



DEN Networks Limited
Investor Update: Q3 FY 2013-14

QUARTER FACT SHEET

I. FINANCIALS

▪ Consolidated Revenues:	Rs 297.25 crores
▪ Cable Revenues:	Rs 281.00 crores
• Subscription Revenues:	Rs 105.0 crores
• Placement Revenues:	Rs 117.8 crores
• Digital Activation Revenues:	Rs 28.6 crores
• Other Operating Income	Rs 6.9 crores
• Other Income	Rs 22.6 crores
▪ Consolidated EBITDA:	Rs 95.25 crores
▪ Consolidated PAT:	Rs 16.28 crores
<i>(Before Exceptional One Time Expenses)</i>	

II. SET TOP BOXES DEPLOYED: 450,000 STBs approx.

III. LOAN FUNDS & LIQUIDITY (Cable Business)

▪ Gross Debt:	Rs 949 crores
▪ Total Cash & Cash Equivalent:	Rs 1,203 crores
▪ Net Debt:	Negative Net Debt/Debt Free

IV. CONSOLIDATED NET WORTH: Rs 1,797 crores

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

QUARTER FINANCIALS

I. CONSOLIDATED

1. Year on Year (Q3 FY 2013-14 vs. Q3 FY 2012-13)

- **Consolidated Revenues Up 23% Y-o-Y**

Consolidated Revenues for Q3 FY'14 were Rs 297.25 crores vs. Rs 242.00 crores in Q3 FY'13, up by 23% Y-o-Y.

- **Consolidated EBITDA Leaps 45% Y-o-Y**

Consolidated EBITDA for Q3 FY'14 was Rs 95.25 crores vs. Rs 65.50 crores in Q3 FY'13, a 45% leap Y-o-Y.

- **Consolidated Profit Stable**

Consolidated PBT in Q3 FY'14 was Rs 34.22 crores even after 74% increase in Depreciation and 109% increase in finance costs.

2. Quarter on Quarter (Q3 FY 2013-14 vs. Q2 FY 2013-14)

- **Consolidated Revenues at Rs 297.25 crores, Up 7% Q-o-Q**

Consolidated Revenues for Q3 FY'14 were Rs 297.25 crores vs. Rs 276.59 crores in Q2 FY'14.

- **Consolidated EBITDA of Rs 95.25 crores; Remains Stable**

Consolidated EBITDA for Q3 FY'14 was Rs 95.25 crores vs. Rs 92.41 crores in Q2 FY'14, up 3% Q-o-Q. EBITDA Margins stood at 32.0%.

- **Consolidated Profit Remains Steady**

Consolidated PBT in Q3 FY'14 was Rs 34.22 crores vs. Rs 33.83 crores in Q2 FY'13.

Consolidated PAT (Before Forex Losses & ESOP Expenses) for Q3 FY'14 was Rs 16.28 crores.

Consolidated PAT (After Forex Losses & ESOP Expenses) stood at Rs 7.03 crores.

II. CABLE BUSINESS

1. Year on Year (Q3 FY 2013-14 vs. Q3 FY 2012-13)

- **Cable Revenues Up 22% Y-o-Y**

Cable revenues for Q3 FY'14 were Rs 281.00 crores vs. Rs 229.66 crores in Q3 FY'13, up 22% Y-o-Y.

- **Cable EBITDA Leaps 44% Y-o-Y**

Cable EBITDA for Q3 FY'14 was Rs 91.95 crores vs. Rs 63.63 crores in Q3 FY'13, a 44% Y-o-Y jump.

- **Cable Profit Remains Steady**

Cable PBT in Q3 FY'14 was Rs 31.03 crores vs. Rs 31.09 crores in Q3 FY'13.
Cable PAT (Before Forex Losses & ESOP Expenses) for Q3 FY'14 was Rs 15.15 crores.
Cable PAT (After Forex Losses & ESOP Expenses) for Q3 FY'14 stood at Rs 5.90 crores.

2. Quarter on Quarter (Q3 FY 2013-14 vs. Q2 FY 2013-14)

- **Cable Revenues at Rs 281.00 crores, Rises 7% Q-o-Q**

Cable revenues for Q3 FY'14 were Rs 281.00 crores vs. Rs 263.31 crores in Q2 FY'14, a 7% rise Q-o-Q. Cable Revenue (excluding Treasury items) remains steady.

- **Cable EBITDA Rose 3% Q-o-Q**

Cable EBITDA for Q3 FY'14 at Rs 91.95 crores higher vs. Rs 89.43 crores in Q2 FY'14.

- **Cable Profit Remains Steady**

Cable PBT in Q3 FY'14 was Rs 31.03 crores.

3. 9 Months view (Period ended Dec, 2013 vs. Period ended, Dec, 2012)

- **Cable Revenues at Rs 807.16 crores, Jumps 31%**

Cable revenues for period ended Dec, 2013 were Rs 807.16 crores vs. Rs 617.18 crores for period ended Dec, 2012, a 31% rise.

- **Cable EBITDA Leaps 80%**

Cable EBITDA for period ended Dec, 2013 was at Rs 267.21.95 crores higher vs. Rs 148.64 crores for period ended Dec, 2012; up by 80%.

- **Cable Profit Rises 47%**

Cable PBT for period ended Dec, 2013 was Rs 94.76 vs. 64.44 crores for period ended Dec, 2012; up by 47%.

Cable PAT (Before Forex Losses & ESOP Expenses) for period ended Dec 2013 was Rs 49.98 crores vs. Rs 43.59crores for period ended Dec, 2013, a 14.7% jump.

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

QUARTER HIGHLIGHTS

III. INDUSTRY UPDATES

1. KYC Data Completion for Phase 1 & 2 Cities

Following TRAI's mandate on collection of complete KYC data from Phase 1 and 2 subscribers, all MSOs aligned their efforts to collect the required data from their respective subscriber bases.

The KYC Data collection has been completed for all Phase 1 subscribers and fed into the Subscriber Management Systems of MSOs. A similar initiative for Phase 2 cities was also carried on and KYC Data collection has already been completed as on date.

2. Retail Consumer Billing Initiated:

Post the successful collection of KYC Data from subscribers, MSOs have rolled out channel packages and provided choices to the consumer necessary to start retail billing. Billing has been successfully initiated in Delhi from December and efforts are on to ensure successful implementation.

3. TRAI Order on Content Aggregation:

The TRAI through its new regulation has structured the role of content aggregators by setting forth guidelines wherein they can bundle/form bouquets of channels of only one broadcaster. This is symptomatic of the changing business environment from the existing B2B to B2C. According to the regulation, the TRAI has given broadcasters 6 months for reworking their existing deals with content distribution platforms.

IV. COMPANY UPDATES

1. DEN: Fully Geared to Launch its Broadband Services

The company's plans of launching a high speed cable broadband service for its subscribers across geographies are now on their finalisation stage.

Team: A team of highly experienced professionals from the broadband industry is in place and a new office space spreading over 14000 sq feet has been acquired for the broadband team.

Project Management: A leading global strategy consultant firm has been taken on board to provide overall project management including market identification, roll out strategy, technological inputs and providing global expertise.

Technology: End to end technology solutions are being provided by the technology giant – CISCO. The company has initiated the roll out of networks with DOCSIS 3.0 technology. The orders for equipment have already been placed and the deliveries are in progress.

All the processes in the company are being aligned towards the successful launch of DEN's broadband foray. The Commercial launch is expected by April 2014.

2. Contract for Managed Services with a Tier-1 IT Firm

With the rapidly expanding scope of operations of the company, a top tier IT firm has been appointed for a managed services contract for a period of 10 years. This will cater to the billing, CRM, inventory management, web interface and payment gateway requirements of the company, eventually leading to the consumer getting a seamless service experience.

3. Digitisation Update

a) DEN's Digital Subscriber Base Crosses 5.7 Million:

Out of a total subscriber base of 13 million homes, approximately 5.7 million homes have been converted to digital.

b) DAS Phase 1 & 2:

DEN is present in 27 out of a total of 41 Phase 1 & 2 cities and approximately 5 million set top boxes have been deployed in these markets.

c) DAS Phases 3 & 4:

DEN has an estimated analog base of 8 million homes in its Phase 3 & 4 markets. The Company is well capitalised to meet the deployment requirements of its existing subscriber base in these cities.

More than 0.7 million set top boxes have already been installed and the pace of deployment is expected to pick up rapidly as the deadlines approaches.

The company has also launched digital services in several major cities and towns of Uttar Pradesh, Maharashtra, Bihar, Rajasthan and West Bengal over the last few months.

Income statement – Consolidated

Year on Year – Q3 FY 2013-14 vs. Q3 FY 2012-13

Particulars	Quarter ended Dec 31, 2013	Quarter ended Dec 31, 2012
Revenue	297.25	242.00
Income from Operations	269.31	235.56
Other Operating Income	4.95	1.73
Other Income	22.98	4.70
Expenditure	202.00	176.50
Operational, Administrative and Other Costs	173.97	154.28
Personnel Cost	28.03	22.22
EBITDA	95.25	65.50
EBITDA Margins	32.0%	27.1%
Depreciation	36.64	21.01
Interest and Other Financial Charges	24.39	11.68
Profit Before Tax	34.22	32.81
Provision for Tax	8.88	6.88
Share of Minority Interest	9.06	2.44
Share in Profit of Associates	-	-
Profit After Tax (Before ESOP & Exceptional One Time Expenses)	16.28	23.49
Cost of Stock Options	-	1.20
Exceptional One Time Expenses	9.25	-
Foreign Exchange (Gain)/Loss	-	5.11
Profit After Tax (After ESOP & Exceptional One Time Expenses)	7.03	17.18

(Figures in Rs crores)

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

Income Statement – Consolidated

Quarter on Quarter – Q3 FY 2013-14 vs. Q2 FY 2013-14

Particulars	Quarter ended Dec 31, 2013	Quarter ended Sept 30, 2013
Revenue	297.25	276.59
Income from Operations	269.31	266.33
Other Operating Income	4.95	5.55
Other Income	22.98	4.71
Expenditure	202.00	184.18
Operational, Administrative and Other Costs	173.97	159.19
Personnel Cost	28.03	24.99
EBITDA	95.25	92.41
<i>EBITDA Margins</i>	<i>32.0%</i>	<i>33.4%</i>
Depreciation	36.64	37.04
Interest and Other Financial Charges	24.39	21.53
Profit Before Tax	34.22	33.83
Provision for Tax	8.88	5.37
Share of Minority Interest	9.06	11.32
Profit After Tax (Before ESOP & Exceptional One Time Expenses)	16.28	17.14
Exceptional One Time Expenses	9.25	-
Foreign Exchange (Gain)/Loss	-	5.96
Profit After Tax (After ESOP & Exceptional One Time Expenses)	7.03	11.18

(Figures in Rs crores)

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

Income Statement – Cable Business

Year on Year – Q3 FY 2013-14 vs. Q3 FY 2012-13

Particulars	Quarter ended Dec 31, 2013	Quarter ended Dec 31, 2012
Revenue	281.00	229.66
Income from Operations	255.51	225.03
Other Operating Income	2.89	0.19
Other Income	22.60	4.45
Expenditure	189.06	166.03
Operational, Administrative and Other Costs	165.64	147.25
Personnel Cost	23.42	18.78
EBITDA	91.95	63.63
EBITDA Margins	32.7%	27.7%
Depreciation	36.52	20.87
Interest and Other Financial Charges	24.39	11.68
Profit Before Tax	31.03	31.09
Provision for Tax	6.82	6.40
Share of Minority Interest	9.06	2.44
Profit After Tax (Before ESOP & Exceptional One Time Expenses)	15.15	22.24
Cost of Stock Options	-	1.20
Exceptional One Time Expenses	9.25	-
Foreign Exchange (Gain)/Loss	-	5.11
Profit After Tax (After ESOP & Exceptional One Time Expenses)	5.90	15.94

(Figures in Rs crores)

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

Income statement – Cable Business

Quarter on Quarter – Q3 FY 2013-14 vs. Q2 FY 2013-14

Particulars	Quarter ended Dec 31, 2013	Quarter ended Sept 30, 2013
Revenue	281.00	263.31
Income from Operations	255.51	254.35
Other Operating Income	2.89	4.58
Other Income	22.60	4.38
Expenditure	189.06	173.88
Operational, Administrative and Other Costs	165.64	153.43
Personnel Cost	23.42	20.45
EBITDA	91.95	89.43
EBITDA Margins	32.7%	34.0%
Depreciation	36.52	36.93
Interest and Other Financial Charges	24.39	21.53
Profit Before Tax	31.03	30.96
Provision for Tax	6.82	4.04
Share of Minority Interest	9.06	11.32
Profit After Tax (Before ESOP & Exceptional One Time Expenses)	15.15	15.60
Exceptional One Time Expenses	9.25	-
Foreign Exchange (Gain)/Loss	-	5.96
Profit After Tax (After ESOP & Exceptional One Time Expenses)	5.90	9.64

(Figures in Rs crores)

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years

Income statement – Cable Business

9 months period ended Dec 2013 vs. 9 months period ended Dec 2012

Particulars	9M ended Dec 31, 2013	9M ended Dec 31, 2012
Revenue	807.16	617.18
Income from Operations	763.74	601.67
Other Operating Income	10.00	1.49
Other Income	33.42	14.02
Expenditure	539.95	468.54
Operational, Administrative and Other Costs	473.39	413.17
Personnel Cost	66.55	55.37
EBITDA	267.21	148.64
<i>EBITDA Margins</i>	<i>33.1%</i>	<i>24.1%</i>
Depreciation	106.56	53.51
Interest and Other Financial Charges	65.90	30.69
Profit Before Tax	94.76	64.44
Provision for Tax	13.20	13.97
Share of Minority Interest	31.58	6.88
Profit After Tax (Before ESOP & Exceptional One Time Expenses)	49.98	43.59
Cost of Stock Options	-	2.82
Exceptional One Time Expenses	9.25	-
Foreign Exchange (Gain)/Loss	15.97	-
Profit After Tax (After ESOP & Exceptional One Time Expenses)	24.76	40.76

(Figures in Rs crores)

Note: Exceptional One Time Expenses include provision for impairment/loss on sale of investments of 9.3 crores which is primarily on account of finalisation of arbitration settlement for an analog JVC which was going on for the last 2 years