



# DEN Networks Limited

## Investor Update (Q4 & Full Year FY 2012-13)

### QUARTER FINANCIALS

#### I. CONSOLIDATED

##### 1. Quarter on Quarter (Q4 FY 2012-13 vs. Q3 FY 2012-13)

- **Consolidated Revenues Grow 16% Q-o-Q**

Consolidated Revenues for Q4 FY'13 were Rs 281.06 crores vs. Rs 242.00 crores in Q3 FY'13, a 16% growth Q-o-Q.

- **Consolidated EBITDA Jumps 45% Q-o-Q**

Consolidated EBITDA for Q4 FY'13 was Rs 87.69 crores vs. Rs 60.39 crores in Q3 FY'13, a 45% jump Q-o-Q.

- **Consolidated PBT Rises 59%; PAT Remains Steady Q-o-Q**

Consolidated PBT for Q4 FY'13 was Rs 44.06 crores vs. Rs 27.69 crores in Q3 FY'13, a 59% rise.

Consolidated PAT for Q4 FY'13 was Rs 17.33 crores vs. Rs 17.17 crores in Q3 FY'13, a 1% rise. The quarter saw provisions for tax rise by Rs 6.79 crores and exceptional one time expenses (impairment of investments) of Rs 3.12 crores.

##### 2. Year on Year (Q4 FY 2012-13 vs. Q4 FY 2011-12)

- **Consolidated Revenues at Rs 281.06 crores; Not Comparable to Past Periods**

Consolidated Revenue of Rs 281.06 crores in Q4 FY'13 is not comparable to figures for the corresponding quarter in FY'12 on account of reporting policy change at MediaPro (see footnote)<sup>1</sup>.

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<sup>1</sup> **Reporting Policy Change at Media Pro:** Media Pro Enterprise India Private Limited (MediaPro) is a JV 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. 160.04 crores in the current quarter (Q4 FY'13) and by Rs 545.57crores in the current financial year (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.

- **Consolidated EBITDA Up 145% Y-o-Y**

Consolidated EBITDA for Q4 FY'13 was Rs 87.69 crores, vs. Rs 35.78 crores in Q4 FY'12, up 145% Y-o-Y.

- **Consolidated PBT Rises 243%; PAT Rises 288% Y-o-Y**

PBT in Q4 FY'13 was Rs 44.06 crores vs. Rs 12.84 crores in Q4 FY'12, a 243% rise Y-o-Y.  
PAT was Rs 17.33 crores for Q4 FY'13 vs. Rs 4.47 crores in Q4 FY'12, a 288% rise Y-o-Y.

## II. CABLE BUSINESS

### 1. Quarter on Quarter (Q4 FY 2012-13 vs. Q3 FY 2012-13)

- **Revenues Grow 17% Q-o-Q**

Total revenues for Q4 FY'13 were Rs 267.69 crores vs. Rs 229.66 crores in Q3 FY'13, up 17% Q-o-Q.

- **EBITDA Jumps 42% Q-o-Q**

EBITDA for Q4 FY'13 was Rs 83.09 crores vs. Rs 58.52 crores in Q3 FY'13, a 42% jump Q-o-Q.

- **PBT Jumps 52% Q-o-Q; PAT Remains Steady Q-o-Q**

PBT in Q4 FY'13 was Rs 39.57 crores vs. Rs 25.98 crores in Q3 FY'13, a 52% rise Q-o-Q.  
PAT for Q4 FY'13 was Rs 15.48 crores vs. Rs 15.94 crores in Q3 FY'13; The quarter saw higher provisions for tax and exceptional one-time expenses (impairment of investments) of Rs 3.12 crores.

### 2. Year on Year (Q4 FY 2012-13 vs. Q4 FY 2011-12)

- **Revenues Grow 40% Y-o-Y**

Total revenues for Q4 FY'13 were Rs 267.69 crores vs. Rs 190.60 crores in Q4 FY'12, up 40% Y-o-Y.

- **EBITDA Jumps 151% Y-o-Y**

EBITDA for Q4 FY'13 was Rs 83.09 crores vs. Rs 33.14 crores in Q4 FY'12, up 151% Y-o-Y.

- **PBT Rises 284%; PAT Leaps 385% Y-o-Y**

PBT in Q4 FY'13 was Rs 39.57 crores vs. Rs 10.31 crores in Q4 FY'12, up 284% Y-o-Y.  
PAT for Q4 FY'13 was Rs 15.48 crores vs. Rs 3.19 crores in Q4 FY'12, a 385% rise Y-o-Y.

## FULL YEAR FINANCIALS

### I. CONSOLIDATED (FY 2012-13 vs. FY 2011-12)

- **Consolidated Full Year Revenues at Rs 934.64 crores; Not Comparable to Past Periods**

Consolidated Full Year Revenues of Rs 934.64 crores in FY'13 are not comparable to figures for the previous financial year (FY'12) on account of reporting policy change at MediaPro (see footnote)<sup>1</sup>.

- **Consolidated Full Year EBITDA Jumps 94% Y-o-Y**

Consolidated Full Year EBITDA for FY'13 was Rs. 242.70 crores, a 94% jump from Rs 125.40 crores in FY'12.

- **Consolidated Full Year PBT Rises 156% Y-o-Y to Rs 114.50 crores; PAT Leaps 336% Y-o-Y**

Consolidated Full Year PBT in FY'13 was Rs 114.50 crores vs. Rs 44.68 crores in FY'12, a 156% jump.

Consolidated Full Year PAT leaped 336% in FY'13 to Rs 62.31 crores vs. Rs 14.28 crores in FY'12.

### II. CABLE BUSINESS (FY 2012-13 vs. FY 2011-12)

- **Cable Business Full Year Revenues up 30% Y-o-Y**

Full Year Revenues for FY'13 were Rs 884.86 crores, a 30% rise Y-o-Y from Rs 679.73 crores in FY'12.

- **Cable Business Full Year EBITDA jumps 97% Y-o-Y**

Full Year EBITDA for FY'13 Rs 231.72 crores, a 97% jump from Rs 117.48 crores in FY'12

- **Cable Business Full Year PBT Jumps 180% Y-o-Y to Rs 104.01 crores; PAT leaps 471% Y-o-Y**

Full Year PBT in FY'13 was Rs 104.01 crores vs. Rs 37.12 crores in FY'12, a 180% jump.

Full Year PAT for FY'13 stood at Rs 56.24 crores vs Rs 9.86 crores in FY'12, a 471% leap.

## QUARTER HIGHLIGHTS

### I. INDUSTRY UPDATES

#### 1. DAS Implementation Update

##### a) DAS Phase 2 sees rapid digitisation

The implementation of DAS saw rapid digitisation across the 38 cities constituting Phase 2 of the mandate. The figures released by the MIB indicate that over 16.59 million Set Top Boxes (STBs) were installed in these cities till May 23, 2013. Of these, 11.78 million STBs were installed by cable TV MSOs representing 71% of the total market.

Over 1.6 million TV sets are yet to be digitised in Phase 2 cities where DAS implementation is still below the 100% mark, as reported by the MIB.

##### b) Improving Pricing Environment

Along with the implementation of digitisation, digital cable & DTH service providers are also increasing their consumer offerings by adding more digital channels and services creating an improved pricing environment. Over the last few months, most DTH platforms raised their package prices by 10% approximately.

#### 2. Digitisation Driving Transformation of the Indian Television Industry

##### a) All Stakeholders Benefiting from Full Transparency & Legitimate Sharing of Subscription Revenues

Digitisation is leading to full transparency of the cable TV subscriber base. All stakeholders including LCOs, MSOs, Broadcasters and the Government stand to gain from the legitimate sharing of subscription revenues and applicable taxes being collected from the subscriber's home.

##### b) Transition to the DAS Era Seeing Concerted Efforts from All Stakeholders

Implementation of DAS across India is a massive transition for the entire television industry value chain. All stakeholders are making concerted efforts to make DAS a success. The ongoing process of KYC data collection and channel package selection is a key step in this direction. Regulatory action to ensure that this process remains on track has already started yielding results.

##### c) Consumers Gaining from Plethora of Choice

Digitisation and the freeing up of analogue bandwidth has resulted in cable TV platforms offering hundreds of channels to their subscribers. The entry of niche channels, HD and value added services such as video-on-demand, pay-per-view and other offerings are likely to further expand the choice of TV services available to the Indian cable TV household.

##### d) Large Consolidation Opportunity in Phases 3 & 4

Phase 3 & 4 markets are mostly served by smaller, fragmented MSOs. This presents a large consolidation opportunity for the cable TV industry. As the focus of digitisation shifts to these

cities, larger, national MSOs are expected to consolidate these markets through inorganic and organic routes.

**e) Stage set for Growth of Cable Broadband**

According to the TRAI's Telecom Services Performance Indicators Report Dec 2012, India has only 14.98 million broadband subscribers. Digitisation with addressability has set the stage for rapid and scalable growth of cable broadband which can offer high speed data connections to India's bandwidth starved households.

Cable TV MSOs are expected to offer bundled broadband and video services giving superior value to consumers through a single connection. This is likely to become one of the major growth drivers of the industry over the next few years.

**3. TRAI issues Tariff Orders on Standard STBs/CPEs Tariff Packages**

The TRAI issued two new tariff orders prescribing standard tariff packages for Set Top Boxes (STBs) & Consumer Premises Equipment (CPEs) for Digital Addressable Service (DAS) and DTH services. The prime objective of the order is to facilitate digitisation of DAS phases 3 & 4 and ensure recognition and recovery of investments for the platform operators. The order provides consumers a choice between rental and security deposit plans.

## **II. COMPANY UPDATES**

**1. DEN Networks Raises US\$ 160 million in fresh equity in May 2013 to Fund Growth Opportunities**

**a) DEN announces an investment of US\$ 110 million from Goldman Sachs**

DEN secured an investment of US\$ 110 million (Rs 600 crores approx.) from Goldman Sachs, a leading global investment bank and an active investor in cable and broadband companies across the world. The investment will be utilized for funding DEN's growth plans. The investment is being made through the preferential allotment route and is subject to shareholder, regulatory and other customary approvals.

**b) DEN Raises US\$ 50 million through a Qualified Institutional Placement (QIP)**

DEN raised US\$ 50 million (Rs 270 crore approx.) through a qualified institutional placement (QIP) of shares to domestic and foreign institutional buyers. Leading FIIs and Domestic institutions participated in the issue.

**2. Growth Opportunities with Digitisation**

Digitisation offers tremendous growth opportunities for the company through expansion & consolidation, launch of broadband and ARPU enhancement by offering more channels and services.

**a) DAS Phases 3 & 4 Opportunity**

- **Digitising DEN's existing subscriber base**

DEN's existing subscriber base of over 6 million homes in DAS Phase 3 & 4 cities is a huge potential market to be digitised and is sure to bolster the company's position as India's leading digital cable TV platform.

- **Further consolidation**

DEN is planning to increase its presence in Phase 3 & 4 cities through further consolidation in its current markets and also by selectively entering strategic new markets.

**b) 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 roll out its broadband service in such markets over the next few quarters.

**3. DEN Re-launches its Corporate Website with a New Look**

As a part of DEN's transition from a B2B business to a more consumer facing, B2C environment; the company re-launched its corporate website with a fresh look and feel. The new website has been made as per the prevailing best practices. The website will add new consumer friendly features and functionalities with the objective of becoming a one-stop solution for DEN's large and growing pan-India digital subscriber base.

## Income Statement – Consolidated

### Q4 FY 2012-13

Particulars	Cable Business (A)	Distribution Business (B)	Consolidated Business (A+B)
<b>Revenue</b>	<b>267.69</b>	<b>13.38</b>	<b>281.06</b>
Income From Operations	254.21	169.70	423.91
Less: Cost of Distribution Rights	-	160.04	160.04
Net Income from Operations	254.21	9.66	263.87
Other Operating Income	10.12	2.39	12.51
Other Income	3.36	1.33	4.68
<b>Expenditure</b>	<b>184.60</b>	<b>8.77</b>	<b>193.37</b>
Operational, Administrative and Other Costs	145.94	2.78	148.72
Personnel Cost	23.40	5.28	28.69
Provision for Doubtful Debts	15.25	0.71	15.96
<b>EBITDA</b>	<b>83.09</b>	<b>4.61</b>	<b>87.69</b>
<b>EBITDA Margins</b>	<b>31.0%</b>	<b>34.4%</b>	<b>31.2%</b>
Depreciation	27.14	0.13	27.27
Interest and Other Financial Charges	16.38	(0.02)	16.36
<b>Profit Before Tax</b>	<b>39.57</b>	<b>4.50</b>	<b>44.06</b>
Provision for Tax	11.02	2.65	13.67
Share of Minority Interest	8.75	-	8.75
Share in Profit of Associates	-	-	-
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>19.79</b>	<b>1.85</b>	<b>21.64</b>
ESOP Expenses	1.20	-	1.20
Exceptional One Time Expenses (Impairment of Investments)	3.12	-	3.12
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>15.48</b>	<b>1.85</b>	<b>17.33</b>

(Figures in Rs crores)

## Income statement – Consolidated

### Quarter on Quarter – Q4 FY 2012-13 vs. Q3 FY 2012-13

<b>Consolidated Financials</b>		
<b>Particulars</b>	<b>Quarter ended March 31, 2013</b>	<b>Quarter ended December 31, 2012</b>
<b>Revenue</b>	<b>281.06</b>	<b>242.00</b>
Income from Operations	263.87	235.56
Other Operating Income	12.51	1.73
Other Income	4.68	4.70
<b>Expenditure</b>	<b>193.37</b>	<b>181.61</b>
Operational, Administrative and Other Costs	148.72	153.36
Personnel Cost	28.69	22.22
Provision for Doubtful Debts	15.96	6.03
<b>EBITDA</b>	<b>87.69</b>	<b>60.39</b>
<b>EBITDA Margins</b>	<b>31.2%</b>	<b>25.0%</b>
Depreciation	27.27	21.01
Interest and Other Financial Charges	16.36	11.69
<b>Profit Before Tax</b>	<b>44.06</b>	<b>27.69</b>
Provision for Tax	13.67	6.88
Share of Minority Interest	8.75	2.44
Share in Profit of Associates	-	-
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>21.64</b>	<b>18.37</b>
ESOP Expenses	1.20	1.20
Exceptional One Time Expenses (Impairment of Investments)	3.12	-
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>17.33</b>	<b>17.17</b>

*(Figures in Rs crores)*



## Income statement – Cable Business

### Quarter on Quarter – Q4 FY 2012-13 vs. Q3 FY 2012-13

<b>Cable Business</b>		
<b>Particulars</b>	<b>Quarter ended March 31, 2013</b>	<b>Quarter ended December 31, 2012</b>
<b>Revenue</b>	<b>267.69</b>	<b>229.66</b>
Income from Operations	254.21	225.03
Other Operating Income	10.12	0.19
Other Income	3.36	4.45
<b>Expenditure</b>	<b>184.60</b>	<b>171.14</b>
Operational, Administrative and Other Costs	145.94	148.60
Personnel Cost	23.40	18.78
Provision for Doubtful Debts	15.25	3.76
<b>EBITDA</b>	<b>83.09</b>	<b>58.52</b>
<b>EBITDA Margins</b>	<b>31.0%</b>	<b>25.5%</b>
Depreciation	27.14	20.87
Interest and Other Financial Charges	16.38	11.68
<b>Profit Before Tax</b>	<b>39.57</b>	<b>25.98</b>
Provision for Tax	11.02	6.40
Share of Minority Interest	8.75	2.44
Share in Profit of Associates	-	-
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>19.79</b>	<b>17.13</b>
ESOP Expenses	1.20	1.20
Exceptional One Time Expenses (Impairment of Investments)	3.12	-
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>15.48</b>	<b>15.94</b>

(Figures in Rs crores)

## Income Statement – Cable Business

### Year on Year – Q4 FY 2012-13 vs. Q4 FY 2011-12

Cable Business		
Particulars	Quarter ended March 31, 2013	Quarter ended March 31, 2012
<b>Revenue</b>	<b>267.69</b>	<b>190.60</b>
Income from Operations	254.21	182.03
Other Operating Income	10.12	5.16
Other Income	3.36	3.41
<b>Expenditure</b>	<b>184.60</b>	<b>157.46</b>
Operational, Administrative and Other Costs	145.94	129.93
Personnel Cost	23.40	17.95
Provision for Doubtful Debts	15.25	9.59
<b>EBITDA</b>	<b>83.09</b>	<b>33.14</b>
<b>EBITDA Margins</b>	<b>31.0%</b>	<b>17.4%</b>
Depreciation	27.14	14.63
Interest and Other Financial Charges	16.38	8.19
<b>Profit Before Tax</b>	<b>39.57</b>	<b>10.31</b>
Provision for Tax	11.02	3.03
Share of Minority Interest	8.75	0.49
Share in Profit of Associates	-	(0.15)
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>19.79</b>	<b>6.64</b>
ESOP Expenses	1.20	3.44
Exceptional One Time Expenses (Impairment of Investments)	3.12	0.02
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>15.48</b>	<b>3.19</b>

(Figures in Rs crores)

## Income Statement – Full Year Consolidated

**FY 2012-13**

Particulars	Cable Business (A)	Distribution Business (B)	Consolidated Business (A+B)
<b>Revenue</b>	<b>884.86</b>	<b>49.78</b>	<b>934.64</b>
Income from Operations	855.88	586.20	1,442.08
Less: Cost of Distribution Rights	-	545.57	545.57
Net Income from Operations	855.88	40.63	896.52
Other Operating Income	11.61	5.92	17.53
Other Income	17.38	3.22	20.60
<b>Expenditure</b>	<b>653.14</b>	<b>38.80</b>	<b>691.94</b>
Operational, Administrative and Other Costs	546.78	15.03	561.81
Personnel Cost	78.78	16.03	94.81
Provision for Doubtful Debts	27.59	7.73	35.32
<b>EBITDA</b>	<b>231.72</b>	<b>10.98</b>	<b>242.70</b>
<i>EBITDA Margins</i>	<i>26.2%</i>	<i>22.1%</i>	<i>26.0%</i>
Depreciation	80.65	0.47	81.12
Interest and Other Financial Charges	47.07	-	47.08
<b>Profit Before Tax</b>	<b>104.01</b>	<b>10.50</b>	<b>114.50</b>
Provision for Tax	24.99	4.43	29.42
Share of Minority Interest	15.63	-	15.63
Share in Profit of Associates	-	-	-
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>63.38</b>	<b>6.07</b>	<b>69.45</b>
ESOP Expenses	4.02	-	4.02
Exceptional One Time Expenses (Impairment of Investments)	3.12	-	3.12
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>56.24</b>	<b>6.07</b>	<b>62.31</b>

*(Figures in Rs crores)*

## Income Statement – Full Year Cable Business

**FY 2012-13 vs. FY 2011-12**

<b>Cable Business</b>		
<b>Particulars</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
<b>Revenue</b>	<b>884.86</b>	<b>679.73</b>
Income from Operations	855.88	656.19
Other Operating Income	11.61	10.34
Other Income	17.38	13.20
<b>Expenditure</b>	<b>653.14</b>	<b>562.25</b>
Operational, Administrative and Other Costs	546.78	487.32
Personnel Cost	78.78	61.54
Provision for Doubtful Debts	27.59	13.38
<b>EBITDA</b>	<b>231.72</b>	<b>117.48</b>
<b>EBITDA Margins</b>	<b>26.2%</b>	<b>17.3%</b>
Depreciation	80.65	53.48
Interest and Other Financial Charges	47.07	26.88
<b>Profit Before Tax</b>	<b>104.01</b>	<b>37.12</b>
Provision for Tax	24.99	6.89
Share of Minority Interest	15.63	4.54
Share in Profit of Associates	-	0.25
<b>Profit After Tax (Before ESOP &amp; Exceptional One Time Expenses)</b>	<b>63.38</b>	<b>25.95</b>
ESOP Expenses	4.02	16.07
Exceptional One Time Expenses (Impairment of Investments)	3.12	0.02
<b>Profit After Tax (After ESOP &amp; Exceptional One Time Expenses)</b>	<b>56.24</b>	<b>9.86</b>

*(Figures in Rs crores)*