

# Deloitte Haskins & Sells

Chartered Accountants  
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## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF DEN NETWORKS LIMITED

1. We have reviewed the accompanying statement of Unaudited Financial Results for the Quarter ended 30 June, 2012 of **DEN Networks Limited** ("the Company") (herein referred to as "Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Our review has been restricted to the figures shown in the columns headed "Quarter ended 30 June, 2012, 30 June 2011 and 31 March 2012" and "Year ended 31 March, 2012" for the Company and the applicable notes. We have not performed any review in respect of the figures shown in columns headed "Quarter ended 30 June, 2012, 30 June 2011 and 31 March, 2012" and "Year ended 31 March, 2012" for the consolidated financial results included in the Statement, or the notes applicable thereto and accordingly, do not express any opinion thereon.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.



**Deloitte****Haskins & Sells**

5.

Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements from the details furnished by the management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrar.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)



**JITENDRA AGARWAL**

Partner

(Membership No. 87104)

**GUANGZHOU**  
9 August, 2012

**DEN Networks Limited**  
**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 30 JUNE 2012**

(Rs. In Lakhs except per share data)

Part-I	Particulars	Consolidated				Company			
		Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Unaudited)
1.	<b>Revenue</b>	<b>19,489</b>	<b>32,160</b>	<b>28,292</b>	<b>113,930</b>	<b>13,111</b>	<b>12,330</b>	<b>10,177</b>	<b>43,443</b>
	(a) Income from operations (see note 2)	19,435	31,660	27,863	112,849	12,998	11,979	9,828	42,652
	(b) Other operating Income	54	500	429	1,081	113	351	349	781
2.	<b>Expenditure</b>	<b>17,191</b>	<b>30,580</b>	<b>27,729</b>	<b>109,677</b>	<b>11,109</b>	<b>11,708</b>	<b>10,017</b>	<b>41,762</b>
	(a) Content cost	6,751	18,759	15,979	65,534	2,102	2,524	1,921	8,834
	(b) Operational, administrative and other costs	4,302	5,936	4,216	19,146	1,732	1,931	1,912	7,754
	(c) Placement cost	1,671	776	3,379	7,996	4,899	4,807	3,662	15,973
	(d) Personnel cost	2,202	2,111	1,779	7,690	1,041	957	877	3,630
	(e) Cost of traded Items	10	-	281	286	142	44	324	405
	(f) Provision for doubtful debts/ advances (including write offs)	618	1,182	279	2,038	189	256	36	505
	(g) Depreciation and amortisation expense	1,556	1,472	1,226	5,379	923	845	695	3,054
	(h) Employees stock compensation expenses	81	344	590	1,608	81	344	590	1,607
3.	<b>Profit / (loss) from operations before other income, interest and exceptional items (1-2)</b>	<b>2,298</b>	<b>1,580</b>	<b>563</b>	<b>4,253</b>	<b>2,002</b>	<b>622</b>	<b>160</b>	<b>1,681</b>
4.	Other income	571	364	384	1,483	505	452	451	1,776
5.	<b>Profit / (loss) before interest and exceptional items (3+4)</b>	<b>2,869</b>	<b>1,944</b>	<b>947</b>	<b>5,736</b>	<b>2,507</b>	<b>1,074</b>	<b>611</b>	<b>3,457</b>
6.	Interest and other financial charges	997	828	512	2,699	991	761	503	2,613
7.	<b>Profit / (loss) after interest but before exceptional items (5-6)</b>	<b>1,872</b>	<b>1,116</b>	<b>435</b>	<b>3,037</b>	<b>1,516</b>	<b>313</b>	<b>108</b>	<b>844</b>
8.	Exceptional expense - Provision for diminution in value of investment	-	-	-	-	-	-	-	-
9.	<b>Profit / (loss) from Ordinary activities before tax (7-8)</b>	<b>1,872</b>	<b>1,116</b>	<b>435</b>	<b>3,037</b>	<b>1,516</b>	<b>313</b>	<b>108</b>	<b>844</b>
10.	Provision for tax	447	503	148	1,078	327	71	-	72
11.	<b>Net profit / (loss) from ordinary activities after tax (9-10)</b>	<b>1,425</b>	<b>613</b>	<b>287</b>	<b>1,959</b>	<b>1,189</b>	<b>242</b>	<b>108</b>	<b>772</b>
12.	Share of minority interest	202	137	144	542	-	-	-	-
13.	Share in (loss)/ profit of associates	-	-	40	40	-	-	-	-
14.	<b>Net profit / (loss) (11-12+13)</b>	<b>1,223</b>	<b>476</b>	<b>183</b>	<b>1,457</b>	<b>1,189</b>	<b>242</b>	<b>108</b>	<b>772</b>



**DEN Networks Limited**  
**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 30 JUNE 2012**

(Rs. In Lakhs except per share data)

Part-I	Particulars	Consolidated				Bangalore			
		Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 (Unaudited)	Quarter ended 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Unaudited)
15.	Paid-up Equity Share Capital (Face value Rs. 10/-)	13,273	13,049	13,049	13,049	13,273	13,049	13,049	13,049
16.	Reserves (Net of accumulated losses)	-	-	-	65,588	-	-	-	61,020
17.	EPS (Not annualised)								
	(a) Basic EPS before and after Extraordinary Items for the period, for the year to date and for the previous year (not to be annualized)	0.92	0.36	0.14	1.12	0.90	0.19	0.08	0.59
	(b) Diluted EPS before and after Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	0.91	0.36	0.14	1.09	0.89	0.18	0.08	0.58
<b>Part-II</b>									
<b>A</b>	<b>Particulars of shareholding</b>								
1.	Aggregate of Public shareholding								
	(a) Number of Shares	61,365,455	59,125,455	60,373,255	59,125,455	61,365,455	59,125,455	60,373,255	59,125,455
	(b) Percentage of Shareholding	46.23	45.31	46.27	45.31	46.23	45.31	46.27	45.31
	(c) Face Value per share (Rs.)	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-
2.	Promoters and promoter group Shareholding								
	a) Pledged/Encumbered								
	- Number of shares	NII	NII	NII	NII	NII	NII	NII	NII
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NII	NII	NII	NII	NII	NII	NII	NII
	- Percentage of shares (as a% of the total share capital of the company)	NII	NII	NII	NII	NII	NII	NII	NII
	b) Non-encumbered								
	- Number of shares	71,364,520	71,364,520	70,116,720	71,364,520	71,364,520	71,364,520	70,116,720	71,364,520
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a% of the total share capital of the company)	53.77	54.69	53.73	54.69	53.77	54.69	53.73	54.69
<b>B</b>	<b>Investor complaints</b>								
	Pending at the beginning of the quarter	1	NII	NII		1	NII	NII	
	Received during the quarter	NII	2	1		NII	2	1	
	Disposed of during the quarter	1	1	1		1	1	1	
	Remaining unresolved at the end of the quarter	NII	1	NII		NII	1	NII	

**Notes to the Financial Results:**

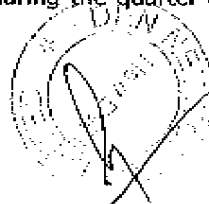
- 1 The consolidated financial results and the standalone financial results of the Company for the quarter ended June 30, 2012 have been reviewed by the Audit Committee of the Board and have been approved by the Board of Directors at their respective meetings held on August 9, 2012.
- 2 With effect from April 1, 2012, Media Pro Enterprise India Private Limited [Media Pro] (a joint venture company of Star Den Media Services Private Limited which in turn is a joint venture company of Den Networks Limited) in its standalone financial results has started reporting Net Revenues (Gross Revenues less cost of distribution rights) as against reporting revenues on a gross basis in previous quarters and years. This regrouping has resulted in revenue and distribution cost being reflected by lesser amount i.e. Rs. 12,044.72 lakhs in the current quarter. However, this regrouping does not have any impact on the net consolidated results of the Company. Hence, the corresponding figures in the consolidated financial results pertaining to income from operations in previous quarter/year are not strictly comparable.
- 3 The Statutory Auditors of the Company have carried out the Limited Review of the standalone financial results of the Company for the quarter ended June 30, 2012.
- 4 This statement of financial results has been prepared by applying the accounting policies as adopted in the last audited annual financial statements for the year ended March 31, 2011.
- 5 The Initial Public Offer (IPO) proceeds have been utilised as per objects as stated in the Prospectus dated November 5, 2009 as under :-

(Rs. In lakhs)

Objects of the Issue	Proposed	Actual
Investment in the development of cable television infrastructure and services	21,000	21,000
Investment in the development of cable broadband infrastructure and services	2,500	102
Investment in acquisition of content and broadcasting rights	1,000	431
Repayment of loans	4,000	4,000
Fund expenditure for general corporate purposes	5,258	5,203
Share Issue Expenses	2,688	2,688
	<b>36,446</b>	<b>33,424</b>

The unutilised balance of Rs. 3,022 lakhs has been retained as fixed deposits with banks.

- 6 The Company has not consolidated the results of one subsidiary company due to non availability of the management certified accounts. In the opinion of the management, the results are not significant to the Consolidated results.
- 7 The Company has total investments of Rs. 39,358.12 lakhs in subsidiary companies and a joint venture company. Of these, the Company has investment of Rs. 10,308.64 lakhs and has balances of loans/advances of Rs. 1,679.69 lakhs in various subsidiary companies whose Net Worth as at June 30, 2012 (as per management certified accounts) has fully/substantially eroded. Of these, Companies with investments aggregating to Rs. 312.48 lakhs and with balances of loans/advances of Rs. 25.30 lakhs, whose net worth is fully/substantially eroded have (as per management certified accounts), earned profits for the period ended June 30, 2012. The management of the Company expects that these subsidiary companies will have positive cash flows to adequately sustain its operations in the foreseeable future. Having regard to the long term investment and strategic involvement no provision for diminution of these investments has been considered necessary.
- 8 With regard to the stock options granted upto 31 March 2011 as per the Employee Stock Option Plan 2010, the Company has allotted 2,240,000 Equity Shares to DNL Employees Welfare Trust during the quarter ended 30 June 2012 for transfer to eligible employees upon exercise of stock options by them.



**Notes to the Financial Results:**

- 9 During the quarter under review, the Company has incurred a loss of Rs. 236.84 lakhs on account of foreign exchange fluctuation as against the loss of Rs. 47.36 lakhs in the previous quarter ending March 31, 2012.
- 10 The Company is engaged in the distribution of cable television and related services which is considered as the only reportable business segment. The company's operations are based in India.
- 11 The amounts for the previous periods have been reclassified/ regrouped to conform to the classifications adopted in the current quarter.

For DEN Networks Limited

  
**SAMEER MANCHANDA**  
Chairman & Managing Director

New Delhi  
August 9, 2012





August 09, 2012

1. **Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers,  
25th Floor, Dalal Street,  
MUMBAI – 400 001
  
2. **National Stock Exchange of India Ltd.td**  
Exchange Plaza, 5th Floor,  
Plot No. C1, G Block,  
Bandra – Kurla Complex,  
Bandra (East)  
MUMBAI- 400 051 ✓

**Sub: - Unaudited Financial Results and Limited Review Report for the quarter ended on June 30, 2012**

Dear Sir,

Please find enclosed Unaudited Financial Results and Statutory Auditors' Report of DEN Networks Limited on Limited Review for the quarter ended on June 30, 2012 in compliance with clause 41 of the listing agreement.

You are requested to take the above in your record.

Thanking you,

Yours faithfully

For DEN Networks Limited

**Jatin Mahajan**  
Company Secretary

**DEN Networks Limited**

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