



DEN Networks Limited **Investor Update (Q2 FY2011-12)**

I) Quarter Financials

1. Cable Business

Quarter-on-Quarter

- **Revenues:** Total revenues at Rs 163.0 cr was up 3% compared to Rs 157.5 cr in Q1 FY' 12.
- **EBITDA:** EBITDA stood at Rs 28.5 cr in Q2 FY' 12, up 9% vs Q1 FY' 12 EBITDA of Rs 26.1 cr.
- **PAT:** PAT in Q2 FY' 12 stood at Rs 2.7 cr vs Rs 0.9 cr in Q1 FY' 12, up 206%. PAT before ESOP stood at Rs 6.0 cr in Q2 FY' 12 vs 6.8 cr in Q1 FY' 12 on account of higher finance costs and higher depreciation.

Year-on-Year

- **Revenues:** Total revenues in Q2 FY' 12 stood at Rs 163.0 cr, up 18% Y-o-Y vs Rs 138.6 cr in Q1 FY' 11 on the back of strong growth momentum across DEN's markets.
- **EBITDA:** EBITDA stood at Rs 28.5 cr, up 5% y-o-y vs (after adjusting for a non-recurring income of Rs 3.3 cr in the previous year).
- **PAT:** PAT in Q2 FY' 12 stood at Rs 2.7 cr vs Rs 7.7 cr in Q2 FY' 11. PAT before ESOP in Q2 FY' 12 stood at Rs 6.0 cr, up 34% y-o-y vs Rs 4.4 cr in Q2FY' 11 (after adjusting for a non-recurring income of Rs 3.3 cr in the previous year).

2. Consolidated

- **Financials:** Consolidated revenues stood at Rs 259.9 cr, consolidated EBITDA was 31.1 cr and consolidated PAT stood at Rs 4.4 cr (after ESOP costs of Rs 3.3 cr)
- **Consolidated Financials of Past Periods Not Comparable:** The formation of Media Pro resulted in DEN effectively consolidating 25% of Media Pro financials from Q2 FY' 12 as against 50% of Star DEN financials in past quarters. Moreover, Star DEN's accounting policies have also changed. As a result, current and past consolidated financials of DEN are not comparable.

II) Quarter Highlights

1) Full Digitisation Mandate

In Oct 2011, the Hon'ble President of India signed the ordinance for full digitization with addressability of cable television in India. The ordinance will make it mandatory for all cable operators to switch to digital signals across



India (by December 31, 2014) in a phased manner starting with the 4 metros (Delhi, Mumbai, Kolkata, Chennai).

- **Key features of the ordinance are as follows :**
 - **Digitally addressable system:** Cable operators have to transmit all channels (including FTA channels) in an encrypted form through an ‘addressable digital set top box’
 - **Right of Way:** Cable operators to have Right of Way to set-up optical fiber/cable network
 - **New Registrations:** No new registration will be granted to any cable operator who does not transmit channel through digital addressable system
- **Notification (details) of the new law by the Ministry of Information & Broadcasting (MIB) and the prescribing of operating ground rules under the new regime from the TRAI are awaited.**

2) Media Pro

- **Media Pro, the 50-50 joint venture between Star DEN and Zee Turner, became operational from July 2011.**
- **Formation of the new entity saw new structures and processes being put in place, right-sizing of the combined team and infrastructure.**

3) Geographic Expansion

DEN is focusing on growing its market shares in towns it has entered recently, namely in West Bengal, Jharkhand and Bihar. It is investing in upgrading existing networks and is getting the digital infrastructure in place.



Income Statement – Cable Business

Quarter-on-Quarter- Q2 FY2011-12 vs Q1 FY2011-12

Particulars	Cable Business	
	Quarter ended Sep 30, 2011	Quarter ended June 30, 2011
Revenue	162.99	157.50
Income from operations	159.81	149.73
Other operating income	0.70	4.13
Other income	2.49	3.64
Expenditure	134.52	131.39
Operational, administrative and other costs	117.69	117.10
Personnel cost	15.12	13.67
Provision for doubtful debts/ advances	1.71	0.62
EBITDA	28.47	26.11
Depreciation	12.86	12.18
Interest and other financial charges	6.75	5.12
Provision for tax	1.86	1.00
Share of Minority Interest	1.00	1.44
Share in profit of associates	-	0.40
Net Profit	5.99	6.77
Cost of Stock Options	3.30	5.89
Profit after Tax - PAT	2.69	0.88

(Figures in Rs crores)

Note: Totals may differ marginally from the sum of individual line items on account of rounding



Income Statement – Cable Business

Year-on-Year – Q2 FY2011-12 vs Q2 FY2010-11

Particulars	Cable Business	
	Quarter ended Sep 30, 2011	Quarter ended Sep 30, 2010
Revenue	162.99	138.59
Income from operations	159.81	131.29
Other operating income	0.70	4.76
Other income	2.49	2.54
Expenditure	134.52	108.10
Operational, administrative and other costs	117.69	94.90
Personnel cost	15.12	11.85
Provision for doubtful debts/ advances	1.71	1.35
EBITDA	28.47	30.49
Depreciation	12.86	11.53
Interest and other financial charges	6.75	4.47
Exceptional expense - Provision for diminution in value of investment	-	-
Provision for tax	1.86	0.29
Share of Minority Interest	1.00	6.44
Share in profit of associates	-	-
Net Profit	5.99	7.76
Cost of Stock Options	3.30	-
Profit after Tax - PAT	2.69	7.76

(Figures in Rs crores)

Note: Totals may differ marginally from the sum of individual line items on account of rounding



Income Statement – Consolidated

Q2 FY2011-12

Particulars	Quarter ended Sep 30, 2011
Revenue	259.96
Income from operations	255.20
Other operating income	1.35
Other income	3.40
Expenditure	228.81
Operational, administrative and other costs	206.07
Personnel cost	19.26
Provision for doubtful debts/ advances	3.49
EBITDA	31.14
Depreciation	12.87
Interest and other financial charges	6.81
Provision for tax	2.74
Share of Minority Interest	1.00
Share in profit of associates	-
Net Profit	7.72
Cost of Stock Options	3.30
Profit after Tax - PAT	4.42

(Figures in Rs crores)

Note: Totals may differ marginally from the sum of individual line items on account of rounding