

Deloitte Haskins & Sells

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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 and Nine Months ended 31 December, 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 and Nine Months ended 31 December, 2012, Quarter ended 30 September, 2012 and Quarter and Nine Months ended 31 December, 2011" for the Company and the applicable notes. The figures stated in the columns headed "Year ended 31 March, 2012" for the Company and "Year ended 31 March, 2012" for consolidated financial results have been traced from the audited financial statements as at and for the year ended 31 March, 2012 for the Company and the Group respectively. We have not performed any review in respect of the figures shown in columns headed "Quarter and Nine Months ended 31 December, 2012, Quarter ended 30 September, 2012 and Quarter and Nine Months ended 31 December, 2011" for the consolidated financial results included in the statement of "Unaudited Financial Results for the Quarter and Nine Months ended 31 December, 2012", 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.

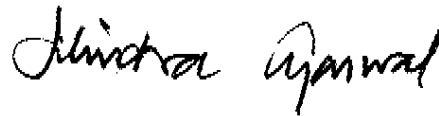
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5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered 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)

Place: **UDAIPUR**
15 January, 2013



DEN Networks Limited
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 DECEMBER 2012

Part-I Particulars		(Rs. In Lakhs except per share data)					
		Quarter ended 31.12.2012 (Unaudited)	Quarter ended 30.09.2012 (Unaudited)	Quarter ended 31.12.2011 (Unaudited)	Nine months ended 31.12.2012 (Unaudited)	Nine months ended 31.12.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
1.	Revenue	23,713	21,060	27,822	64,262	81,779	114,171
	(a) Income from operations (see note 4)	23,531	20,274	27,806	63,240	81,189	112,952
	(b) Other operating income	182	786	16	1,022	590	1,219
2.	Expenditure	20,363	18,466	25,871	56,020	79,097	110,110
	(a) Content cost	8,293	7,659	16,154	22,703	46,775	66,180
	(b) Operational, administrative and other costs	5,869	4,700	4,699	14,871	13,209	18,870
	(c) Placement cost	1,071	1,378	2,171	4,120	7,220	7,879
	(d) Personnel cost	2,205	2,167	1,874	6,595	5,579	7,708
	(e) Cost of traded items	103	16	6	129	287	291
	(f) Provision for doubtful debts/ advances (Including write offs)	603	715	228	1,936	856	2,194
	(g) Depreciation and amortisation expense	2,099	1,729	1,395	5,384	3,907	5,381
	(h) Employees stock compensation expenses	119	82	344	282	1,264	1,607
3.	Profit / (loss) from operations before other income, interest and exceptional items (1-2)	3,350	2,594	951	8,242	2,673	4,061
4.	Other income	470	551	394	1,592	1,119	1,489
5.	Profit / (loss) before interest and exceptional items (3+4)	3,820	3,145	1,345	9,834	3,792	5,550
6.	Interest and other financial charges	1,169	905	678	3,072	1,871	2,691
7.	Profit / (loss) after interest but before exceptional items (5-6)	2,651	2,239	667	6,762	1,921	2,859
8.	Exceptional expense - Provision for diminution in value of investment	-	-	-	-	-	2
9.	Profit / (loss) from Ordinary activities before tax (7-8)	2,651	2,239	667	6,762	1,921	2,857
10.	Provision for tax	689	440	153	1,576	575	1,002
11.	Net profit / (loss) from ordinary activities after tax (9-10)	1,962	1,799	514	5,186	1,346	1,855
12.	Share of minority interest	245	241	161	688	405	454
13.	Share in (loss)/ profit of associates	-	-	-	-	40	25
14.	Net profit / (loss) (11-12+13)	1,717	1,558	353	4,498	951	1,426
15.	Paid-up Equity Share Capital (Face value Rs. 10/-)	13,402	13,273	13,049	13,402	13,049	13,049
16.	Reserves (Net of accumulated losses)	-	-	-	-	-	67,155
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 annualised)	1.29	1.19	0.27	3.39	0.75	1.09
	(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)	1.29	1.18	0.26	3.39	0.73	1.06

DEN Networks Limited
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 DECEMBER 2012

(Rs. In Lakhs except per share data)

Part-I		Consolidated					
Particulars		Quarter ended 31.12.2012 (Unaudited)	Quarter ended 30.09.2012 (Unaudited)	Quarter ended 31.12.2011 (Unaudited)	Nine months ended 31.12.2012 (Unaudited)	Nine months ended 31.12.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
Part-II							
A Particulars of shareholding							
1.	Aggregate of Public shareholding						
(a)	Number of Shares	62,663,681	61,369,555	59,125,455	62,663,681	59,125,455	59,125,455
(b)	Percentage of Shareholding	46.24	46.24	45.31	46.24	45.31	45.31
(c)	Face Value per share (Rs.)	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-
2.	Promoters and promoter group Shareholding						
a)	Pledged/Encumbered						
-	Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
-	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
-	Percentage of shares (as a% of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil	Nil
b)	Not-encumbered						
-	Number of shares	71,360,420	71,360,420	71,364,520	71,360,420	71,364,520	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
-	Percentage of shares (as a% of the total share capital of the company)	53.24	53.76	54.69	53.24	54.69	54.69
B Investor complaints							
	Pending at the beginning of the quarter	Nil	Nil	Nil	Nil	Nil	Nil
	Received during the quarter	Nil	1	1	Nil	Nil	6
	Disposed of during the quarter	Nil	1	1	Nil	Nil	5
	Remaining unresolved at the end of the quarter	Nil	Nil	Nil	Nil	Nil	1

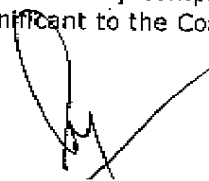
Notes to the Financial Results:

- 1 The consolidated financial results and the standalone financial results of the Company for the quarter and nine months ended December 31, 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 January 15, 2013.
- 2 The Statutory Auditors of the Company have carried out the Limited Review of the standalone financial results of the Company for the quarter and nine months ended December 31, 2012.
- 3 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, 2012.
- 4 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, is reporting its revenues net of cost of distribution rights upto the year ended March 31, 2012, revenues and distribution costs were reported on a gross basis. As a result of such regrouping, revenues and distribution costs are lower by Rs. 38,552.40 and Rs. 14,137.04 for the quarter and nine months period ended December 31, 2012 respectively, thereby net impacting the profit for the quarter and nine months period ended December 31, 2012. 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.
- 5 The Initial Public Offer (IPO) proceeds have been utilised as per objects as stated in the Prospectus dated November 5, 2009 as under :-

Objects of the Issue	(Rs. in lakhs)	
	Proposed Utilisation of Issue Proceeds	Actual Utilisation of Issue Proceeds
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	514
Repayment of loans	4,000	4,000
Fund expenditure for general corporate purposes	5,258	5,258
Share Issue Expenses	2,688	2,688
	36,446	33,562

The unutilised balance of Rs. 2,884 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. 41,945.50 lakhs in subsidiary companies and a joint venture company. Of these, the Company has investment of Rs. 12,098.93 lakhs and has balances of loans/advances of Rs. 1,976.06 lakhs in various subsidiary companies whose Net Worth as at December 31, 2012 (as per management certified accounts) has fully/substantially eroded. Of these, companies with Investments aggregating to Rs. 424.03 lakhs and with balances of loans/advances of Rs. 60.31 lakhs, whose net worth is fully/substantially eroded have (as per management certified accounts), earned profits for the nine months period ended December 31, 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 During the quarter ended December 31, 2012, the Company has allotted 1,294,126 Equity Shares to DNL Employees Welfare Trust for transfer to eligible employees as and when the stock options are exercised by them.
- 9 During the quarter under review, the Company has accounted for, foreign exchange loss of Rs. 546.04 lakhs as against foreign exchange gain of Rs. 553.63 lakhs in the previous quarter ending September 30, 2012. This is on account of restatement of payables in foreign currency. However, for nine months period cumulative foreign exchange gain on restatement of foreign currency payables is Rs. 7.59 lakhs.
- 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 standalone financial results have been submitted to the Stock Exchange where the Company's securities are listed and the same are also posted on the Company's website www.denetworks.com.
- 12 Following are the particulars of the Company on standalone basis for 9 months and Quarter ended December 31, 2012:-

Particulars	<i>(Rs. In Crores)</i>	
	Nine months ended 31.12.2012	Quarter ended 31.12.2012 (Unaudited)
Turnover	461.60	184.85
Profit Before Tax	59.54	24.65
Profit After Tax	43.46	17.09

- 13 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
January 15, 2013