

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 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.

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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)

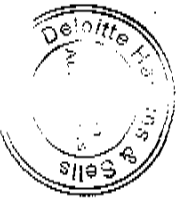
GUANG ZHOU
9 August, 2012

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

(Rs. In Lakhs except per share data)

| Part-I | Particulars | 2012 | | | | | | | | | |
|--------|--|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|--|--|
| | | 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. | Revenue | 19,499 | 32,160 | 28,292 | 113,930 | 13,111 | 12,330 | 10,177 | 43,443 | | |
| | (a) Income from operations (see note 2) | 19,435 | 31,660 | 27,863 | 112,849 | 12,998 | 11,979 | 9,828 | 42,662 | | |
| | (b) Other operating income | 54 | 500 | 429 | 1,081 | 113 | 351 | 349 | 781 | | |
| 2. | Expenditure | 17,191 | 30,580 | 27,729 | 109,677 | 11,109 | 11,708 | 10,017 | 41,762 | | |
| | (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 | 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. | Profit / (loss) from operations before other Income, interest and exceptional items (1-2) | 2,298 | 1,580 | 563 | 4,253 | 2,002 | 622 | 160 | 1,681 | | |
| 4. | Other Income | 571 | 364 | 384 | 1,483 | 505 | 452 | 451 | 1,776 | | |
| 5. | Profit / (loss) before interest and exceptional items (3+4) | 2,869 | 1,944 | 947 | 5,736 | 2,507 | 1,074 | 611 | 3,457 | | |
| 6. | Interest and other financial charges | 997 | 828 | 512 | 2,699 | 991 | 761 | 503 | 2,613 | | |
| 7. | Profit / (loss) after interest but before exceptional items (5-6) | 1,872 | 1,116 | 435 | 3,037 | 1,516 | 313 | 108 | 844 | | |
| 8. | Exceptional expense - Provision for diminution in value of Investment | - | - | - | - | - | - | - | - | | |
| 9. | Profit / (loss) from Ordinary activities before tax (7-8) | 1,872 | 1,116 | 435 | 3,037 | 1,516 | 313 | 108 | 844 | | |
| 10. | Provision for tax | 447 | 503 | 148 | 1,078 | 327 | 71 | - | 72 | | |
| 11. | Net profit / (loss) from ordinary activities after tax (9-10) | 1,425 | 613 | 287 | 1,959 | 1,189 | 242 | 108 | 772 | | |
| 12. | Share of minority interest | 202 | 137 | 144 | 542 | - | - | - | - | | |
| 13. | Share in (loss)/ profit of associates | - | - | 40 | 40 | - | - | - | - | | |
| 14. | Net profit / (loss) (11-12+13) | 1,223 | 476 | 183 | 1,457 | 1,189 | 242 | 108 | 772 | | |

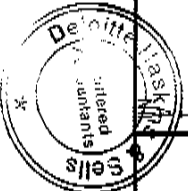
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DEN Networks Limited
UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30 JUNE 2012

(Rs. In Lakhs except per share data)

| Part-I | | 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) |
|--|--|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Part-II | | | | | | | | | |
| A Particulars of shareholding | | | | | | | | | |
| 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 | | Nil | Nil | 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 | Nil | Nil |
| - Percentage of shares (as a % of the total share capital of the company) | | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 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 Investor complaints | | | | | | | | | |
| Pending at the beginning of the quarter | | 1 | Nil | Nil | Nil | 1 | Nil | Nil | Nil |
| Received during the quarter | | Nil | 2 | 1 | Nil | Nil | 2 | 1 | Nil |
| Disposed of during the quarter | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Remaining unresolved at the end of the quarter | | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |



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 :-

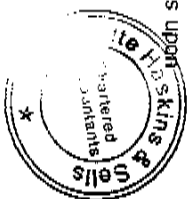
| Objects of the Issue | Proposed | Actual |
|---|---------------|---------------|
| Investment in the development of cable television infrastructure and services | 21,000 | 21,000 |
| Investment in the development of cable broadband infrastructure and services | 2,500 | 102 |
| Investment in acquisition 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 |
| | 36,446 | 33,424 |

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.

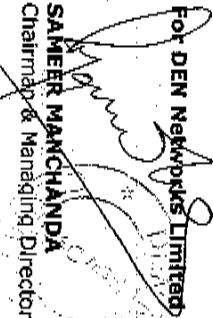
- 7 The Company has total investments of Rs. 39,358.12 lakhs in subsidiary companies and a joint venture company. Of these, the Company has investment of Rs. 10,308.64 lakhs and has balances of loans/advances of Rs. 1,679.69 lakhs in various subsidiary companies whose Net Worth as at June 30, 2012 (as 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

