DEN Networks Ltd.
Investor Update (Q4 & Full Year FY 2011-12)

QUARTER FINANCIALS

I. CABLE BUSINESS

1. Quarter on Quarter (Q4 FY 2011-12 vs. Q3 FY 2011-12)

- **Revenues up 12% Q-o-Q:** Total revenues at Rs 188.75 crores was up 12% Q-o-Q from Rs 168.62 crores in Q3 FY'12.
- **EBITDA up 25% Q-o-Q:** EBITDA (before exceptional one-time expenses) stood at Rs 39.27 crores, up 25% Q-o-Q from Rs 31.49 crores (before exceptional one-time expenses) in Q3 FY'12.
- **PAT Rises 8.7% Q-o-Q:** PAT (before ESOP expenses) was Rs 7.09 crores vs. Rs 6.52 crores in Q3 FY'12, an 8.7% rise Q-o-Q. PAT after ESOP at Rs 3.65 crores vs Rs 3.08 crores in Q3 FY'12, an 18% rise Q-o-Q.

2. Year on Year (Q4 FY 2011-12 vs. Q4 FY 2010-11)

- **Revenues Jump 18% Year on Year:** Total revenues at Rs 188.75 crores rose 18% Y-o-Y from Rs 159.88 crores in Q4 FY'11.
- **EBITDA Rises 49% Year on Year:** EBITDA (before exceptional one-time expenses) at Rs 39.27 crores rose 49% Y-o-Y from Rs 26.36 crores in Q4 FY'11.
- **PAT Profitability Maintained Despite Higher Depreciation & Interest Expenses as DEN Continues to Invest in Digitisation**: PAT (before ESOP expenses) at Rs 7.09 crores rose 42% Y-o-Y vs. Rs 4.99 crores in Q4 FY '11. PAT after ESOP expenses (non cash) was Rs 3.65 crores.

II. CONSOLIDATED

1. Quarter on Quarter (Q4 FY 2011-12 vs Q3 FY 2011-12)

- **Consolidated Revenues up 15% Q-o-Q**: Consolidated revenues stood at Rs 325.24 crores, up 15% Q-o-Q from Rs 282.16 crores in Q3 FY'12.

- **Consolidated EBITDA up 28%**: Consolidated EBITDA (before exceptional one-time expenses) stood at Rs 41.65 crores, up 28% Q-o-Q from Rs 32.59 crores in Q3 FY ’12.
- **Consolidated PAT Jumps Despite Rise in Depreciation, Interest, One Time Expenses and Higher Provisioning**: PAT before ESOP stood in Q4 FY’12 at Rs 8.19 crores was up 17.4% Q-o-Q vs Rs 6.98 cr in Q3 FY’12. PAT after ESOP at Rs 4.75 crores in Q4 FY’12 was up 34% Q-o-Q vs Rs 3.54 cr in Q3 FY’12.

2. Year on Year (Q4 FY 2011-12 vs Q4 FY 2010-11)

- **Consolidated Revenues Rose 14% Year on Year**: Consolidated revenues at Rs 325.24 crores rose 14% Y-o-Y from Rs 284.06 crores in Q4 FY ’11
- **Consolidated EBITDA Jumps 35%**: Consolidated EBITDA (before exceptional one-time expenses) at Rs 41.65 crores jumped 35% Y-o-Y from Rs 30.95 crores in Q4 FY’11.
- **PAT Profitability Maintained Despite Higher Depreciation & Interest Expenses as DEN Continues to Invest in Digitisation**: Consolidated PAT (before ESOP) stood at Rs 8.19 crores. Profit after Tax (PAT) stood at Rs 4.75 crores for Q4 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.

FULL YEAR FINANCIALS

I. Cable Business (FY 2011-12 vs FY 2010-11)

- **Revenues up 19%** : Revenues at Rs 677.87 crores rose 19% Y-o-Y from Rs 569.97 crores in FY ’11
- **EBITDA Jumps 6%**: EBITDA (before exceptional one-time expenses) at Rs 126.33 crores jumped 6% Y-o-Y from Rs 118.86 crores in FY ’11.
- **PAT Profitability Maintained Despite Higher Costs**: PAT (before ESOP) stood at Rs 26.39 crores. Profit after Tax (PAT) stood at Rs 10.32 crores for FY’12 after ESOP expenses.

II. Consolidated (FY 2011-12 vs FY 2010-11)

- **Consolidated Revenues up 9%** : Consolidated revenues at Rs 1154.13 crores rose 9% Y-o-Y from Rs 1058.06 crores in FY '11
- **Consolidated EBITDA:** Consolidated EBITDA (before exceptional one-time expenses) stood at Rs 134.00 crores.
- **PAT Profitability Remains Strong Despite Higher Costs**: Consolidated PAT (before ESOP) stood at Rs 30.64 crores. Profit after Tax (PAT) stood at Rs 14.57 crores for FY'11 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 previous financial year which accounted for 50% consolidation of Star DEN financials.

QUARTER HIGHLIGHTS

I. INDUSTRY UPDATES

TRAI Issues Tariff Order and Quality of Service Regulations; Amends Interconnect Regulations for Digital Addressable Systems (DAS)

TRAI announced the new tariff structure, quality of service regulations and complaint redressal mechanism for digital addressable cable systems that will come into effect in the four metros of Delhi, Chennai, Mumbai and Kolkata from July 1, 2012 and in the remaining cities and towns with the passing of their respective sunset dates. The TRAI has also amended the Interconnect Regulations bringing in rules that would apply in the DAS regime.

The new rules and regulations are expected to transform the existing structure of the cable television industry in India and create for the first time a level playing field for all stakeholders laying the foundation for the next growth phase in the Indian media and television industry.

Key salient features of these rules and regulations are listed below:

- **Composition of the Basic Service Tier (BST)**

  TRAI prescribed a minimum of 100 free-to air (FTA) channels priced at a maximum of Rs 100 per month, comprising of at least 5 channels of each major genre and along with Doordarshan channels.

- **Pricing of Pay Channels**

MSOs shall be free to set an entry level package that contains any pay channel for a minimum monthly rate of up to Rs 150. However, if the sum of the rates of pay channels contained in the package/ opted for by the subscriber exceeds Rs 150, then the subscriber shall pay the actual subscription charges. MSOs can fix the retail tariff and also package and price offerings such that the sum of a la carte rates of channels in a bouquet shall not exceed 1.5 times the bouquet rate.

- **Acknowledgement of Carriage Fees as a Legitimate Distribution Expense for Channels**

  MSOs are free to fix the rates of Carriage Fees charged from broadcasters for carrying channels on their platforms. Carriage is to be charged from all channels on a non-discriminatory basis and shall become a part of the Reference Interconnect Offer.

- **Revenue Sharing Model between Stakeholders:**
  - **Broadcasters & MSOs**: Broadcasters can charge a maximum of 42% of the rates charged in the non-addressable systems
  - **MSOs & LCOs**: To be based on mutual negotiations and in the event of a failure of such negotiations, the following sharing formula to be used:
    - **BST (Base Pack) of FTA Channels** – 55:45 (MSO: LCO)
    - **Pay Channels (a la carte or bouquet)** – 65:35 (MSO:LCO)

- **Billing the Subscriber**:

  The rules clearly define that MSOs are responsible for the generation of bills to the consumer. This rule is a fundamental shift for the entire cable sector and transforms the business models for all stakeholders in the value chain.
  - **MSOs**: the business transforms from the B2B to a B2C model and establishes the relationship with the household. The direct relationship will allow MSOs to offer a greater choice of content to the subscriber, value added services and open up the doors for the penetration of broadband.
  - **LCOs**: Gain significantly as it seals their association with the MSO into a long term relationship and they become the last mile retail and service partner of a modern, branded consumer service

- **Quality of Service (QoS) Regulations & Consumers Complaint Redressal Mechanism:**

  These regulations define the rules on consumers' rights from their cable TV service, addressing of consumer complaints and grievance redressal, set top box offers and schemes, public awareness campaigns, etc.

II. COMPANY UPDATES

1. Fully Geared for Digitisation

DEN is fully geared for digitizing its subscriber base in the three Phase 1 cities it is present in (Delhi, Mumbai & Kolkata). Supplies for the estimated number of set top boxes have been secured to ensure timely seeding of these set top boxes so that consumers in DEN's service areas face no disruption in their television connections after the sunset date.

To further ramp up the digitisation effort, DEN has built a sales team which is undertaking direct selling activities through DSAs (direct selling agents) along with the LCO to further augment digital growth in consumer homes.

2. Growth through Consolidation & New Market Entry

DEN continues to consolidate its presence in existing towns and selectively enter strategic new markets with an eye towards strengthening its position as a market leader and gearing up to be India's leading digital cable TV platform.

Income statement – Cable Business
Quarter on Quarter – Q4 FY 2011-12 vs. Q3 FY 2011-12

Cable Business		
Particulars	**Quarter ended Mar 31, 2012**	**Quarter ended Dec 31, 2011**
Revenue	**188.75**	**168.62**
Income from operations	180.53	165.74
Other operating income	4.87	0.12
Other income	3.35	2.76
Expenditure	**149.47**	**137.13**
Operational, administrative and other costs	124.59	121.31
Personnel cost	17.89	14.81
Provision for Doubtful Debts	6.99	1.00
EBITDA (Before exceptional one time expenses)	**39.27**	**31.49**
EBITDA Margins	***20.8%***	***18.7%***
Exceptional One time expenses	4.05	1.75
EBITDA (After exceptional one time expenses)	**35.22**	**29.74**
Depreciation	14.61	13.80
Interest and other financial charges	8.27	6.82
PBT	**12.34**	**9.12**
Provision for tax	3.88	0.99
Share of Minority Interest	1.37	1.61
Share in profit of associates	-	-
Net Profit	**7.09**	**6.52**
Cost of Stock Options	3.44	3.44
Profit after Tax - PAT	**3.65**	**3.08**

(Figures in Rs crores)

Income statement – Cable Business
Year on Year – Q4 FY 2011-12 vs. Q4 FY 2010-11

Cable Business		
Particulars	**Quarter ended Mar 31, 2012**	**Quarter ended Mar 31, 2011**
Revenue	**188.75**	**159.88**
Income from operations	180.53	152.83
Other operating income	4.87	1.01
Other income	3.35	6.03
Expenditure	**149.47**	**133.52**
Operational, administrative and other costs	124.59	117.30
Personnel cost	17.89	12.95
Provision for Doubtful Debts	6.99	3.27
EBITDA (Before exceptional one time expenses)	**39.27**	**26.36**
EBITDA Margins	***20.8%***	***16.5%***
Exceptional one time expenses	4.05	3.40
EBITDA (After exceptional one time expenses)	**35.22**	**22.96**
Depreciation	14.61	11.29
Interest and other financial charges	8.27	5.06
PBT	**12.34**	**6.61**
Provision for tax	3.88	9.42
Share of Minority Interest	1.37	(7.95)
Share in profit of associates	-	(0.16)
Net Profit	**7.09**	**4.99**
Cost of Stock Options	3.44	0.19
Profit after Tax - PAT	**3.65**	**4.79**

(Figures in Rs crores)

Income statement – Consolidated

Quarter on Quarter – Q4 FY 2011-12 vs. Q3 FY 2011-12

Consolidated		
Particulars	**Quarter ended Mar 31, 2012**	**Quarter ended Dec 31, 2011**
Revenue	**325.24**	**282.16**
Income from operations	316.61	278.05
Other operating income	5.00	0.16
Other income	3.64	3.94
Expenditure	**283.59**	**249.57**
Operational, administrative and other costs	252.00	229.01
Personnel cost	21.11	18.75
Provision for Doubtful Debts	10.48	1.81
EBITDA (Before exceptional one time expenses)	**41.65**	**32.59**
EBITDA Margins	***12.8%***	***11.6%***
Exceptional one time expenses	2.72	1.28
EBITDA (After exceptional one time expenses)	**37.60**	**30.84**
Depreciation	14.72	13.94
Interest and other financial charges	8.28	6.78
PBT	**14.61**	**10.11**
Provision for tax	5.04	1.53
Share of Minority Interest	1.37	1.61
Share in profit of associates	-	-
Net Profit	**8.19**	**6.98**
Cost of Stock Options	3.44	3.44
Profit after Tax - PAT	**4.75**	**3.54**

(Figures in Rs crores)

Income statement – Consolidated

Year on Year – Q4 FY 2011-12 vs. Q4 FY 2010-11

Consolidated		
Particulars	**Quarter ended Mar 31, 2012**	**Quarter ended Mar 31, 2011**
Revenue	**325.24**	**284.06**
Income from operations	316.61	275.93
Other operating income	5.00	1.87
Other income	3.64	6.27
Expenditure	**283.59**	**253.11**
Operational, administrative and other costs	252.00	232.59
Personnel cost	21.11	16.99
Provision for Doubtful Debts	10.48	3.53
EBITDA (Before exceptional one time expenses)	**41.65**	**30.95**
EBITDA Margins	***12.8%***	***10.9%***
Exceptional one time expenses	4.04	3.40
EBITDA (After exceptional one time expenses)	**37.60**	**27.55**
Depreciation	14.72	11.36
Interest and other financial charges	8.28	5.06
PBT	**14.61**	**11.13**
Provision for tax	5.04	10.91
Share of Minority Interest	1.37	(7.95)
Share in profit of associates	-	(0.16)
Net Profit	**8.19**	**8.01**
Cost of Stock Options	3.44	0.19
Profit after Tax - PAT	**4.75**	**7.82**

(Figures in Rs crores)

Income statement – Cable Annual
FY 2011-12 vs. FY 2011-12

Cable Business		
Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
Revenue	**677.87**	**569.97**
Income from operations	654.69	537.56
Other operating income	10.05	17.17
Other income	13.14	15.25
Expenditure	**551.54**	**451.11**
Operational, administrative and other costs	480.03	395.83
Personnel cost	61.49	50.01
Provision for Doubtful Debts	10.02	5.27
EBITDA (Before exceptional one time expenses)	**126.33**	**118.86**
EBITDA Margins	***18.6%***	***20.9%***
Exceptional one time expenses	6.77	9.44
EBITDA (After exceptional one time expenses)	**119.56**	**109.42**
Depreciation	53.46	45.30
Interest and other financial charges	26.96	19.19
PBT	**39.14**	**44.93**
Provision for tax	7.73	11.73
Share of Minority Interest	5.42	6.82
Share in profit of associates	0.40	0.02
Net Profit	**26.39**	**26.41**
Cost of Stock Options	16.08	0.19
Profit after Tax - PAT	**10.32**	**26.21**

(Figures in Rs crores)

Income statement – Consolidated Annual
FY 2011-12 vs. FY 2011-12

Consolidated		
Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
Revenue	**1,154.13**	**1,058.06**
Income from operations	1,128.49	1,022.11
Other operating income	10.81	19.74
Other income	14.83	16.21
Expenditure	**1,020.13**	**921.94**
Operational, administrative and other costs	924.95	843.77
Personnel cost	76.90	63.42
Provision for Doubtful Debts	18.28	14.75
EBITDA (Before exceptional one time expenses)	**134.00**	**136.12**
EBITDA Margins	***11.6%***	***12.9%***
Exceptional one time expenses	6.77	9.44
EBITDA (After exceptional one time expenses)	**127.23**	**126.68**
Depreciation	53.79	45.58
Interest and other financial charges	26.99	19.19
PBT	**46.45**	**61.91**
Provision for tax	10.79	17.39
Share of Minority Interest	5.42	6.82
Share in profit of associates	0.40	0.02
Net Profit	**30.64**	**37.72**
Cost of Stock Options	16.08	0.19
Profit after Tax - PAT	**14.57**	**37.53**

(Figures in Rs crores)