



DEN Networks Limited

Investor Update (Q3 FY 2012-13)

QUARTER FINANCIALS

I. CONSOLIDATED

1. Quarter on Quarter (Q3 FY 2012-13 vs. Q2 FY 2012-13)

- **Consolidated PAT Up 10% Q-o-Q:** PAT for Q3 FY'13 was Rs 17.18 crores vs. Rs 15.59 crores in Q2 FY'13, up 10% Q-o-Q. PAT (before ESOP Expenses) in Q3 FY'13 was Rs 18.38 crores vs. Rs 16.40 crores in Q2 FY'13, a 12% rise Q-o-Q.
- **Consolidated EBITDA Jumps 22% Q-o-Q:** EBITDA for Q3 FY'13 was Rs 60.39 crores vs. Rs 49.56 crores in Q2 FY'13, a 22% jump Q-o-Q.
- **Consolidated Net Revenues Grow 12% Q-o-Q:** Consolidated Net Revenues for Q3 FY'13 were Rs 241.75 crores vs. Rs 216.09 crores in Q2 FY'13, a 12% growth Q-o-Q.

2. Year on Year (Q3 FY 2012-13 vs. Q3 FY 2011-12)

- **Consolidated PAT Rises 386% Y-o-Y:** PAT was Rs 17.18 crores for Q3 FY'13 vs. Rs 3.54 crores in Q3 FY'12, a 386% rise Y-o-Y. PAT (before ESOP Expenses) in Q3 FY'13 was Rs 18.38 crores vs. Rs 6.98 crores in Q3 FY'12, a 163% rise Y-o-Y.
- **Consolidated EBITDA Up 96% Y-o-Y:** Consolidated EBITDA for Q3 FY'13 was Rs 60.39 crores, vs. Rs 30.84 crores in Q3 FY'12, up 96% Y-o-Y.
- **Consolidated Net Revenues Not Comparable to Past Periods:** Consolidated Net Revenue of Rs 241.75 crores in Q3 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 Media Pro:** 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. As a result of the reporting policy change, the revenue and related expense items of MediaPro getting consolidated into DEN's unaudited consolidated financial results was less by Rs. 141.37 crores in the current quarter (Q3 FY'13). Thus, Income from Operations in this quarter is not comparable with past periods. However, this does not have any impact on the net consolidated results of the Company.



II. CABLE BUSINESS

1. Quarter on Quarter (Q3 FY 2012-13 vs. Q2 FY 2012-13)

- **PAT Up 19% Q-o-Q:** PAT for Q3 FY'13 was Rs 15.95 crores vs. Rs 13.39 crores in Q2 FY'13, up 19% Q-o-Q. PAT (before ESOP Expenses) in Q3 FY'13 was Rs 17.14 crores vs. Rs 14.20 crores in Q2 FY'13, a 21% rise Q-o-Q.
- **EBITDA Jumps 26% Q-o-Q:** EBITDA for Q3 FY'13 was Rs 58.53 crores vs. Rs 46.30 crores in Q2 FY'13, a 26% jump Q-o-Q.
- **Revenues Grow 13% Q-o-Q:** Total revenue for Q3 FY'13 was Rs 229.41 crores vs. Rs 202.45 crores in Q2 FY'13, up 13% Q-o-Q.

2. Year on Year (Q3 FY 2012-13 vs. Q3 FY 2011-12)

- **PAT Up 417% Y-o-Y:** PAT for Q3 FY'13 was Rs 15.95 crores vs. Rs 3.08 crores in Q3 FY'12, a 417% rise Y-o-Y. PAT (before ESOP Expenses) in Q3 FY'13 was Rs 17.14 crores vs. Rs 6.52 crores in Q3 FY'12, up 163% Y-o-Y.
- **EBITDA Jumps 97% Y-o-Y:** EBITDA for Q3 FY'13 was Rs 58.53 crores vs. Rs 29.74 crores in Q3 FY'12, up 97% Y-o-Y.
- **Revenues Grow 36% Y-o-Y:** Total revenues for Q3 FY'13 were Rs 229.41 crores vs. Rs 168.62 crores in Q3 FY'12, up 36% Y-o-Y.



QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

1. DAS Implementation Update

a) **6.43 million STBs installed in DAS Phase 1 - Cable Emerges as the Largest Digital Platform**

As per figures released by the MIB, 6.43 million Set Top Boxes (STBs) were installed in the 4 DAS Phase 1 cities till November 1, 2012. The individual percentages of digitisation as per MIB figures stood at 101% for Delhi, 118% for Mumbai, 85% for Kolkata and 63% for Chennai.

b) **Dramatic Changes in Consumer Value Proposition of Cable with Implementation of DAS**

- **Increase in Channel Offering:** Switching from analog to digital cable increases the channel offering for consumers from a mere 70-80 analog channels to at least 250-300 digital channels.
- **Increase in Time Spent on TV:** Viewership data post- DAS implementation saw an increase in time spent on television driven by digital quality picture and sound and effective clustering and packaging of channels.

c) **Government Starts Preparing for Timely Implementation of DAS Phase 2**

Following the implementation of DAS in Phase 1 areas, the Government (Ministry of Information & Broadcasting) has started preparations for the smooth and timely digitisation across Phase 2 cities. DAS Phase 2 covers 38 cities across 15 states.

2. New Channel Launches

With the implementation of Phase 1 Digitisation, new channels like Discovery Kids, Disney Junior, Zee Q, Jalsha Movies have entered the market expanding the choice of content for consumers and introducing more targeted content for kids and regional languages. HBO has announced that it will launch two ad free channels riding on the back of the ongoing DAS implementation.

New channels increase choice for consumers who can now select and pay for content that they want to watch. Such offerings are likely to boost ARPU and become revenue accretive for both broadcasters and platforms.

Other services like Pay per View (PPV), Video on Demand (VOD) and Value Added Services are set to open up the user experience to more content and choice and offer growth opportunities for content producers, broadcasters and platforms.



II. COMPANY UPDATES

1. DEN Digitises Rapidly Across Markets

a) DEN seeds over 1.8 million STBs in DAS Phase 1

DEN has digitised the vast majority of its homes served across the three Phase 1 cities that it is present in, namely Delhi, Mumbai and Kolkata. DEN and its affiliates have now seeded over 1.8 million STBs in these 3 cities. The Company added approximately 900,000 STBs during Q3.

b) DEN All Set for DAS Phase 2

DEN's Phase 2 presence currently spans 23 of the 38 Phase 2 cities (60% of all Phase 2 towns) including all 7 Phase 2 cities of UP besides 5 towns in Maharashtra, 3 in Gujarat, 2 each in Rajasthan and Karnataka, and 1 each in Bihar, Jharkhand, West Bengal and Haryana. DEN has already seeded over 600,000 STBs in these markets.

2. DAS Channel Packages

DEN launched its channel packages which have been designed and customised for local markets to cater to the specific tastes of audiences in these markets while offering the best value for money for the price conscious Indian consumer. DEN also offers HD services and value added services in select areas.

3. Growth Opportunities with Digitisation

DEN considers successful digitisation as a first step leading to newer opportunities for diversification of its service offerings and sustainable revenue growth.

- **Greater Number of Channels in SD:** Digital channels require far lesser bandwidth than analog. With successful digitisation, the released bandwidth is being used to accommodate more and more television channels and other services for DEN consumers.
- **HD:** The release of analog bandwidth also allows DEN to launch a large number of HD channels on its platform, bringing the best in high definition content to DEN viewers.
- **Broadband:** DEN intends to build a high speed broadband internet service and offer bundled double play and triple play services to consumers in fully digitised markets. DEN is expected to launch its broadband service in such markets over the next few quarters.



Income Statement – Consolidated

Q3 FY 2012-13

Consolidated Financials			
Particulars	Cable Business (A)	Distribution Business (B)	Consolidated (A+B)
Revenue	229.41	12.33	241.75
Income From Operations	224.75	151.94	376.68
Less: Cost of Distribution Rights	NA	141.37	141.37
Net Income from Operations	224.75	10.56	235.31
Other Operating Income	0.80	0.93	1.73
Other Income	3.87	0.84	4.70
Expenditure	170.88	10.47	181.36
Operational, Administrative and Other Costs	148.72	4.55	153.27
Personnel Cost	18.07	3.98	22.06
Provision for Doubtful Debts	4.09	1.94	6.03
EBITDA	58.53	1.86	60.39
EBITDA Margins	25.5%	15.1%	25.0%
Depreciation	20.85	0.14	20.99
Interest and Other Financial Charges	11.68	0.01	11.69
PBT	25.99	1.72	27.71
Provision for Tax	6.40	0.48	6.88
Share of Minority Interest	2.45	-	2.45
Net Profit	17.14	1.24	18.38
ESOP Expenses	1.20	-	1.20
Profit after Tax - PAT	15.95	1.24	17.18

(Figures in Rs crores)



Income statement – Consolidated
Quarter on Quarter – Q3 FY 2012-13 vs. Q2 FY 2012-13

Consolidated Q-o-Q		
Particulars	Quarter ended December 31, 2012	Quarter ended September 30, 2012
Revenue	241.75	216.09
Income From Operations	235.31	202.74
Other Operating Income	1.73	7.85
Other Income	4.70	5.50
Expenditure	181.36	166.53
Operational, Administrative and Other Costs	153.27	137.51
Personnel Cost	22.06	21.87
Provision for Doubtful Debts	6.03	7.15
EBITDA	60.39	49.56
EBITDA Margins	25.0%	22.9%
Depreciation	20.99	17.29
Interest and Other Financial Charges	11.69	9.06
PBT	27.71	23.21
Provision for Tax	6.88	4.40
Share of Minority Interest	2.45	2.41
Net Profit	18.38	16.40
ESOP Expenses	1.20	0.81
Profit after Tax - PAT	17.18	15.59

(Figures in Rs crores)



Income statement – Cable Business
Quarter on Quarter – Q3 FY 2012-13 vs. Q2 FY 2012-13

Cable Business Q-o-Q		
Particulars	Quarter ended December 31, 2012	Quarter ended September 30, 2012
Revenue	229.41	202.45
Income from Operations	224.75	191.95
Other Operating Income	0.80	5.88
Other Income	3.87	4.61
Expenditure	170.88	156.15
Operational, Administrative and Other Costs	148.72	133.63
Personnel Cost	18.07	18.17
Provision for Doubtful Debts	4.09	4.35
EBITDA	58.53	46.30
EBITDA Margins	25.5%	22.9%
Depreciation	20.85	17.18
Interest and Other Financial Charges	11.68	9.05
PBT	25.99	20.06
Provision for Tax	6.40	3.45
Share of Minority Interest	2.45	2.41
Net Profit	17.14	14.20
ESOP Expenses	1.20	0.81
Profit after Tax - PAT	15.95	13.39

(Figures in Rs crores)



Income Statement – Cable Business
Year on Year – Q3 FY 2012-13 vs. Q3 FY 2011-12

Cable Business Y-o-Y		
Particulars	Quarter ended December 31, 2012	Quarter ended December 31, 2011
Revenue	229.41	168.62
Income from Operations	224.75	165.74
Other Operating Income	0.80	0.12
Other Income	3.87	2.76
Expenditure	170.88	138.88
Operational, Administrative and Other Costs	148.72	122.59
Personnel Cost	18.07	14.81
Provision for Doubtful Debts	4.09	1.47
EBITDA	58.53	29.74
<i>EBITDA Margins</i>	25.5%	17.6%
Depreciation	20.85	13.80
Interest and Other Financial Charges	11.68	6.82
PBT	25.99	9.12
Provision for Tax	6.40	0.99
Share of Minority Interest	2.45	1.61
Net Profit	17.14	6.52
ESOP Expenses	1.20	3.44
Profit after Tax - PAT	15.95	3.08

(Figures in Rs crores)