditure	156.15	10.38	166.53
Operational, Administrative & Other Costs	133.63	3.89	137.51
Personnel Cost	18.17	3.70	21.87
Provision for Doubtful Debts	4.35	2.80	7.15
EBITDA	46.30	3.27	49.56
EBITDA Margin	22.9%	23.9%	22.9%
Depreciation	17.18	0.11	17.29
Interest and Other Financial Charges	9.05	0.01	9.06
PBT	20.06	3.15	23.21
Provision for Tax	3.45	0.95	4.40
Share of Minority Interest	2.41	-	2.41
Net Profit	14.20	2.20	16.40
ESOP Expenses	0.81	-	0.81
Profit after Tax - PAT	13.39	2.20	15.59

(Figures in Rs crores)



Income statement – Consolidated
Quarter on Quarter – Q2 FY 2012-13 vs. Q1 FY 2012-13

Consolidated		
Particulars	Quarter ended September 30, 2012	Quarter ended June 30, 2012
Revenue	216.09	200.60
Income from Operations	202.74	194.35
Other Operating Income	7.85	0.54
Other Income	5.50	5.71
Expenditure	166.53	155.54
Operational, Administrative and Other Costs	137.51	127.33
Personnel Cost	21.87	22.02
Provision for Doubtful Debts	7.15	6.18
EBITDA	49.56	45.06
EBITDA Margin	22.9%	22.5%
Depreciation	17.29	15.56
Interest and Other Financial Charges	9.06	9.97
PBT	23.21	19.53
Provision for Tax	4.40	4.48
Share of Minority Interest	2.41	2.02
Net Profit	16.40	13.03
ESOP Expenses	0.81	0.81
Profit after Tax – PAT	15.59	12.21



Income statement – Cable Business
Quarter on Quarter – Q2 FY 2012-13 vs. Q1 FY 2012-13

Cable Business		
Particulars	Quarter ended September 30, 2012	Quarter ended June 30, 2012
Revenue	202.45	190.18
Income from Operations	191.95	184.69
Other Operating Income	5.88	0.53
Other Income	4.61	4.96
Expenditure	156.15	146.36
Operational, Administrative and Other Costs	133.63	123.72
Personnel Cost	18.17	18.42
Provision for Doubtful Debts	4.35	4.22
EBITDA	46.30	43.82
EBITDA Margin	22.9%	23.0%
Depreciation	17.18	15.46
Interest and Other Financial Charges	9.05	9.97
PBT	20.06	18.40
Provision for Tax	3.45	4.13
Share of Minority Interest	2.41	2.02
Net Profit	14.20	12.25
ESOP Expenses	0.81	0.81
Profit after Tax – PAT	13.39	11.43

(Figures in Rs crores)



Income Statement – Cable Business
Year on Year – Q2 FY 2012-13 vs. Q2 FY 2011-12

Cable Business		
Particulars	Quarter ended September 30, 2012	Quarter ended September 30, 2011
Revenue	202.45	163.01
Income from Operations	191.95	158.69
Other Operating Income	5.88	0.93
Other Income	4.61	3.39
Expenditure	156.15	134.52
Operational, Administrative & Other Costs	133.63	117.69
Personnel Cost	18.17	15.12
Provision for Doubtful Debts	4.35	1.71
EBITDA	46.30	28.49
EBITDA Margin	22.9%	17.5%
Depreciation	17.18	12.86
Interest and Other Financial Charges	9.05	6.75
PBT	20.06	8.87
Provision for Tax	3.45	1.86
Share of Minority Interest	2.41	1.00
Net Profit	14.20	6.01
ESOP Expenses	0.81	3.30
Profit after Tax – PAT	13.39	2.71

(Figures in Rs crores)