



DEN Networks Ltd.
Investor Update (Q3 FY 2011-12)

QUARTER FINANCIALS

I. CABLE BUSINESS

1. Year on Year

- **Revenues Jump 20.7% Year on Year:** Total revenues at Rs 168.62 crores rose 20.7% Y-o-Y from Rs 139.68 crores in Q3 FY'11.
- **EBITDA Rises 18.4% Year on Year:** EBITDA (before one-time expenses of Rs 1.28 crores) at Rs 31.02 crores rose 18.4% Y-o-Y from Rs 26.19 crores in Q3 FY'11.
- **PAT Profitability Maintained Despite Higher Depreciation & Interest Expenses as DEN Continues to Invest in Digitisation:** PAT (before ESOP expenses) at Rs 6.52 crores rose 6.6% Y-o-Y vs. Rs 6.12 crores in Q3 FY '11. PAT after ESOP expenses was Rs 3.08 crores.

2. Quarter on Quarter

- **Revenues up 3.4% Q-o-Q:** Total revenues at Rs 168.62 crores was up 3.4% Q-o-Q from Rs 163.01 crores in Q2 FY'12.
- **EBITDA up 6.5% Q-o-Q:** EBITDA (before one-time expenses of Rs 1.28 crores) stood at Rs 31.02 crores, up 6.5% Q-o-Q from Rs 29.14 crores (before one-time expenses of Rs 0.65 crores) in Q2 FY'12.
- **PAT Rises 13.8% Q-o-Q:** PAT (before ESOP expenses) was Rs 6.52 crores vs. Rs 6.01 crores in Q2 FY'12, an 8.6% rise Q-o-Q. PAT after ESOP at Rs 3.08 crores vs Rs 2.71 crores in Q2 FY'12, a 13.8% rise Q-o-Q.

II. CONSOLIDATED

1. Year on Year

- **Consolidated Revenues Higher Year on Year:** Consolidated revenues at Rs 282.16 crores rose 5.2% Y-o-Y from Rs 268.24 crores in Q3 FY '11
- **Consolidated EBITDA Jumps 4.9%:** Consolidated EBITDA (before one-time expenses of Rs 1.28 cr) at Rs 32.13 crores jumped 4.9% Y-o-Y from Rs 30.61 crores in Q3 FY'11.



- **PAT Profitability Maintained Despite Higher Depreciation & Interest Expenses as DEN Continues to Invest in Digitisation:** Consolidated PAT (before ESOP) stood at Rs 6.98 crores. Profit after Tax (PAT) stood at Rs 3.53 crores for Q3 FY'12 after ESOP expenses.
- **Consolidated Financials of Past Year not Comparable:** Current consolidated financials of DEN effectively consolidate 25% of MediaPro financials which is not comparable to the figures of the corresponding quarter of the previous financial year which accounted for 50% consolidation of Star DEN financials.

2. Quarter on Quarter

- **Consolidated Revenues up 8.5% Q-o-Q:** Consolidated revenues stood at Rs 282.16 crores, up 8.5% Q-o-Q from Rs 259.96 crores in Q2 FY '12.
- **Consolidated EBITDA remains steady:** Consolidated EBITDA before one time expenses stood at Rs 32.13 crores, up 1.0% Q-o-Q from Rs 31.79 crores in Q2 FY '12.
- **Consolidated PAT Remains Positive Despite Higher Depreciation and One Time Expenses:** PAT before ESOP stood at Rs 6.98 crores. PAT after ESOP stood at Rs 3.53 crores.

QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

1. Cable Digitisation Bill Passed

Both Houses of the Indian Parliament cleared the Cable Digitisation Bill on December 13, 2011 and it was signed into law by the Hon'ble President of India. The Law requires mandatory digitisation of all cable TV homes in India in a phased manner as per the following timelines:

- **Phase I by June 30, 2012:** 4 metros – Delhi, Mumbai, Kolkata and Chennai
- **Phase II by March 31, 2013:** All cities with population of 1 million and more.
- **Phase III by September 30, 2014:** All urban areas (Municipal Corporations / Municipalities)
- **Phase IV by December 31, 2014:** Rest of India

2. Government & Industry Gear Up for Large Scale Awareness Campaigns for Digitisation

- The Hon'ble Ministry of Information & Broadcasting (MIB) has embarked on a drive to educate consumers and other stakeholders about the digitisation law and the need for consumers to obtain



digital set top boxes to continue viewing cable television signals after the switch-off of analog signals.

- The MIB issued a press release on February 9, 2012 confirming that orders had already been placed by major service providers for about 8.79 million set top boxes. This would take care of the projected need of 10 million boxes for the first phase of digitalisation for which the cut-off date is 30th June 2012. The press release was issued to dispel reports that adequate preparations were not in place to meet the needs of digitisation.

II. COMPANY UPDATES

DEN geared up for full digitisation of all subscriber base across markets.

1. DEN Launches Brand Marketing & Digital Cable Awareness Campaigns

DEN launched a large scale brand marketing campaign across television, print, radio and outdoor on leading media outlets to create awareness about the company's digital cable service and to advertise offers for its digital set-top box.

2. DEN Launches Education Programme for its Affiliate Partners / Local Cable Operators

DEN launched a programme to educate its affiliate partners / LCOs on the implications of the digitisation law. The programme educates LCOs on the features of digital cable, benefits and selling points to disseminate among consumers, and addresses their concerns on the large scale shift from analog to digital and their continuing role and importance in a fully digital environment. DEN has tied up with the global consulting firm Ernst & Young for this exercise.

3. Transforming into a Consumer Facing Company for a Fully Digital Environment

DEN is readying its infrastructure and processes for a fully digital environment. The Company expects returns from these investments to grow post digitisation.

DEN has adequately secured the supplies of set-top-boxes necessary for digitising its subscribers in the initial phases. DEN has invested heavily in a nationwide digital footprint with digital headends operating in seventeen locations across the country and capable of serving subscribers across markets. DEN has built a comprehensive customer services platform with multiple touch points including a toll free call centre that addresses consumer queries on digitisation and helps subscribers in DEN territories obtain set-top-boxes for their homes. DEN has also strengthened its online presence with a consumer focused website that educates consumers about digitisation and the Company's offerings.



Income statement - Cable Business
Year on Year - Q3 FY 2011-12 vs. Q3 FY 2010-11

Cable Business		
Particulars	Quarter ended Dec 31, 2011	Quarter ended Dec 31, 2010
Revenue	168.62	139.68
Income from operations	165.74	134.02
Other operating income	0.12	2.16
Other income	2.76	3.50
Expenditure	137.60	113.49
Operational, administrative and other costs	121.31	100.89
Personnel cost	14.81	12.55
Provision for doubtful debts/ advances	1.47	0.05
EBITDA (Before one-time expenses)	31.02	26.19
One-time expenses	1.28	-
Depreciation	13.80	11.63
Interest and other financial charges	6.82	4.70
Provision for tax	0.99	2.52
Share of Minority Interest	1.61	1.40
Share in profit of associates	-	0.17
Net Profit	6.52	6.12
Cost of Stock Options	3.44	-
Profit after Tax - PAT	3.08	6.12

(Figures in Rs crores)



Income statement – Cable Business
Quarter on Quarter – Q3 FY 2011-12 vs. Q2 FY 2011-12

Cable Business		
Particulars	Quarter ended Dec 31, 2011	Quarter ended Sep 30, 2011
Revenue	168.62	163.01
Income from operations	165.74	158.69
Other operating income	0.12	0.93
Other income	2.76	3.39
Expenditure	137.60	133.87
Operational, administrative and other costs	121.31	117.04
Personnel cost	14.81	15.12
Provision for doubtful debts/ advances	1.47	1.71
EBITDA (Before one-time expenses)	31.02	29.14
One-time expenses	1.28	0.65
Depreciation	13.80	12.86
Interest and other financial charges	6.82	6.75
Provision for tax	0.99	1.86
Share of Minority Interest	1.61	1.00
Share in profit of associates	-	-
Net Profit	6.52	6.01
Cost of Stock Options	3.44	3.30
Profit after Tax – PAT	3.08	2.71

(Figures in Rs crores)



Income statement - Consolidated
Year on Year - Q3 FY 2011-12 vs. Q3 FY 2010-11

Consolidated		
Particulars	Quarter ended Dec 31, 2011	Quarter ended Dec 31, 2010
Revenue	282.16	268.24
Income from operations	278.05	261.98
Other operating income	0.16	2.46
Other income	3.95	3.81
Expenditure	250.03	237.63
Operational, administrative and other costs	229.01	218.97
Personnel cost	18.74	15.95
Provision for doubtful debts/ advances	2.28	2.70
EBITDA (Before one-time expenses)	32.13	30.61
One time expenses	1.28	-
Depreciation	13.95	11.70
Interest and other financial charges	6.78	4.70
Provision for tax	1.53	3.80
Share of Minority Interest	1.61	1.40
Share in profit of associates	-	0.17
Net Profit	6.98	9.18
Cost of Stock Options	3.44	-
Profit after Tax - PAT	3.53	9.18

(Figures in Rs crores)



Income statement - Consolidated
Quarter on Quarter - Q3 FY 2011-12 vs. Q2 FY 2011-12

Consolidated		
Particulars	Quarter ended Dec 31, 2011	Quarter ended Sep 30, 2011
Revenue	282.16	259.96
Income from operations	278.05	255.20
Other operating income	0.16	1.35
Other income	3.95	3.40
Expenditure	250.03	228.16
Operational, administrative and other costs	229.01	205.42
Personnel cost	18.74	19.26
Provision for doubtful debts/ advances	2.28	3.49
EBITDA (Before one-time expenses)	32.13	31.79
One-time expenses	1.28	0.65
Depreciation	13.95	12.87
Interest and other financial charges	6.78	6.81
Provision for tax	1.53	2.74
Share of Minority Interest	1.61	1.00
Share in profit of associates	-	-
Net Profit	6.98	7.74
Cost of Stock Options	3.44	3.30
Profit after Tax - PAT	3.53	4.44

(Figures in Rs crores)