

The World of Digital Entertainment

Annual Report 2011



DIGITAL ENTERTAINMENT NETWORK

Corporate Information

Board of Directors

Mr. Sameer Manchanda
Chairman Managing Director

Mr. Shahzaad Siraj Dalal
Nominee Director

Mr. Krishna Kumar P.T. Gangadharan
Alternate Director to Mr. Shahzaad Siraj Dalal

Mr. Ajaya Chand
Non Executive, Independent Director

Mr. Robindra Sharma
Non Executive, Independent Director

Mr. Atul Sharma
Non Executive, Independent Director

Registrar & Share Transfer Agent

Karvy Computershare Private Limited,
Karvy House, 46 Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034 INDIA
Phone: + 91 - 40 - 2342 0815
Fax: + 91 - 40 - 2342 0814
Email: einward.ris@karvy.com

Registered Office

236, Okhla Industrial Estate, Phase-III,
New Delhi-110 020 INDIA
Phone: + 91 - 11 - 4052 2200
Fax: + 91 - 11 - 4052 2203
www.dennetworks.com

Chief Financial Officer

Mr. Rajesh Kaushall

Company Secretary

Mr. Jatin Mahajan

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Content

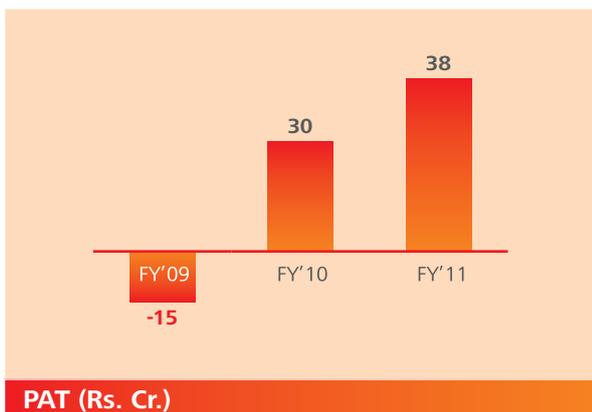
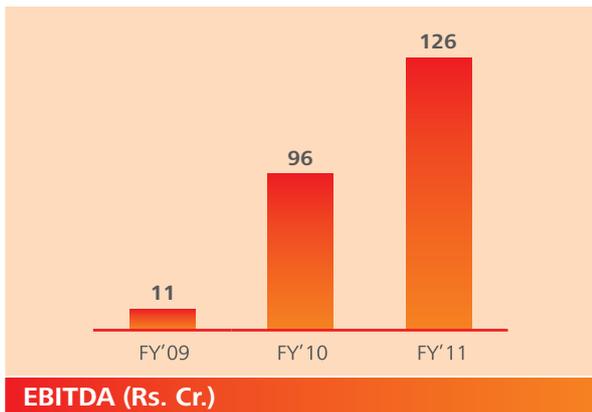
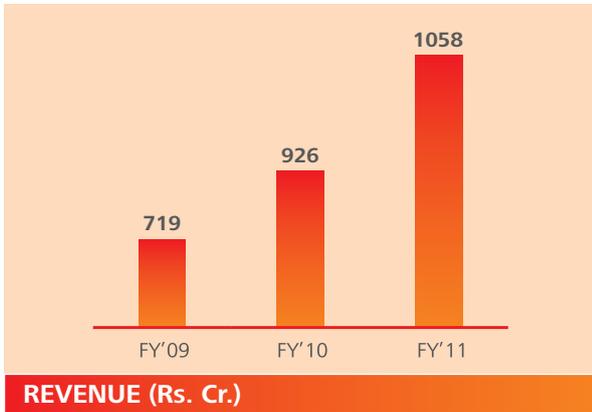
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Company
Performance

Company Performance

The Year at a Glance (Key Financials)

| Particulars | Consolidated Business | | |
|---|-----------------------|------------|------------|
| | FY 10 - 11 | FY 09 - 10 | FY 08 - 09 |
| KEY P&L Items | | | |
| Revenue (Rs cr) | 1,058 | 926 | 719 |
| EBITDA (Rs cr) | 126 | 96 | 11 |
| EBITDA Margin (%) | 12% | 10% | 2% |
| PAT (Rs cr) | 38 | 30 | (15) |
| PAT Margin (%) | 4% | 3% | -2% |
| EPS (Rs) | 2.88 | 2.69 | (1.67) |
| KEY BALANCE SHEET ITEMS | | | |
| Net Worth | 775 | 737 | 220 |
| Equity Share Capital | 131 | 130 | 18 |
| Preference Share Capital | - | - | 4 |
| Preference Share Capital issued by subsidiary company | 3 | 3 | 3 |
| Reserves & Surplus | 641 | 611 | 232 |
| Debit balance of Profit and Loss | - | (7) | (37) |
| Cash and Equivalents | 293 | 335 | 51 |
| Net Current Assets | 383 | 341 | 49 |
| RATIOS AND MARGINS | | | |
| Debt Equity Ratio (x) | 0.20 | 0.24 | 0.54 |
| ROE | 4.8% | 4.1% | -6.9% |



Highlights of the Year

Media Pro: A 50:50 J-V between STAR-DEN and Zee Turner

In May 2011, STAR DEN Media Services (STAR DEN), a 50:50 joint venture between Star India Private Ltd. and DEN, formed a 50:50 joint venture with Zee Turner Limited, a 74:26 joint venture between Zee Entertainment Enterprises Ltd and Turner International Private Limited for jointly distributing channels of the two entities across India. The joint venture company is called Media Pro Enterprise India Private Limited and commenced operations from July 2011. DEN is a participant in this J-V through its 50 per cent stake in STAR DEN.

The coming together of India's leading content aggregation and distribution companies brings 68 pay TV channels from the erstwhile Star DEN and Zee Turner bouquets under the same roof. Media Pro distributes leading channels including Star Plus, Star Movies, Star World, Zee TV, Zee Cinema and several others. The objective of the JV is to transform content distribution in India by creating efficiencies in the distribution arena, promoting transparency, and spurring digitalisation.

DEN and BFTV LLC form a 75:25 JV for launching Baby First TV in India

In October 2010, IME Networks Private Limited, a subsidiary of DEN, entered into a joint venture with BFTV LLC to distribute the 'BabyFirst TV' channel in India and select countries in South Asia. Baby First TV is a television channel for babies, toddlers and their parents aired in several countries across the world. The JV is in the process of securing the necessary licenses to broadcast the channel in India.

Director's Report

Dear Shareholders,

Your Directors are delighted to present the Fourth Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended March 31, 2011.

Financial Performance

The key financial figures on standalone and consolidated basis of your Company for the year ended March 31, 2011 are as follows:

Rs. in (Lakhs)

| Particulars | Consolidated | | Standalone | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Financial Year Ended March 31, 2011 | Financial Year Ended March 31, 2010 | Financial Year Ended March 31, 2011 | Financial Year Ended March 31, 2010 |
| Net Revenue | 1,05,806.16 | 92,559.33 | 35,453.91 | 33,477.73 |
| Operating Profit/(Loss) before interest and depreciation | 12,648.73 | 9,615.77 | 5,074.68 | 6,125.18 |
| Interest | 1,918.61 | 1,944.25 | 1,863.03 | 1,930.39 |
| Depreciation | 4,558.25 | 3,288.34 | 2,611.99 | 2,186.30 |
| Net Profit/(Loss) before Tax | 6,171.87 | 4,383.18 | 599.66 | 2,008.49 |
| Provision for taxes/deferred Tax | 1,738.65 | 740.80 | (96.30) | (71.68) |
| Profit/(Loss) after Tax | 3,753.03 | 3,011.14 | 695.96 | 2,080.17 |

Result of Operations

During the financial year 2010–11 your Company, on a consolidated basis, has generated over Rs.1058.60 crores of revenues and post tax profit of Rs.37.53 crores. The corresponding figures for financial year 2009-10 were revenue of Rs 925.59 Crores and post tax profit of Rs. 30.11 crores.

Consolidated Financial Statements

Pursuant to Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS – 23 on the Accounting for Investments in Associates and Accounting Standard AS– 27 on Accounting on Joint Ventures, issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements are provided in this Annual Report.

Review of Year Gone by

During the year, the Company consolidated its growth following the rapid scale up of the preceding years. Its core business continued to exhibit robust growth. It continued to invest in its digital cable operations. Along with revenue growth, the company maintained its profitability.

Media Pro: A 50:50 JV between STAR-DEN and Zee Turner

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The JV will distribute 68 pay TV channels from the erstwhile Star DEN and Zee Turner bouquets. The objective of the JV is to transform content distribution in India by creating efficiencies in the distribution arena, promoting transparency and curbing piracy.

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The JV is in the process of securing the necessary licenses to broadcast the channel in India.

Changes in Capital Structure

During the year ended March 31, 2011, the Authorized Share Capital of the Company increased from Rs. 1,65,00,00,000 (Rupees One Hundred Sixty Five Crores) to Rs.2,00,00,00,000(Rupees Two Hundred Crores) and paid up Equity Share Capital of the Company remains the same i.e., Rs. 1,30,48,99,750 (Rupees One Hundred Thirty Crores Forty Eight Lacs Ninety Nine Thousand and Seven Hundred Fifty).

Employee Stock Option Scheme (ESOS)

During the financial year 2010-11, the Company has granted 50,00,000 Equity shares of Rs.10/- each, under Employee Stock Option Scheme (ESOS) to the Employees of the Company and Subsidiary Companies. The details as required to be disclosed under Clause 12 & 19 of ESOP Guidelines of SEBI are detailed in the Annexure 'A' to this Report.

A Certificate from the Statutory Auditor of the Company for implementation of the 'DEN ESOS 2010' in accordance with the SEBI Guidelines and the resolutions passed by the members of the Company, will be made available for inspection by the members at the ensuing Annual General Meeting of the Company.

Manpower

Company has been growing from strength to strength both in terms of the organization and the activity profile.

Dividend

Your Directors do not recommend any Dividend for the financial year ended March 31, 2011.

Transfer to Reserves

Your Company has not made any transfer to the Reserves during the financial year 2010-11.

Public Deposits

During the year under review your Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.

Management's Discussion and Analysis Report

In terms of requirement of Clause 49 of the Listing Agreement with the Stock Exchange(s) Management's Discussion and Analysis Report disclosing the operations of the Company in detail is provided separately as a part of Director's Report.

Directors

Mr. Robindra Sharma, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The relevant details of the directors proposed to be re-appointed are provided in the Corporate Governance Report forming part of this report.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended, your Directors confirm:

i) that in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable Accounting Standards have been followed.

ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for the year under review.

iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) that the Directors have prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

Subsidiary Companies

The Ministry of Corporate Affairs vide its Circular No.02/2011 on 08th February, 2011 given a general exemption to the Companies to attach its subsidiaries Companies' financial statement in the directors' report (Section 212(8) of the Companies Act, 1956) on Compliance of the conditions specified in the said circular. In terms of requirements, a statement pursuant to Section 212 of the Act relating to the subsidiaries of your Company and the details of the subsidiary companies have been annexed and forming part of this report. The annual accounts of the subsidiary Companies and related detailed information will be made available to the holding company and subsidiary companies investors for inspection at the registered office of the holding company and subsidiary companies. These documents will be made available to any investors of the Holding Company and Subsidiary Companies on the receipt of request in this regard.

Auditors & Auditor's Report

The term of M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of your Company, expires at the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limit as mentioned under Section 224 (1B) of the Companies Act, 1956.

Your Board has duly examined the Report issued by the Statutory Auditor's of the Company on the Accounts for the

financial year ended March 31, 2011. The notes on Accounts, as presented in this Annual Report, are self-explanatory in this regard and hence do not call for any further clarification.

Corporate Governance & Corporate Social Responsibility

Corporate Governance philosophy of the Company lies in following strong Corporate Governance practices driven by its core values to enhance the interests of all its stakeholders. A report on Corporate Governance along with Certificate from Practising Company Secretary confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms a part of this Annual Report.

With a view to strengthen the Corporate Governance framework, the Ministry of Corporate Affairs has incorporated certain provisions in the Companies Bill 2009. The Ministry of Corporate Affairs has also issued a set of Voluntary Guidelines on Corporate Governance and Corporate Social Responsibility in December 2009 for adoption by Companies.

The Guidelines broadly outline conditions for appointment of director, guiding principles to remunerate directors, responsibilities of the Board, Risk Management, rotation of audit partners, audit firms and conduct of Secretarial audit and other Corporate Governance and Corporate Social Responsibility related disclosures. Your Company has by and large complied with various requirements and is in the process of initiating appropriate action for other applicable requirements.

Corporate Governance is also related to innovation and strategy as the organization's ideas of innovation and strategies are driven to enhance stakeholder satisfaction.

Postal Ballot

The details of Postal Ballot Process conducted by the company during the year under review are set out in the report on Corporate Governance, annexed to this report.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 the names and other

Particulars of employees of the Company, is provided in the Annexure forming part of this Report. The annexure is available for inspection by members at the registered office of the company during business hours on working days upto the date of ensuing AGM. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

A. Conservation of Energy

Your Company is not an energy intensive unit; however possibilities are continuously explored to conserve energy and to reduce energy consumption at production & editing facilities, studios, workstations of the Company.

B. Technology Absorption

Your Company is conscious of implementation of latest technologies in key working areas. Technology is ever-changing and employees of your Company are made aware of the latest working techniques and technologies through workshops, group e-mails, discussion sessions for optimum utilization of available resources and to improve operational efficiency.

C. Foreign Exchange Earnings and Outgo

Disclosure of foreign exchange earnings and outgo as required under Rule 2(C) is given in Schedule No. 16 "Notes on Accounts" forming part of the Audited Annual Accounts.

Foreign Exchange Earnings: NIL

Foreign Exchange Outgo: 4.74 crores

Acknowledgment

Your Directors take this opportunity to thank Customers, Shareholders, Joint Venture Partners, Suppliers, Bankers, other Business Partners/Associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all

employees of the Company for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the cable TV distribution industry.

For and on behalf of the Board of Directors

Sd/
Chairman

New Delhi
September 01, 2011

Annexure A

(Disclosures pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) (As on March 31, 2011)

| Particulars | | Details |
|-------------|---|---|
| 1 | Options Granted during the year 2010 - 2011 | 50,00,000 |
| 2 | Exercise Price | Rs. 30 per share |
| 3 | Options Vested | Nil |
| 4 | Options Exercised | Nil |
| 5 | Total No. of Shares arising as a result of exercise of options | Nil |
| 6 | Options Lapsed | Nil |
| 7 | Variation in terms of Options | There is no variation in the terms of options. |
| 8 | Money realized by exercise of Options | Nil |
| 9 | Total number of Options in force | 50,00,000 |
| 10 | Employee wise details of Options granted to | |
| | i) Senior Management Personnel | Company has granted 18,90,306 Equity Shares to following Senior Management Personnel 1. Mr. S. N. Sharma 2. Mr. Rajesh Kaushal 3. Mr. Yogesh Sharma 4. Mr. Sunil Punj 5. Mr. Mohit Jain 6. Mr. Devendra Upendra Naik 7. Mr. Navroz Behramram 8. Mr. M. G. Azhar 9. Mr. Susmit Basu |
| | ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the year. | No Employee is in receipt of 5% or more of options |
| | iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | No Employee is in receipt of 1% or more of options |
| 11 | Diluted Earnings Per Share (EPS) before exceptional items pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 on 'Earning Per Share'. | 0.53 |

| Particulars | | Details | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|---|--|--|--------|--|-------|--------------|--------|--------------------|--------|----------------------|--------|-----|-----|-----|-----------|-----------|----------|
| 12 | Computation of employee compensation cost and effect on profit and EPS a) Method of calculation of employee compensation cost b) Difference between the employee compensation cost so computed at (a) above and the employee compensation cost to P&L account if the Company has used the fair value of the option | Intrinsic value as per SEBI ESOP guidelines Difference=(Rs in '000) 181 | | | | | | | | | | | | | | | | | | | | |
| 13 | The impact of this difference on the profits and EPS of the Company: Profit after tax Less: Additional employees compensation cost based on the aforesaid difference Adjusted PAT Adjusted Basic EPS Adjusted Diluted EPS | <table border="1"> <thead> <tr> <th>Particulars</th> <th>Year Ended 31.03.2011 Rs. in '(000)</th> </tr> </thead> <tbody> <tr> <td>Profit after tax</td> <td>69,596</td> </tr> <tr> <td>Less: Additional employees compensation cost based on the aforesaid difference</td> <td>(181)</td> </tr> <tr> <td>Adjusted PAT</td> <td>69,415</td> </tr> <tr> <td>Adjusted Basic EPS</td> <td>0.53</td> </tr> <tr> <td>Adjusted Diluted EPS</td> <td>0.53</td> </tr> </tbody> </table> | | | Particulars | Year Ended 31.03.2011 Rs. in '(000) | Profit after tax | 69,596 | Less: Additional employees compensation cost based on the aforesaid difference | (181) | Adjusted PAT | 69,415 | Adjusted Basic EPS | 0.53 | Adjusted Diluted EPS | 0.53 | | | | | | |
| Particulars | Year Ended 31.03.2011 Rs. in '(000) | | | | | | | | | | | | | | | | | | | | | |
| Profit after tax | 69,596 | | | | | | | | | | | | | | | | | | | | | |
| Less: Additional employees compensation cost based on the aforesaid difference | (181) | | | | | | | | | | | | | | | | | | | | | |
| Adjusted PAT | 69,415 | | | | | | | | | | | | | | | | | | | | | |
| Adjusted Basic EPS | 0.53 | | | | | | | | | | | | | | | | | | | | | |
| Adjusted Diluted EPS | 0.53 | | | | | | | | | | | | | | | | | | | | | |
| 14 | Weighted average price and fair value of the stock options granted at price below the market price: Total Options granted during the year Weighted average exercise price (Rs.) Weighted average fair value (Rs.) | <p style="text-align: center;">50,00,000</p> <p style="text-align: center;">Rs. 30.00 Per share</p> <p style="text-align: center;">Rs. 62.74 Per share</p> | | | | | | | | | | | | | | | | | | | | |
| 15 | Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information: Risk free rate of interest (%) Expected life of the option from the date of grant (in years) Expected volatility (%) Dividend yield (%) The price of the underlying share in market at the time of option grant | <table border="1"> <thead> <tr> <th>34,16,750 Options (Vesting Period-1 Year)</th> <th>8,54,750 Options (Vesting Period-2 Year)</th> <th>7,28,500 Options (Vesting Period-2.5 Year)</th> </tr> </thead> <tbody> <tr> <td>7.67%</td> <td>7.74%</td> <td>7.77%</td> </tr> <tr> <td>2.00</td> <td>3.00</td> <td>3.50</td> </tr> <tr> <td>42.51%</td> <td>42.51%</td> <td>42.51%</td> </tr> <tr> <td>NIL</td> <td>NIL</td> <td>NIL</td> </tr> <tr> <td>Rs. 87.40</td> <td>Rs. 87.40</td> <td>Rs 87.40</td> </tr> </tbody> </table> | | | 34,16,750 Options (Vesting Period-1 Year) | 8,54,750 Options (Vesting Period-2 Year) | 7,28,500 Options (Vesting Period-2.5 Year) | 7.67% | 7.74% | 7.77% | 2.00 | 3.00 | 3.50 | 42.51% | 42.51% | 42.51% | NIL | NIL | NIL | Rs. 87.40 | Rs. 87.40 | Rs 87.40 |
| 34,16,750 Options (Vesting Period-1 Year) | 8,54,750 Options (Vesting Period-2 Year) | 7,28,500 Options (Vesting Period-2.5 Year) | | | | | | | | | | | | | | | | | | | | |
| 7.67% | 7.74% | 7.77% | | | | | | | | | | | | | | | | | | | | |
| 2.00 | 3.00 | 3.50 | | | | | | | | | | | | | | | | | | | | |
| 42.51% | 42.51% | 42.51% | | | | | | | | | | | | | | | | | | | | |
| NIL | NIL | NIL | | | | | | | | | | | | | | | | | | | | |
| Rs. 87.40 | Rs. 87.40 | Rs 87.40 | | | | | | | | | | | | | | | | | | | | |

Management
Discussion &
Analysis

1. Economic Overview

i. Global Economy

In the year 2010-11, the global economy continued on its path of recovery. Economic activity in developed countries moderated less than expected, but growth remained subdued. On the other hand, economic activity in many emerging economies was buoyant. However, inflation pressures and signs of overheating emerged, driven in part by strong capital inflows. Expansionary monetary policies adopted by central banks across the world, higher commodity prices and supply constraints saw inflation emerge as a cause for worry, especially in the developing world.

The World Economic Outlook, released in April 2011, estimated global real GDP growth in 2010 at 5 per cent and projected the growth in 2011 to be around 4.5 per cent.

ii. Indian Economy

- **Growth:** The Indian economy, after witnessing a slowdown during 2008 & 2009 showed signs of a strong recovery. GDP growth rose to 8.5 per cent in 2010-11 from 8 per cent in 2009-10. Per capita income grew by 17.9 per cent from approximately Rs. 46,500 in 2009-10 to Rs 54,800 in 2010-11, according to the Central Statistical Organization. The manufacturing and services sectors witnessed strong growth at 8.8 per cent and 9.6 per cent in 2010-11.

- **Inflation:** India saw high and rising levels of inflation throughout the year. The average annual inflation during FY2010-11 was 9 per cent, which is more than double the figure of 3.8 per cent recorded a year ago. Inflation has been a major concern throughout the year, driven in part by rising prices of essential food items. This has led to several rounds of interest rate hikes by the Reserve Bank of India to curb inflation.

2. Indian Media and Entertainment Sector

- **Overview:** The Indian Media and Entertainment (M&E) industry witnessed growth of 11 per cent compared to 1.4 per cent in 2009. This was primarily driven by the increase in media expenditure by advertisers across all platforms. The Indian M&E industry grew from nearly Rs 585 billion in 2009 to about Rs 650 billion in 2010. The industry is expected to grow to around Rs 740 billion in 2011. TV and print remained the top grossing segments within the M&E sector.

- **Advertising:** The contribution of advertising revenue to the overall industry pie is expected to increase from 38 per cent in 2007 to more than 40 per cent in 2012. Advertising expenditure across all media accounted for nearly INR 265 billion in 2010, contributing to about 40 per cent of the overall M&E industry revenues.

- **Consolidation and Digitalisation:** Consolidation and digitalisation are the two themes playing out across the media spectrum and especially in the television distribution space.

i) Indian Television Industry

Overview: India is the world's second largest television market with around 140 million TV households, next only to China and larger than the US. Cable and satellite penetration of TV households is still at about 80 per cent, leaving room for further growth within existing TV homes.

Television forms the largest segment within the Indian M&E industry, both in revenues and reach. By 2015, television is expected to account for almost half of the Indian M&E industry revenues, and will be more than twice the size of print, the second largest segment.

Pay TV ARPUs in India, estimated by various sources to be around \$4 per month, are still significantly lower than in developed markets like the US, UK and Australia where ARPUs are 10x-18x of Indian ARPUs.

Emerging Trends: The television industry saw strong growth return in 2010 after a weak performance during 2009. The year 2010-11 saw existing and new broadcasters entering new genres, the entry of high definition (HD) channels and the narrowing gap between the TV shows and theatrical releases of movies among other trends.

a) Television Distribution

Overview: The total number of TV households in India grew from about 133 million in 2009 to around 140 million in 2010. Penetration of TV in India's households grew from about 58 per cent in 2009 to 61 per cent in 2010. Currently, this penetration is much lower compared to developed countries like the US and UK. Rising household incomes are also seeing families adopt more than one TV set.

Move to Digital: Digitalisation is picking up in India in line with global trends. The entry of DTH and subsequent education of the Indian consumer through various marketing campaigns has established the benefits of digitalisation to the public,

namely better quality transmission, availability of higher number of channels, interactive and value added services, gaming, and pay per view among others.

Rise of HD Channels

The market for HD enabled flat panel LCD, LED and Plasma TV sets has been growing at a rising pace over the last few years. Premium TV sets priced above INR 25,000 have reported growth rate of about 60-70 percent in 2010. The Color TV market is 13.5 million units, of which premium sets are expected to have sold near about 3 million units in 2010 as compared to 1.5 million units sold in 2009 indicating increased demand for this category due to increasing disposable incomes of consumers.

2010 saw the launch of High Definition (HD) channels. 'Movies Now' was among the first channels to be launched in HD. India's oldest TV channel Doordarshan broadcasted the Commonwealth Games (CWG) in HD format. HD channels being broadcast in India include NatGeo HD, Discovery HD, Star Plus HD, Star Movies HD among others while more HD channels are expected to be launched in the near future. Sports, Movies and Events are expected to be the key demand drivers for HD content.

Need for Digitalisation: Digital transmission (Digital cable, DTH, IPTV) offers a number of advantages over analogue across the broadcasting value chain.

Consumers receive digital quality signals, a far greater number of channels than analog, and the ability to choose and pay for what they want to watch. In addition, consumers also receive services like HD channels, Video on Demand (VoD), Personal Video Recorders (PVR), interactive applications, etc.

Broadcasters, service providers (MSOs and LCOs) and the government benefit from full addressability in the system allowing each stakeholder in the value chain to earn their legitimate share of revenues.

TRAI's Recommendations on Full Digitalisation of Cable TV Systems

The TRAI submitted its recommendations for achieving full digitalisation with addressability of cable TV systems in its report titled 'Implementation of Digitally Addressable Cable TV Systems in India' dated 5th August 2010. It proposed a

timeline for full digitalization of all cable television homes by 2014. It also proposed various incentives to the industry to enable it to carry this out.

Digitalisation Timeline

After consultations with the Ministry of Information and Broadcasting (MIB) and various stake holders, the following timeline was arrived at:

| Phase | Area Suggested by TRAI | Ministry's Final Views on the Time Frame for Digitalisation |
|-----------|--|---|
| Phase-I | Four Metros of Delhi, Mumbai, Kolkata and Chennai | Mar 31, 2012 |
| Phase-II | Cities with population more than one million | Mar 31, 2013 |
| Phase-III | All urban areas (Municipal Corp./ Municipalities) | Sep 30, 2014 |
| Phase-IV | Rest of India | Dec 31, 2014 |

Proposed Digitalisation Incentives

- Cable companies that invest in addressable digitisation should get an income tax holiday till 31.03.2019.
- Customs duty on digital head-end equipment and set-top-boxes recommended to be waived.
- MSO / LCOs to be eligible for seeking Right of Way on a non-exclusive basis for laying optical fiber / cable networks so that the process of laying intra-city cable infrastructure can become easier.
- An increase in foreign investment limit from 49 per cent to 74 per cent for MSOs going digital. The proposal now awaits the approval of the Union Cabinet.

b) Broadcasting

Overview: The Indian television broadcasting industry is expected to witness strong growth, driven by growth in advertising and subscription. The broadcasting industry is

expected to be the key beneficiary of the projected 15 per cent CAGR in ad spends.

Subscription Revenues: The share for broadcasters in the total subscription pie is expected to go up from the current levels of about 20 percent of overall subscription revenues in 2010 to nearly 30 percent across platforms by 2015.

Industry Estimates point to pay-TV channel revenues in India growing from about US\$3 billion in 2010 to nearly US\$6 billion by 2015. Advertising will remain the primary source of income for channels, contributing about 75 per cent to revenues on average in the long term.

Niche Channels: With digitalisation throwing up more choice of channels to consumers, the foundations for channels in niche genres are being laid. Such channels can serve specialised content to interested audiences. Also, the trend of multiple TV households is likely to shift viewing patterns from family viewing on a single TV set to more individual viewing on separate TV sets expanding possibilities for more focused programming. Niche genres like action, lifestyle, food and others are already seeing a number of players entering the market. Niche channels are also developing loyal audiences because of their easy availability on digital cable and DTH platforms.

3. Company Overview

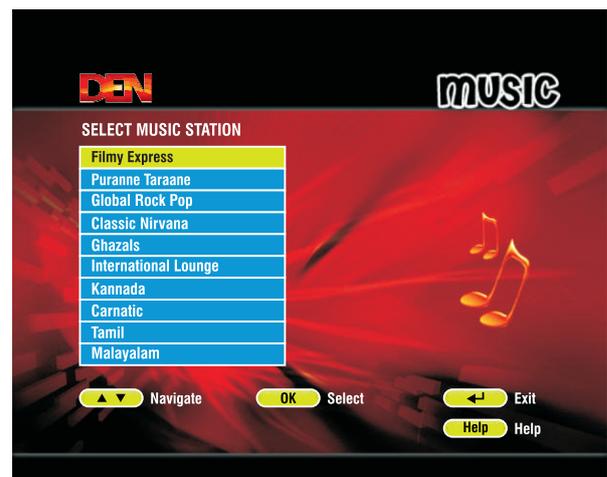
DEN Networks Ltd. (DEN) is one of the largest cable television distribution companies or MSOs (multi system operators) of India with a presence in more than 84 cities and serving as estimated 11 million homes.

DEN was formed in 2007 and in a short time, established itself as one of the largest MSOs in India. It has a strong presence in important Indian states like Delhi, Uttar Pradesh and Karnataka and a significant presence in a number of other important markets such as Maharashtra (including Mumbai), Kerala, Gujarat, Rajasthan and Haryana.

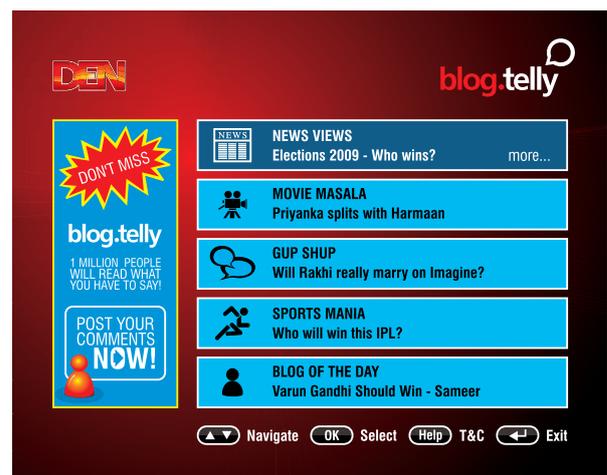
i) DEN Digital: DEN's digital cable offering, available across its markets, offers up to 180 digital channels which are broadcasted in DVD quality picture and sound. Viewers can access and navigate the channels through an interactive EPG (electronic programming guide). DEN Digital also offers several cutting edge value-added services such as a 10 genre digital music offering, blog.telly (India's first micro-blogging application on TV) and games.

DEN Digital – Value Added Services (VAS)

• **Music Audio Channels:** Round the clock audio content in 10 different genres of music, including regional language music. DEN was the first digital cable or DTH platform to offer such a service in India.



• **Blog.Telly:** An application that enables subscribers to interact with one another on different discussion topics including their views on the content shown on television. Users can post comments on the DEN website or via mobile phone text messages (SMS).



• **Interactive Games:** DEN Digital users can access and play games on their TV sets through the set top boxes using the STB remote control. Subscribers can choose from a variety of games including card games, board games and puzzles.



•On-Screen Reminders: A feature that allows subscribers to set reminders for their favourite programs on their set top boxes. This feature can be accessed through the EPG.

ii) Star DEN & Media Pro: DEN has a 50-50 joint venture with News Corp's Star TV Group called Star DEN which was formed in 2008. Star DEN was the exclusive distribution house for all Star group channels and other leading channels from India. In May 2011, Star DEN formed a 50-50 J-V with Zee Turner combining the distribution assets of the Star, Zee and Turner groups in India and becoming the exclusive distribution house of 68 pay TV channels of the country. The joint venture company is called Media Pro Enterprise India Private Limited. DEN is a strategic shareholder in this JV through its 50% stake in Star DEN.

iii) DEN-BFTV Joint Venture: In October 2010, DEN entered into a 75-25 JV with BFTV LLC to launch 'Baby First', a television channel for babies, toddlers and their parents, in India and other territories. The JV, in which DEN holds a 75 per cent stake, will house the entire business of Baby First in India and will be distributing the Baby First channels in certain other countries. It is currently in the process of obtaining the necessary licenses to launch the channel in India.

4. Strengths and Opportunities

i) Rapid Growth in Key Geographical Regions: Within a few years from its incorporation in 2007, DEN has become one of India's largest cable television distribution companies of the country. Its network of analogue and digital head-ends serves its pan-India household base. It has established a presence in 7

out of the 10 largest Indian cities by population and in 9 out of the 15 largest states in India by number of cable television households.

ii) Industry-Experienced Management Team: DEN's management team includes professionals with extensive experience in cable television distribution, entertainment and media operations, finance and engineering. In order to accomplish its vision of creating a truly world class enterprise, DEN has and will continue to recruit qualified and experienced professionals.

iii) Technological Expertise, Assets and Infrastructure: DEN partners with the cable industry's leading global technology companies for its digital headend infrastructure, set top boxes and EPG, encryption and value added services. DEN itself has an expertise in designing and constructing cable networks, which has further enabled it to rapidly develop and expand its cable television distribution network. This also allows DEN to efficiently integrate the networks and technology of various MSOs in which it has acquired controlling interests.

5. Risks and Concerns

The cable distribution industry in India is subjected to multiple governmental regulations. Any change or alteration in the current policy could affect the company's ability to function smoothly and capture newer opportunities.

The television distribution industry has multiple platforms (cable, DTH and IPTV) competing to serve consumers and there is a possibility of such platforms creating strong competitive pressures.

The cable business is a technology intensive one and requires the import of different types of equipments. This exposes the company to the risk of foreign currency fluctuations.

6. Future Outlook

DEN sees the future of Indian cable distribution space being defined by a wave of digitalisation and greater consolidation across the industry.

Digitalisation, whether with a government mandate or through market forces is expected to be the central theme in the industry. DEN sees more and more of its homes served subscribing to DEN Digital, DEN's digital cable offering with up to 180 channels, a highly interactive EPG and cutting edge

value added services. DEN also sees the market for HD growing considerably. The adoption of HD enabled TV sets and the availability of several HD channels will drive demand in this segment. DEN expects to rollout products and services to serve its subscribers with HD soon.

The Company believes the cable distribution value chain will continue to see more consolidation over the next few years, bringing about greater transparency and addressability across the TV distribution space and benefitting all stakeholders.

7. Broadband

- **Uses and Applications:** The rise of Internet usage across the world has revolutionized how people communicate and how information is disseminated and exchanged. It has unlocked various new businesses, products and services. Internet is constantly changing the way consumers shop and how businesses sell their products. Indians today are turning more and more to the internet to access content and applications like movies, music, social networking and video chatting among others. Broadband internet also enables country-wide facilities like health care, education, energy, job training, civic engagement, governance and public safety.

- **Internet Consumption & Broadband in India:** India has a population of over 1.2 billion, of which there were an estimated 20 million internet subscribers of whom only 12 million are broadband subscribers demonstrating the low penetration of broadband services in the country. At the same time, trends like social networking, online video consumption and e-commerce are fast catching on among nearly 100 million internet users in India. The success of online train and air ticket reservation proves that consumers are more comfortable with online shopping today. The travel industry is the largest vertical in the e-commerce space. Online shopping and group buying are also demonstrating fast growth in the e-commerce space.

- **Broadband Provided by Addressable Cable Systems in India:** TRAI has, in its 'Recommendations on National Broadband Plan' in December 2010, forecasted that even with the assumption of just 70 percent of cable with digital addressable systems reciving broadband, the number of broadband connections served by cable networks by the end of 2014 could be 72 million.

- **Future Outlook:** Globally, broadband is a key revenue and profitability driver for the cable industry. DEN intends to build a

versatile internet protocol delivery platform that can deliver video and data to its subscribers. It is exploring multiple technologies like EOC and DOCSIS to cater to the requirements of different markets. The choice of technology for any specific market would be driven by consumer requirements, the state of cable infrastructure in that market and the ability to offer high bandwidth services as and when required.

8. Human Resources Management

DEN regards its employees as its most important and valuable assets. India is a land of diversity and as a national operator DEN's ability to understand, embrace & operate in a multicultural, multilingual society – both in the marketplace & in the workplace is critical to its continued success.

- **Recruitment:** DEN's large and talented team has been built through a committed effort to attract, transform and retain the finest professionals of the industry. DEN employs over 500 professionals from diverse fields of technology, operations, finance and administrative functions. Highly competent & professional teams have been put in place at its corporate offices, headends and for on-ground operations.

To build up this talent pool DEN recruits fresh graduates through campus selections and conducts need based hiring of middle & senior level management through lateral recruitments. DEN conducts rigorous and exhaustive selection processes involving various rounds of tests & interviews to identify the best applicants.

- **Training & Development:** One of the core differentiators for DEN has been its leadership talent. The company continues to invest in deepening the leadership pool through various initiatives including talent identification and development, providing its employees with challenging opportunities at an early stage of their careers and exposing such employees to best practices to grow and nurture their own leadership skills. DEN continues its endeavor to enhance its human resources capability and invest in skill development and training of its employees along with initiatives to enhance employee engagement. Developing appropriate skill sets for its customer facing employees has been a key focus area. Skill enhancement of its technical team has also been a prime area of focus. DEN also provides functional training to its employees through various simulations & game-based modules.

- **Recognition & Rewards:** DEN has a comprehensive Remuneration Policy that is competitive, in consonance with the industry's best practices and rewards performance by its

employees. The policy ensures equity, fairness and consistency in rewarding employees on the basis of achieved performance against set targets and objectives. The Company has in place a Performance Focused Management System which aims to focus and align the performance of its individual employees to the organization's objectives. DEN also has monthly R&R programs which applaud the achievements of employees and motivate them to continue with their performance.

- **HR Mix:** Though the Indian cable industry is skewed with a higher proportion of male employees, DEN has always attempted to be an equal opportunity employer with zero tolerance for gender or any other form of discrimination. DEN has taken initiatives to facilitate, enable & empower its female employees. DEN has a fairly young team of professionals with an average age of 33.

9. Internal Control System

DEN's internal control systems include facilitates for the precise compilation of financial statements, management reports, and the compliance of regulatory and statutory requirements. Measures adopted by DEN to safeguard investor interests include high levels of governance and periodic communication with investors through the release of quarterly investor updates and communication of important developments.

The effectiveness of internal control systems in the Company is reviewed by the Audit Committee. DEN also requires its senior managers and functional heads to provide regular updates on their functions. A CEO and CFO Certificate forming part of the Corporate Governance Report confirms the existence of effective internal control systems and procedures in the Company.

Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) on Corporate Governance, the report containing the details of Corporate Governance Systems and process at DEN Networks Limited.

Company's Philosophy on Corporate Governance

Corporate governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures precision, accountability in all its transactions and to meet its stakeholders expectation. Corporate Governance requires professionals to raise their competence and capability levels to meet the expectations of managing the enterprise and its resources effectively. The Board of Directors is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders.

DEN has made sincere and continuous efforts to institutionalize the best Corporate Governance practices and firmly believes that it will go beyond complying with the regulatory framework. As a listed company, it is in compliance with all applicable provisions of the Listing Agreements pertaining to corporate governance, including appointment of Independent Directors and constitution of Committees. The

Board firmly believes in achieving the highest standards of transparency in all facets of its working, prompt and adequate disclosures of all the material information, fixing accountability, ensuring compliance of all applicable laws, rules and regulations, conducting the affairs of the Company in an ethical manner and thereby enable an increase in the value of all stakeholders.

During the year under review, your Company has complied with the standards of Corporate Governance envisaged as under:

Board of Directors

Composition

The size and composition of the Board of Directors conforms to the requirements of the Listing Agreement. Presently the Board comprises of five members, all of whom are Non-Executive Directors except Mr. Sameer Manchanda, the Chairman Managing Director of the Company. More than one-half of the total numbers of Directors are Independent. None of the Directors are inter-se related to each other within the meaning of Clause 49 IV(G)(ia) of the Listing Agreement. The details of the Directors on the Board of the Company during the year ended March 31, 2011 are set out in the table below:-

| Name of the Director | Category of Directorship | No. of Outside Directorships Held | No. of Chairmanships/ Memberships of other Board Committees | |
|------------------------------------|--|-----------------------------------|---|------------|
| | | | Chairmanship | Membership |
| Mr. Sameer Manchanda | Chairman Managing Director | 01 | Nil | Nil |
| Mr. Shahzaad Siraj Dalal | Nominee Director | 12 | 01 | 08 |
| Mr. Krishna Kumar P.T. Gangadharan | Alternate Director to Mr. Shahzaad Siraj Dalal | 05 | 01 | 02 |
| Mr. Ajaya Chand | Non Executive, Independent Director | Nil | Nil | Nil |
| Mr. Robindra Sharma | Non Executive, Independent Director | Nil | Nil | Nil |
| Mr. Atul Sharma | Non Executive, Independent Director | Nil | Nil | Nil |

a) For the purpose of considering the total number of directorships, all Public Limited Companies, whether listed or not, have been considered. Private Limited Companies, whether they are subsidiaries of a Public Limited Company or not, Foreign Companies and Companies under section 25 of The Companies Act, 1956, have not been included.

b) For the purpose of considering the total number of Memberships/ Chairmanships of the Committee(s) only Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

c) None of the Directors is a Chairman / Member in more than 5/10 committees across all Companies in which they are Directors.

Board Meetings and Procedures

The Board of Directors strives hard to achieve the overall goals of the Company. The Board consists of professionals and learned executives having in-depth knowledge of their fields to oversee the overall functioning of the Company and to take strategic decisions in the best interest of stakeholders.

At least four meetings of the Board are held every year generally after the end of financial quarter. Besides this, the members of the Board meet to consider various matters as and when required. The Board also considers urgent matters, if required, by passing of resolutions by circulation.

The Company Secretary arranges to provide detailed information to all Board members, on the matters to be considered at Board meetings along with the Agenda thereof, in advance before such Board Meetings. The members of the Board have complete freedom to express their views on the matters discussed and thereafter the decisions are taken on the basis of consensus arrived at after discussion on each agenda item. Minutes of the proceedings of every Board Meeting are recorded and are discussed before approval by the members of the Board at successive Board Meetings before entering the same into the Minute Book. Implementation status of various decisions taken at each Board Meeting is reviewed in successive meetings of the Board.

Attendance at Board Meetings and Annual General Meeting: A total of 06 (Six) meetings were held during the financial year 2010-11 on 28th May, 2010, 10th August, 2010, 10th September, 2010, 22nd October, 2010, 12th

November, 2010, and 11th February, 2011. The maximum time gap between any two Board meetings was not more than four months. The Third Annual General Meeting of the Company was held on September 10, 2010.

The details of attendance of Directors at the meetings of Board and at the last Annual General Meeting are as under:

| Name of the Director | No. of Board Meetings Attended | Attended last Annual General Meeting |
|--|--------------------------------|--------------------------------------|
| Mr. Sameer Manchanda | 05 | Yes |
| Mr. Shahzaad Siraj Dalal* | Nil | No |
| Mr. Krishna Kumar P.T. Gangadharan (Alternate Director for Mr. Shahzaad Siraj Dalal) | 01 | No |
| Mr. Ajaya Chand | 06 | Yes |
| Mr. Robindra Sharma | 05 | No |
| Mr. Raghav Bahl** | Nil | No |
| Mr. Atul Sharma | 01 | No |

* The representatives of IL&FS Investment Managers Limited were present in the board meeting dated 28-05-2010, 10-08-2010 and 12-11-2010.

** Resigned from directorship w.e.f., 22.10.2010

Director Profile

Brief description of the Director, whose candidature is proposed for re-appointment at the forthcoming Annual General Meeting, along with names of the Companies in which he holds Directorships, Memberships / Chairmanships of Committees of Board and their shareholding in the Company as required under Clause 49 of the Listing Agreement are provided as below:

Mr. Robindra Sharma - Independent Director

Mr. Robindra Sharma holds a Bachelor's degree in commerce from Bombay University. He is also a qualified Chartered Accountant. He is currently the Chief Financial Officer of Triburg Sportswear, an apparel sourcing company in India. He has been associated with Triburg Sportswear for the last 17 years and is responsible for all accounting, financial and legal matters of that company.

| Name of the Company | Position on the Board & Committee thereof |
|------------------------------------|---|
| T. Group Solutions Private Limited | Director |

Compensation to the Members of Board

During the financial year 2010-11, the Company has paid remuneration to Mr. Sameer Manchanda, Chairman Managing Director of the Company. The company has been paying remuneration (Gross) of Rs.15,00,000 per month to Mr. Sameer Manchanda w.e.f 12.11.2010 (detailed remuneration is mentioned below).

| | |
|----------------------|---------------|
| Salary | - 6,00,000/- |
| House Rent Allowance | - 3,00,000/- |
| Management Allowance | - 5,28,000/- |
| Provident Fund | - 72,000/- |
| Total | - 15,00,000/- |

Non-Executive & Independent members of the Board are paid sitting fees for attending the Meetings of Board thereof, within the ceiling as provided under the Companies Act, 1956. Besides this, Non-Executive Directors do not have any other pecuniary relationship or transaction with the Company.

Shareholding of Directors

Shareholding of the Directors of the Company as on March 31, 2011 is as under:

| Name of the Director | No. of Shares Held (Face value Rs. 10/- each) |
|--------------------------|---|
| Mr. Sameer Manchanda | 4,54,54,550 |
| Mr. Shahzaad Siraj Dalal | 10,000 |
| Mr. Krishna Kumar | 2520 |
| Mr. Ajaya Chand | NIL |
| Mr. Robindra Sharma | NIL |
| Mr. Atul Sharma | NIL |

Committee(s) of the Board

To facilitate the operations and to comply with statutory requirements, the Board of the Company has constituted different Committees that focus attention on various working aspects of the Company. Presently the Board has five standing committees and has power to constitute such other committees, as required from time to time. The details of the various Committees of the Board are as under:

1. Audit Committee

(a) Brief Description of Terms of Reference

The Committee deals with the various aspects of financial statements, adequacy of internal controls, various audit reports, compliance with accounting standards, Company's financial and risk management policies. It reports to the Board of Directors about its findings and recommendations pertaining to the above matters. The Committee also reviews the utilization of funds generated through the Issue Proceeds of the Company on a quarterly basis till they are fully utilized.

The Audit Committee reviews the reports of the Internal Auditors, meets Statutory and Internal Auditors as and when required and discusses their findings, observations, suggestions, internal control systems, scope of audits and other related matters.

(b) Composition

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange(s) and Section 292A of the Companies Act, 1956. The Audit Committee comprises of the following three Directors of whom two thirds are Independent Directors. The composition of the Audit Committee is as follows:

| Name of Member | Category of Directorship | Position |
|----------------------|-------------------------------------|----------|
| Mr. Ajaya Chand | Non-Executive, Independent Director | Chairman |
| Mr. Robindra Sharma | Non-Executive, Independent Director | Member |
| Mr. Shahzaad S Dalal | Non-Executive Director | Member |

All the members of the Audit Committee are financially literate and the Chairman of the Audit Committee is a financial expert. The Company Secretary of the Company acts as the Secretary of the Committee

(c) Number of Meetings & Attendance

During the year under review five meetings of the Audit Committee were convened on May 28, 2010, August 10, 2010, September 10, 2010, November 12, 2010 and February 11, 2011. The details of attendance of members at the Committee Meetings are as under:

| Name | No. of Meetings Attended |
|---|--------------------------|
| Mr. Ajaya Chand | 05 |
| Mr. Shahzaad S Dalal | Nil |
| Mr. Krishna Kumar P.T. Ganagadharan (Alternate Director for Mr. Shahzaad Siraj Dalal) | 01 |
| Mr. Robindra Sharma | 04 |

2. Shareholders Transfer/Investor's Grievance Committee

(a) Composition

The Committee comprises of the following three Directors:

| Name | Category of Directorship | Position |
|----------------------|-------------------------------------|----------|
| Mr. Sameer Manchanda | Executive Director | Chairman |
| Mr. Ajaya Chand | Non Executive, Independent Director | Member |
| Mr. Atul Sharma | Non Executive, Independent Director | Member |

(b) Terms of Reference, Powers & Role of the Committee

The Committee specifically looks into the redressal of shareholders' / investors' complaints.

(c) Number of Committee meetings & attendance

The Committee met four times during the year viz. on April 21, 2010, June 10, 2010, November 15, 2010 and February 11, 2011. The Committee discussed about the complaints received by the Company and steps taken for their redressal. The details of attendance of members at the Committee Meetings are as under:

| Name | No. of Meetings Attended |
|----------------------|--------------------------|
| Mr. Sameer Manchanda | 04 |
| Mr. Ajaya Chand | 04 |
| Mr. Atul Sharma | - |

(d) Investors' Correspondence / Complaints & their Redressal

The Company received 6 (six) correspondence(s) / complaints from Shareholders during the period from April 1, 2010 to March 31, 2011 which were general in nature. All complaints were redressed / attended to the satisfaction of the shareholders effectively within the statutory time limit and no complaint was pending at the end of financial year March 31, 2011.

3. Remuneration/Compensation Committee

(a) Composition

The Compensation Committee of the Board comprises of following four Directors:

| Name | Category of Directorship | Position |
|----------------------|-------------------------------------|----------|
| Mr. Ajaya Chand | Non-Executive, Independent Director | Chairman |
| Mr. Robindra Sharma | Non Executive, Independent Director | Member |
| Mr. Atul Sharma | Non Executive, Independent Director | Member |
| Mr. Sameer Manchanda | Executive Director | Member |

(b) Terms of Reference, Powers & Role of the Committee

The committee deliberates on the remuneration policy of the Directors including granting options/ equity shares under the Employees Stock Option / Purchase Plans of the Company to the Directors as well as the employees of the Company and/or its holding and subsidiaries Companies, if any.

(c) Number of Committee Meetings & Attendance

The committee met three times during the period under review on 10-09-2010, 12-11-2010 and 29-03-2011. The detail of attendance of members at the Committee Meeting is as under

| Name of the Member | No. of Meetings Attended |
|----------------------|--------------------------|
| Mr. Ajaya Chand | 3 |
| Mr. Sameer Manchanda | 3 |
| Mr. Robindra Sharma | Nil |
| Mr. Atul Sharma | Nil |

Besides the above-mentioned Committees, the Company has the following other working Committees of the Board:

1. Finance Committee
2. Securities Issue Committee

Code of Conduct

The Board had laid down a Code of Conduct for all the Directors and Senior Management Executive(s) of the Company as required under Clause 49 (ID) of the Listing Agreement. This code is also posted on the website of the Company www.dennetworks.com. All the Board Members and Senior Management Personnel(s) to whom this Code of Conduct is applicable have affirmed compliance with the Code and a declaration of this affirmation from Chairman Managing Director of the Company forms a part of this report as Annexure – 'B'.

Code of Conduct for Prohibition of Insider Trading

The Company has also adopted the Code of Conduct for Prohibition of Insider Trading of shares of the Company as

provided under 'The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time. This Code has also been posted on the website of the Company www.dennetworks.com.

Disclosures

• None of the transactions with any of the related parties were in conflict with the interests of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties as set out in the Notes on Accounts, forming part of this Annual Report.

• The Company has complied with all the requirements, as applicable to the Company, to the best of its knowledge and understanding, of the Listing Agreement with the Stock Exchange(s), the regulations and guidelines of the Securities and Exchange Board of India (SEBI). SEBI, Stock Exchange(s) or any other statutory authorities have imposed no penalties or strictures on matters relating to capital markets from the date of listing i.e. November 24, 2009.

• The Company has complied with all the mandatory requirements under Clause 49, as applicable.

• Management Discussion and Analysis Report is provided as a part of the Directors' Report published else where in this Annual Report.

• In preparation of the financial statements, the Company has followed the Accounting Standards as issued by 'The Institute of the Chartered Accountants of India', to the extent applicable.

• Business Risk Evaluation and Management is an ongoing process within the Company. The objective of the Company's risk management is to identify the potential areas that may affect the affairs of the Company and then ensuring the reasonable assurances to avoid any possible damage to the assets and properties of the Company.

• Chairman Managing Director and Chief Financial Officer have furnished to the Board, a certificate in respect of the financial statements and the Cash Flow Statement of the Company for the financial year ended March 31, 2011, which forms part of this report as Annexure – 'C'.

General Body Meetings

The details of the last three Annual General Meetings* of the Company are as follows:

| Year | Location | Date | Day | Time |
|---------|--|--------------------|--------|-----------|
| 2007-08 | At the registered office of the Company at 236, Okhla Industrial Estate, Phase-III, New Delhi-110020 | September 19, 2008 | Friday | 1.30 P.M |
| 2008-09 | At the registered office of the Company at 236, Okhla Industrial Estate, Phase-III, New Delhi-110020 | August 03, 2009 | Monday | 10.00 A.M |
| 2009-10 | At Kamani Auditorium, 1 Copernicus Marg, Near Mandi House New Delhi – 110001 | September 10, 2010 | Friday | 11.30 A.M |

Special resolutions passed at the last 3 Annual General Meetings (AGM)

1. At the AGM held on September 19, 2008 : There was no matter that required the passing of a special resolution.

2. At the AGM held on August 03, 2009:- There was no matter that required the passing of a special resolution.

3. At the AGM held on September 10, 2010:- Under mention three resolutions were passed.

• Issue of Securities under Employee Stock Option Scheme (ESOS)

• Issue of Securities under Employee Stock Option Scheme (ESOS) to the Employees and Directors of Subsidiary Company(ies)

• Further issue of Capital.

Company was incorporated on 10-07-2007 and in compliance with applicable laws only three Annual General Meetings have been held.

No Extraordinary General Meeting of the members of the Company were convened and held during the year under review.

Means of Communication

• Financial results at the end of every quarter and audited Annual Financial Results are published regularly within the prescribed time limit in 'Business Standard' (English Newspaper) and 'Business Standard' (Hindi News paper).

• In compliance with the Listing Agreement, the Company promptly submits the financial results and other business updates to the Stock Exchange(s) to enable them to display these on their websites.

• The financial results and other shareholders information(s) are also displayed on the website of the Company - www.dennetworks.com

Postal Ballot

There were three resolutions passed through postal ballots during the year as under:

1. Increase in the Authorised Share Capital from Rs. 165.00 Cr to Rs. 200.00 Cr, dated 21st day of October 2010.

2. Appointment of Mr. Sameer Manchanda as Managing Director, dated 21st day of October 2010.

3. Inter Corporate Loans & Investments, dated 28th day of December 2010.

4. Managerial Remuneration to Mr. Sameer Manchanda, Chairman Managing Director, dated 28th day of December 2010.

General Shareholders Information

Annual General Meeting

| | |
|------------|--|
| Day & Date | Tuesday, September 27, 2011 |
| Time | 03:00 P.M. |
| Venue | Sri Sathya Sai International Center, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110003 |

Financial Calendar: [Tentative and subject to change]

| | |
|--|--|
| Financial Reporting for the 1st Quarter ending June 30th, 2011. | Within first 15 days of August, 2011. |
| Financial Reporting for the 2nd Quarter ending September 30th, 2011. | Within first 15 days of November, 2011. |
| Financial Reporting for the 3rd Quarter ending December 31st, 2011. | Within first 15 days of February, 2012. |
| Financial Reporting for the last Quarter ending March 31st, 2012. | Within first 15 days of May, 2012, in case of Unaudited Financial Results or within 60 from the end of March 31, 2012, in case of Audited Financial Results. |

Date of Book Closure

Tuesday, the 20th September, 2011 to Tuesday 27th September, 2011 (both days inclusive)

Listing on Stock Exchange(s) and Stock Code(s)

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) under scrip code 533137 and on the National Stock Exchange of India Limited (NSE) under scrip code 'DEN'.

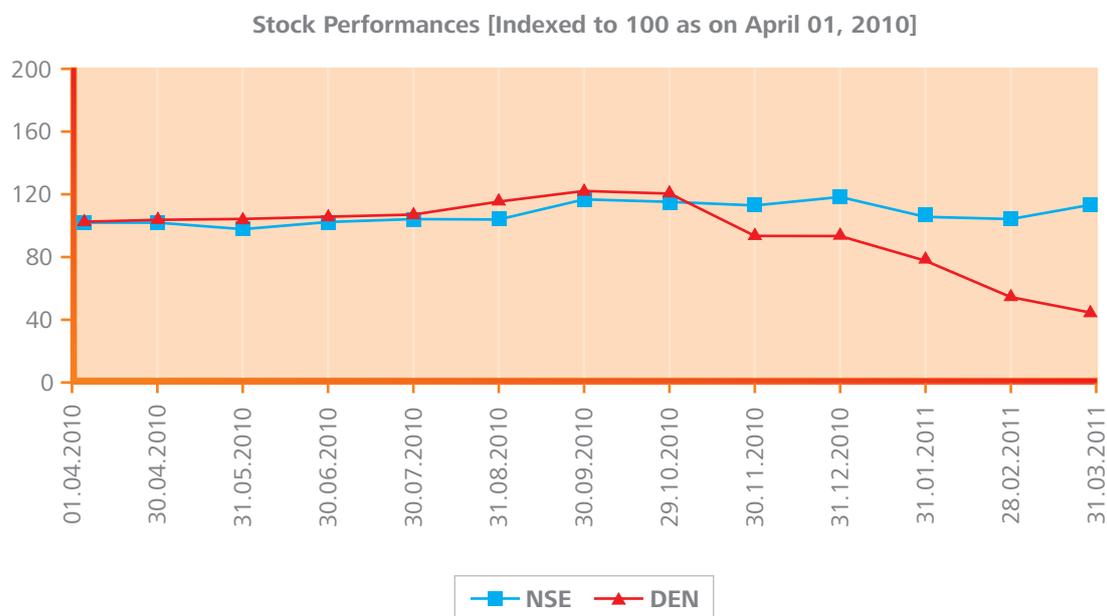
The Annual Listing fee for 2011-12 has been paid to the aforesaid Stock Exchange(s) within the stipulated time period. The International Securities Identification Number (ISIN) allotted to the Company's share under the Depository System is INE947J01015.

Market Price Data

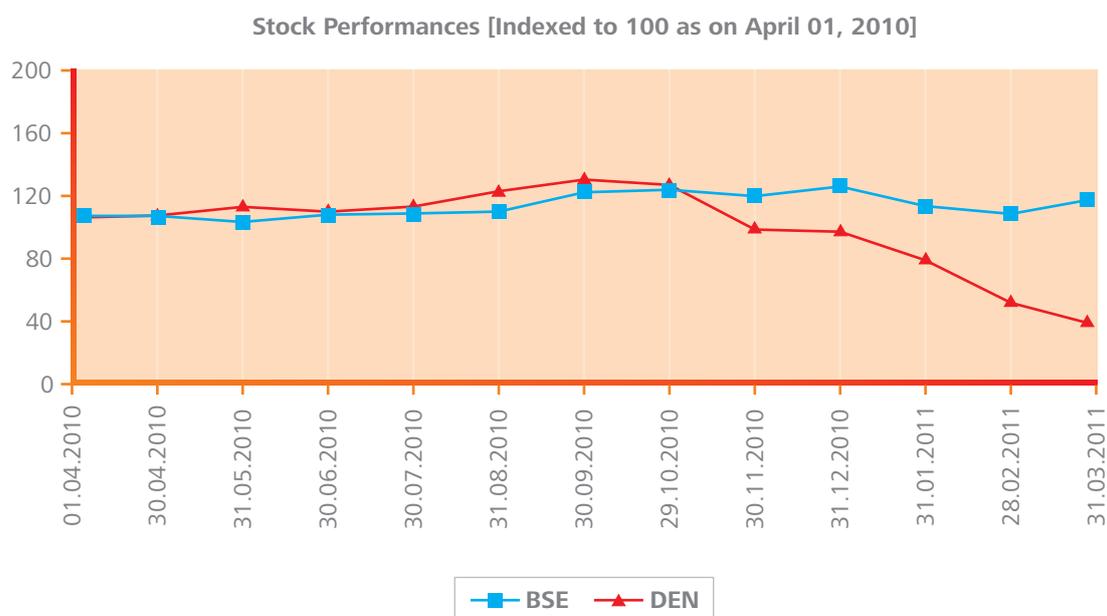
Equity Shares of the Company are listed and traded on BSE and NSE and the High Low rates of the shares of the Company during the year ended March 31, 2011 are as follows:

| Month | National Stock Exchange (NSE) (In Rs. per share) | | Bombay Stock Exchange (BSE) (In Rs. per share) | |
|-----------------|---|-------------------|---|-------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April, 2010 | 214.00 | 189.00 | 214.90 | 190.10 |
| May, 2010 | 218.50 | 191.00 | 219.90 | 190.00 |
| June, 2010 | 214.50 | 181.00 | 214.00 | 192.15 |
| July, 2010 | 224.90 | 191.00 | 224.55 | 190.20 |
| August, 2010 | 254.40 | 203.05 | 256.00 | 204.35 |
| September, 2010 | 248.00 | 221.05 | 245.00 | 224.00 |
| October, 2010 | 250.00 | 223.15 | 246.00 | 221.00 |
| November, 2010 | 253.00 | 167.05 | 250.20 | 167.25 |
| December, 2010 | 196.95 | 168.10 | 199.25 | 169.30 |
| January, 2011 | 192.00 | 146.20 | 186.95 | 146.25 |
| February, 2011 | 157.75 | 85.70 | 160.00 | 88.00 |
| March, 2011 | 109.60 | 77.50 | 109.70 | 78.15 |

Stock Performance in Comparison with NSE Nifty



Stock Performance in Comparison with BSE Sensex



Address of the Registrar & Share Transfer Agent:

Karvy Computershare Private Limited
Karvy House, 46 Avenue 4, Street No. 1,
Banjara Hills, Hyderabad- 500 034
Ph: +91 40 2342 0815
Fax: +91 40 2342 0814
Email: einward.ris@karvy.com

Name and Designation of Compliance Officer

Jatin Mahajan
Compliance Officer & Company Secretary
Ph: +91 11 40522242
Fax: +91 11 40522204
Email: jatin.mahajan@denonline.in

Share Transfer System

M/s Karvy Computershare Private Limited is appointed as the Registrar & Share Transfer Agent of the Company. The transfer of shares is approved at the meetings of the Share Transfer Committee which met 4 times during the year 2010 – 11.

Approximate time taken for share transfer, if documents are in order in all respects: 15 days

Total No. of shares transferred during 2010 – 2011:552509

Number of Shares pending for Transfer as on 31.03.2011:Nil

Redressal of Investors Complaints

The philosophy of the Company is to give utmost importance to the redressal of investors' grievances. In terms of Clause 47(f) of the Listing Agreement the Company has designated a separate e-mail address as mentioned hereunder, for investors to lodge their complaints: investorgrievance@denonline.in

Dematerialization of Shares and Liquidity

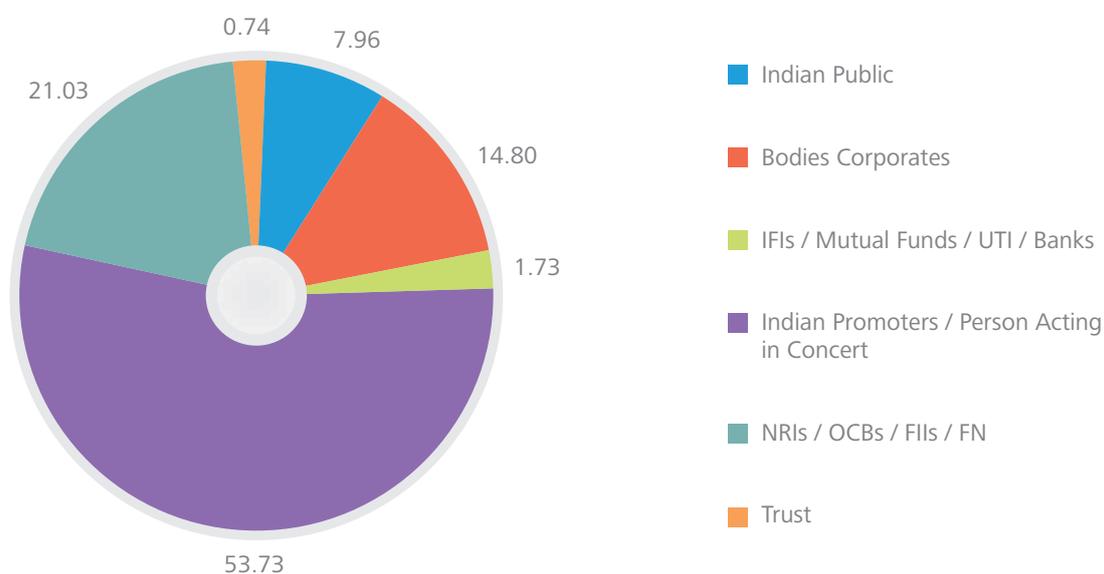
The shares of the Company are compulsorily traded in dematerialized mode and are registered for trading with both the depository participants i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The status of holding in dematerialized and physical mode, as on March 31, 2011 is as under:

| Mode of Holding | No. of Shares | % of Total Share Capital |
|-----------------|---------------------|--------------------------|
| Demat | 12,98,80,994 | 99.53 |
| Physical | 6,08,981 | 0.47 |
| Total | 13,04,89,975 | 100 |

Distribution of Shareholding as on 31.03.2011

| Category | No. of Shareholders | No. of Shares | % |
|---|---------------------|--------------------|------------|
| Indian Public | 2767 | 10,385,016 | 7.96 |
| Bodies Corporates | 232 | 19,316,278 | 14.80 |
| IFIs / Mutual Funds / UTI / Banks | 3 | 2,263,567 | 1.73 |
| Indian Promoters / Person Acting in Concert | 5 | 70,116,720 | 53.73 |
| NRIs / OCBs / FIIs / FN | 70 | 27,438,687 | 21.03 |
| Trust | 1 | 969,707 | 0.74 |
| Total | 3078 | 130,489,975 | 100 |

Graphic presentation of the Shareholding Pattern as on 31.03.2011



Distribution Schedule as on 31.03.2011

| Amount (Rs.) | No. of Shareholders | % of Shareholders | Amount of Share (RS.) | % of Shareholding |
|----------------|---------------------|-------------------|-----------------------|-------------------|
| 1 - 5000 | 2605 | 84.63 | 21,97,050 | 0.17 |
| 5001 - 10000 | 117 | 3.80 | 9,34,620 | 0.07 |
| 10001 - 20000 | 87 | 2.83 | 12,77,630 | 0.10 |
| 20001 - 30000 | 60 | 1.95 | 14,87,250 | 0.11 |
| 30001 - 40000 | 27 | 0.88 | 9,64,700 | 0.07 |
| 40001 - 50000 | 20 | 0.65 | 9,39,650 | 0.07 |
| 50001 - 100000 | 36 | 1.17 | 28,01,750 | 0.21 |
| 100001 & Above | 126 | 4.09 | 1,29,42,97,100 | 99.19 |
| Total | 3078 | 100 | 1,30,48,99,750 | 100 |

Plant Locations

Not applicable

Outstanding GDRs/ADRs/Warrants/Convertible Instruments/ESOPs

The Company has not issued any ADRs/GDRs/Convertible instruments during the year under review.

Registered Office Address:

DEN Networks Limited
236, Okhla Industrial Estate,
Phase-III, New Delhi-110020
Phone Nos: 011-40522200
Fax No.: 011-40522203

Annexure 'A'

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To
The Members
DEN Networks Limited

1. We have reviewed the implementation of the Corporate Governance procedures by DEN Networks Limited (the Company) during the year ended March 31st, 2011, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanations given to us, the Company has been complying with the conditions of Corporate Governance, as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange(s), as in force.

For **RMG & ASSOCIATE,**
Company Secretaries

Sd/-
MANISH GUPTA
Proprietor

New Delhi
September 01, 2011

Membership No. FCS 5123
Certificate of Practice No. 4095

Annexure 'B'

DECLARATION UNDER CLAUSE 49-(ID) OF THE LISTING AGREEMENT

Dear Members,
DEN Networks Limited,

In compliance with the provisions of Clause 49 of the Listing Agreement, the Company had laid down a "Code of Conduct" to be followed by all the Board members and senior management personnel which received the sanction of the Board and had been posted on the website of the Company. The Code lays down the standards of ethical and moral conduct to be followed by the members in the course of proper discharge of their official duties and commitments. All the members are duly bound to follow and confirm to the Code.

It is hereby certified that all the members of the Board and senior management personnel have confirmed to and complied with the "Code of Conduct" during the financial year 2010-11 and there has been no instances of violation of the Code.

For **DEN NETWORKS LIMITED**

Sd/
SAMEER MANCHANDA
Chairman Managing Director

Annexure 'C'

CMD AND CFO CERTIFICATION

Dear Members,
DEN Networks Limited,

We, Sameer Manchanda, Chairman Managing Director and Rajesh Kaushall, Chief Financial Officer, responsible for the finance function and the compliance of the Code of Conduct of the Company hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year and to the best of our knowledge and belief:

i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.

ii) These statements together represent a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's Code of Conduct.

3. We accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we have taken or propose to take to rectify these deficiencies.

4. During the year there were no –

- (i) Changes in internal control.
- (ii) Changes in accounting policies; and
- (iii) Instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For DEN NETWORKS LIMITED For DEN NETWORKS LIMITED

Sd/
RAJESH KAUSHALL
CFO

Sd/
SAMEER MANCHANDA
Chairman Managing Director

New Delhi
September 01, 2011

Auditors' Report

TO

THE MEMBERS OF DEN NETWORKS LIMITED

1. We have audited the attached Balance Sheet of DEN Networks Limited, ('the Company') as at 31 March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion, attention is invited to Note 17 (a) of Schedule 16, wherein the managerial remuneration paid/payable for the year is in excess of the limits set out in the Companies Act, 1956 and is subject to the approval of the shareholders/Central Government.

4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956;

e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;

ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of written representations received from the Directors as on 31 March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

New Delhi
May 28, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

i. Having regard to the nature of the Company's business/activities/result, clauses ii, xiii, xiv and xix of Companies (Auditor's Report) Order, 2003 are not applicable.

ii. In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the management in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii. The Company has neither granted nor taken any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us and having regard to the explanation that some capital items for which the procurement decision was taken based on operational requirements and some of the fixed assets purchased are of specialised nature and, therefore, suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of goods and services. The operations of the Company do not give rise to purchase of inventory.

v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and

b. According to information and explanations given to us, having regard to the explanation that some of the services purchased and sold are of a specialised nature for which there are no alternate sources of supply to enable comparison of prices, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at prices which are reasonable to prevailing market prices at the relevant time.

vi. According to the information and explanations given to us, any deposits from the public during the year, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

vii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.

viii. To the best of our knowledge and according to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of any of the products of the Company.

ix. According to the information and explanations given to us in respect of statutory dues:

a. The Company has been generally regular in depositing its undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value added Tax, Wealth Tax, Service tax, Customs Duty, Work Contract Tax, Cess and other material statutory dues within the prescribed time with the appropriate authorities during the year. There are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31 March, 2011 for a period of more than six months from the date they became payable.

We are informed that the Company's operations did not give rise to any Excise Duty and Investor Education and Protection Fund.

b. According to the information and explanations given to us, there are no amount of Income Tax, Sales Tax, Value added Tax, Wealth Tax, Service tax, Customs Duty, Work Contract Tax and Cess which have not been deposited on account of any disputes.

x. Clause 4(x) of the Companies (Auditor's Report) Order, 2003 regarding accumulated losses of the Company at the end of the financial year exceeding fifty percent of its net worth is not applicable to the Company since the Company has been registered for a period of less than five years.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken loans from financial institutions or issued any debentures.

xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xiv. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

xv. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facie, have not been used during the year for long term investment.

xvi. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xvii. The Company has not raised any money by way of public issues during the year.

xviii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and fraud on the Company has been noticed or reported during the year.

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

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

New Delhi
May 28, 2011

Balance Sheet as at March 31, 2011

Rs. in '(000)

| | Schedule Reference | As at 31-03-2011 | As at 31-03-2010 |
|--|--------------------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| 1 SHAREHOLDERS' FUNDS | | | |
| a. Share capital | 1 | 1,304,900 | 1,304,900 |
| b. Employee stock options outstanding | 2 | 1,946 | - |
| c. Reserves and Surplus | 3 | 6,105,323 | 6,105,323 |
| 2 LOAN FUNDS | | | |
| a. Secured Loans | 4 | 1,547,030 | 1,607,748 |
| b. Unsecured Loans | 5 | 14,100 | 21,952 |
| 3 DEFERRED TAX LIABILITY (NET) | | - | 9,722 |
| | | 8,973,299 | 9,049,645 |
| APPLICATION OF FUNDS | | | |
| 4 FIXED ASSETS | 6 | | |
| a. Gross Block | | 2,242,480 | 1,839,929 |
| b. Less: Depreciation | | 586,971 | 330,584 |
| c. Net Block | | 1,655,509 | 1,509,345 |
| d. Capital work in progress | | 409,917 | 194,318 |
| | | 2,065,426 | 1,703,663 |
| 5 INVESTMENTS | 7 | 3,658,686 | 3,185,578 |
| 6 CURRENT ASSETS, LOANS AND ADVANCES | | | |
| a. Sundry debtors | 8 | 1,007,708 | 1,010,144 |
| b. Unbilled revenues | | 14,553 | 133,725 |
| c. Cash and bank balances | 9 | 2,216,532 | 2,053,281 |
| d. Loans and advances | 10 | 1,147,956 | 2,008,926 |
| | | 4,386,749 | 5,206,076 |
| 7 LESS: CURRENT LIABILITIES AND PROVISIONS | 11 | | |
| a. Current Liabilities | | 1,189,817 | 1,174,278 |
| b. Provisions | | 28,141 | 21,386 |
| | | 1,217,958 | 1,195,664 |
| 8 NET CURRENT ASSETS (6-7) | | 3,168,791 | 4,010,412 |
| 9 PROFIT AND LOSS ACCOUNT (DEBIT BALANCE) | | 80,396 | 149,992 |
| | | 8,973,299 | 9,049,645 |
| Notes forming part of the accounts The above schedules form an integral part of the balance sheet | 16 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 May, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
28 May, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Profit & Loss Account for the Year Ended March 31, 2011

Rs. in '(000)

| | Schedule Reference | As at 31-03-2011 | As at 31-03-2010 |
|---|--------------------|------------------------|-------------------------|
| 1 INCOME | | | |
| a. Income from operations | | 3,256,431 | 3,214,834 |
| b. Sale of equipment | | 25,527 | 4,773 |
| c. Other income | 12 | 254,572 | 109,235 |
| d. Gain on foreign exchange fluctuation | | 8,861 | 18,931 |
| | | <u>3,545,391</u> | <u>3,347,773</u> |
| 2 EXPENDITURE | | | |
| a. Operational, administrative and other costs | 13 | 2,688,536 | 2,402,932 |
| b. Personnel expenses | 14 | 324,001 | 327,430 |
| c. Cost of traded items | | 25,386 | 4,893 |
| d. Interest and financial charges | 15 | 186,303 | 193,039 |
| e. Depreciation and amortisation | 6 | 261,199 | 218,630 |
| | | <u>3,485,425</u> | <u>3,146,924</u> |
| 3 PROFIT/(LOSS) BEFORE TAX | | 59,966 | 200,849 |
| 4 PROVISION FOR TAXES | | | |
| a. Income Tax | | 14,089 | 15,080 |
| b. Wealth Tax | | 92 | 103 |
| c. Deferred Tax | | (9,722) | (7,271) |
| d. Minimum alternate Tax (MAT) | | (14,089) | (15,080) |
| | | <u>(9,630)</u> | <u>(7,168)</u> |
| 5 PROFIT/(LOSS) AFTER TAX | | 69,596 | 208,017 |
| 6 PROFIT/(LOSS) BROUGHT FORWARD | | (149,992) | (358,008) |
| 7 APPROPRIATION | | | |
| Dividend on cumulative convertible preference shares | | - | 1 |
| 8 PROFIT/(LOSS) AFTER TAX CARRIED TO BALANCE SHEET | | <u>(80,396)</u> | <u>(149,992)</u> |
| EARNINGS PER EQUITY SHARE (See note 19) (Face value of Rs. 10 per share) | | | |
| Basic | | 0.53 | 1.86 |
| Diluted | | 0.53 | 1.79 |
| Notes forming part of the accounts The above schedule form an integral part of the profit and loss account | 16 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 May, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
28 May, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Cash Flow Statement for the Year Ended March 31, 2011

Rs. in '000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|---------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before Tax | 59,966 | 200,849 |
| Adjustments for: | | |
| Depreciation and Amortisation | 261,199 | 218,630 |
| Non Cash Acquisition Consultancy Cost | - | 17,617 |
| Loss on Sale of Investment | 97 | - |
| Interest and other Financial Expenses | 186,303 | 193,039 |
| Employee Stock compensation expenses | 1,946 | - |
| Provision for impairment | 5,000 | - |
| Provision for Employee benefits | 10,017 | 10,053 |
| Loss/(Gain) on exchange rate fluctuation - Unrealized | (302) | (3,636) |
| Doubtful debts and advances written off/provided | 24,899 | 3,200 |
| Fixed assets/ capital work in progress written off | 2,284 | 991 |
| Interest income | (144,669) | (17,247) |
| Dividend received on current investment | - | (135) |
| Profit from sale of current investment | (31,218) | (47,774) |
| Profit from sale of fixed assets | (144) | - |
| Liabilities written back | (73,730) | (42,980) |
| Operating profit before working capital changes | <u>301,678</u> | <u>532,607</u> |
| Adjustments for: | | |
| Decrease/(increase) in current assets | 138,018 | (507,397) |
| Increase/(decrease) in current liabilities and provisions | 109,747 | 125,834 |
| Cash generated from/ (used in) operations | <u>549,443</u> | <u>151,044</u> |
| Direct taxes paid (net of refunds) | 28,027 | (59,938) |
| Net cash from/ (used in) operating activities | <u>577,470</u> | <u>91,106</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investments purchased: | | |
| - in subsidiaries (including share application money) | (408,476) | (1,153,955) |
| - in mutual funds | (3,802,933) | (15,525,969) |
| Sale of investments: | | |
| - in subsidiaries | 9,120 | - |
| - in mutual funds | 4,670,259 | 14,656,665 |
| Loan repaid by/(to) subsidiaries (net) | (69,368) | (52,544) |
| Advance given for investment | (48,555) | (135,883) |
| Interest income received | 81,674 | 18,051 |
| Dividend received on current investment | - | 135 |
| Purchase of fixed assets (including capital advances) | (596,770) | (494,904) |
| Proceeds from sale of fixed assets | 5,703 | - |
| Net cash from/ (used in) investing activities | <u>(159,346)</u> | <u>(2,688,404)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of equity shares | - | 4,394,562 |
| Share issue expenses | - | (291,264) |
| Proceeds/(repayment) from short term borrowings from a subsidiary company | (21,952) | (33,050) |
| Proceeds/(repayment) of short term borrowings from others | 14,100 | - |
| Proceeds/(repayment) from working capital loan from bank | 55,621 | (122,808) |

Cash Flow Statement for the Year Ended March 31, 2011

Rs. in '(000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|--|--------------------------|--------------------------|
| Proceeds/(repayment) from term loan from bank | (122,834) | 578,669 |
| Proceeds/(repayment) of vehicle loan from banks | 6,495 | (2,110) |
| Dividend paid on preference shares | - | (2) |
| Interest paid | (186,303) | (193,039) |
| Net cash from/ (used in) financing activities | (254,873) | 4,330,958 |
| Net increase/ (decrease) in cash and cash equivalents | 163,251 | 1,733,660 |
| Cash and cash equivalents as at the beginning of the year | 2,053,281 | 319,621 |
| Cash and cash equivalents as at the end of the year | 2,216,532 | 2,053,281 |
| Notes : | | |
| 1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 prescribed in Companies (Accounting Standards) Rules, 2006. | | |
| 2. Figures in brackets indicate cash outflow. | | |
| 3. Cash and cash equivalents include Rs. '(000) 85,865 (Previous year Rs. '(000) 83,450) under lien with banks | | |
| 4. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification. | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
28 May, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
28 May, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 200,000,000 (Previous year 165,000,000) equity shares of Rs. 10 each | <u>2,000,000</u> | <u>1,650,000</u> |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 130,489,975 (Previous year 130,489,975) equity shares of Rs. 10 each fully paid up (for stock options outstanding details see note 16) | <u>1,304,900</u> | <u>1,304,900</u> |
| SCHEDULE 2 | | |
| EMPLOYEE STOCK OPTIONS OUTSTANDING | | |
| a. Employees stock options outstanding | 287,000 | - |
| b. Less : Deferred employee compensation | <u>285,054</u> | <u>-</u> |
| c. Net Balance | <u>1,946</u> | <u>-</u> |
| SCHEDULE 3 | | |
| RESERVE AND SURPLUS | | |
| SECURITIES PREMIUM | | |
| a. Opening Balance | 6,105,323 | 2,322,018 |
| b. Amount received pursuant to issue of equity and preference shares | - | 5,199,254 |
| c. Less: | | |
| 1. Utilisation for issue of bonus shares | - | 1,124,685 |
| 2. Share issue expenses | <u>-</u> | <u>291,264</u> |
| | <u>6,105,323</u> | <u>6,105,323</u> |
| SCHEDULE 4 | | |
| SECURED LOADS (FROM BANKS) | | |
| (See note 3) | | |
| a. Term Loans* | 1,253,785 | 1,376,619 |
| b. Cash Credit | 285,966 | 230,345 |
| c. Other Loans | <u>7,279</u> | <u>784</u> |
| | <u>1,547,030</u> | <u>1,607,748</u> |
| <i>* Term loans repayable within one year</i> | 488,386 | 443,784 |
| SCHEDULE 5 | | |
| UNSECURED LOAN | | |
| Short term loans | | |
| 1. from subsidiary [see note (a) below] | - | 21,952 |
| 2. from others [see note (b) below] | <u>14,100</u> | <u>-</u> |
| | <u>14,100</u> | <u>21,952</u> |
| Repayable within one year | | |
| a. from subsidiary | - | 21,952 |
| b. from others | <u>7,050</u> | <u>-</u> |

Schedules Forming Part of the Balance Sheet

SCHEDULE 6 FIXED ASSETS (at cost)

Rs. in '0000

| Particulars | GROSS BLOCK | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | | |
|--|---------------------|----------------|-----------------------|-----------------------------|---------------------|----------------|-----------------------|---------------------|---------------------|
| | As at 01-04-2010 | Additions | Sales/ Adjustments | As at 31-03-2011 | As at 01-04-2010 | Additions | Sales/ Adjustments | As at 31-03-2011 | As at 01-04-2010 |
| A. Tangible Assets | | | | | | | | | |
| Leasehold improvements | 96,855 | 235 | 1,758 | 95,332 | 60,567 | 31,461 | 1,109 | 4,413 | 36,288 |
| Plant and machinery | 801,175 | 100,553 | 2,775 | 898,953 | 121,506 | 90,346 | 473 | 687,574 | 679,669 |
| - Headend and distribution equipment | 655,845 | 246,279 | - | 902,124 | 86,117 | 92,180 | - | 723,827 | 569,728 |
| - Set top boxes | 30,023 | 2,080 | 113 | 31,990 | 8,621 | 5,129 | 51 | 18,291 | 21,402 |
| - Computers | 93,857 | 5,619 | 1,367 | 98,109 | 17,112 | 9,840 | 37 | 71,194 | 76,745 |
| - Office and other equipment | 7,741 | 508 | - | 8,249 | 3,622 | 1,228 | - | 3,399 | 4,119 |
| Furniture and fixtures | 17,245 | 11,122 | 6,672 | 21,695 | 5,613 | 3,156 | 3,142 | 16,068 | 11,632 |
| Vehicles | | | | | | | | | |
| B. Intangible Assets | | | | | | | | | |
| Goodwill | 4,128 | - | - | 4,128 | 2,393 | 667 | - | 1,068 | 1,735 |
| Distribution network rights | 115,263 | 48,000 | - | 163,263 | 20,683 | 23,868 | - | 118,712 | 94,580 |
| Software | 15,797 | 840 | - | 16,637 | 3,530 | 3,232 | - | 9,875 | 12,267 |
| Licence fee for internet service | 2,000 | - | - | 2,000 | 820 | 92 | - | 1,088 | 1,180 |
| Total | 1,839,929 | 415,236 | 12,685 | 2,242,480 | 330,584 | 261,199 | 4,812 | 1,655,509 | 1,509,345 |
| Previous Year | 1,317,878 | 531,667 | 9,616 | 1,839,929 | 114,979 | 218,630 | 3,025 | 1,509,345 | 1,202,899 |
| Capital work-in-progress [including capital advance Rs. '(000) 23,037 (Previous year Rs. '(000) 25,347)] | | | | | | | | 409,917 | 194,318 |
| Grand Total | | | | | | | | 2,065,426 | 1,703,663 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| SCHEDULE 7 | | |
| INVESTMENTS | | |
| (See note 11) | | |
| a. Trade and unquoted - long term in equity shares - at cost | | |
| i of wholly owned subsidiary companies | | |
| 1 860,028 (Previous year 714,950) equity shares of Rs.10 each, fully paid up in Den Futuristic Cable Networks Private Limited | 85,103 | 70,595 |
| 2 72,37,200 (Previous year 87,200) equity shares of Rs.10 each, fully paid up in Den Entertainment Network Private Limited | 357,936 | 436 |
| 3 590,000 (Previous year 50,000) equity shares of Rs.10 each, fully paid up in Aster Entertainment Private Limited | 54,500 | 500 |
| 4 200,000 (Previous year 50,000) equity shares of Rs.10 each, fully paid up in Den Digital Entertainment Gujarat Private Limited | 8,000 | 500 |
| 5 50,000 (Previous year 50,000) equity shares of Rs.10 each, fully paid up in Shine Cable Network Private Limited | 500 | 500 |
| 6 50,000 (Previous year Nil) equity shares of Rs.10 each, fully paid up in Mahavir Den Entertainment Pvt. Ltd. | 500 | - |
| | 506,539 | 72,531 |
| ii of partly owned subsidiary companies | | |
| 1 31,224 (Previous year 31,224) equity shares of Rs.10 each, fully paid up in Den Ambey Cable Networks Private Limited | 13,167 | 13,167 |
| 2 2,550 (Previous year 2,550) equity shares of Rs.100 each, fully paid up in DEN Manoranjan Satellite Private Limited | 127,813 | 127,813 |
| 3 40,500 (Previous year 40,500) equity shares of Rs. 10 each, fully paid up in Dew Shree Network Private Limited | 121,748 | 121,748 |
| 4 51,000 (Previous year 51,000) equity shares of Rs. 10 each, fully paid up in Meerut Cable Network Private Limited | 83,408 | 83,408 |
| 5 25,935 (Previous year 25,935) equity shares of Rs. 10 each, fully paid up in Den Krishna Cable TV Network Private Limited | 28,068 | 28,068 |
| 6 25,500 (Previous year 25,500) equity shares of Rs. 10 each, fully paid up in Shree Siddhivinayak Cable Network Private Limited | 25,768 | 25,768 |
| 7 26,315 (Previous year 26,315) equity shares of Rs. 10 each, fully paid up in Den Pawan Cable Network Private Limited | 28,054 | 28,054 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| 8 122,400 (Previous year 122,400) equity shares of Rs. 10 each, fully paid up in Mahadev Den Network Private Limited | 28,893 | 28,893 |
| 9 45,863 (Previous year 45,863) equity shares of Rs. 10 each, fully paid up in Mahadev Den Cable Network Private Limited | 28,031 | 28,031 |
| 10 26,300 (Previous year 26,300) equity shares of Rs. 10 each, fully paid up in Den Mod Max Cable Network Private Limited | 12,269 | 12,269 |
| 11 27,380 (Previous year 27,380) equity shares of Rs. 10 each, fully paid up in DEN BCN Suncity Network Private Limited | 10,024 | 10,024 |
| 12 29,150 (Previous year 29,150) equity shares of Rs. 10 each, fully paid up in Den Crystal Vision Network Private Limited | 8,175 | 8,175 |
| 13 45,900 (Previous year 45,900) equity shares of Rs. 10 each, fully paid up in Mahadev Den Cable Net Private Limited | 14,555 | 14,555 |
| 14 25,501 (Previous year 25,501) equity shares of Rs. 10 each, fully paid up in Den Kashi Cable Network Private Limited | 5,008 | 5,008 |
| 15 27,565 (Previous year 27,565) equity shares of Rs. 10 each, fully paid up in Den Harsh Mann Cable Network Private Limited | 3,322 | 3,322 |
| 16 33,300 (Previous year 33,300) equity shares of Rs. 10 each, fully paid up in Den Mahendra Satellite Private Limited Less : Provision for diminution in value of DEN Mahendra Satellite Private Limited | 3,006 (500) | 3,006 - |
| 17 27,384 (Previous year 27,384) equity shares of Rs. 10 each, fully paid up in Den Prince Network Private Limited | 3,004 | 3,004 |
| 18 30,416 (Previous year 30,416) equity shares of Rs. 10 each, fully paid up in Den Varun Cable Network Private Limited | 2,216 | 2,216 |
| 19 25,501 (Previous year 25,501) equity shares of Rs. 10 each, fully paid up in Den Prayag Cable Networks Private Limited | 2,043 | 2,043 |
| 20 27,160 (Previous year 25,628) equity shares of Rs. 10 each, fully paid up in Den Pradeep Cable Network Private Limited | 1,856 | 1,502 |
| 21 29,223 (Previous year 29,223) equity shares of Rs. 10 each, fully paid up in DEN Ashu Cable Private Limited | 12,314 | 12,314 |
| 22 26,841 (Previous year 26,841) equity shares of Rs. 10 each, fully paid up in DEN Bindra Network Private Limited | 5,112 | 5,112 |
| 23 29,685 (Previous year 29,685) equity shares of Rs. 10 each, fully paid up in Den Classic Cable TV Services Private Limited | 2,649 | 2,649 |
| 24 30,140 (Previous year 30,140) equity shares of Rs. 10 each, fully paid up in DEN Digital Cable Network Private Limited | 132,832 | 132,832 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| 25 355,980 (Previous year 355,980) equity shares of Rs. 10 each, fully paid up in Den Enjoy Cable Networks Private Limited | 36,588 | 36,588 |
| 26 27,675 (Previous year 27,675) equity shares of Rs. 10 each, fully paid up in Den F K Cable TV Network Private Limited | 25,554 | 25,554 |
| 27 25,624 (Previous year 25,624) equity shares of Rs. 10 each, fully paid up in DEN Jai Ambey Vision Cable Private Limited | 2,103 | 2,103 |
| 28 31,230 (Previous year 31,230) equity shares of Rs. 10 each, fully paid up in Den Maa Sharda Vision Cable Networks Private Limited | 6,000 | 6,000 |
| 29 56,059 (Previous year 56,059) equity shares of Rs. 10 each, fully paid up in DEN MCN Cable Network Private Limited | 33,970 | 33,970 |
| 30 33,950 (Previous year 33,950) equity shares of Rs. 10 each, fully paid up in Den Mewar Rajdev Cable Network Private Limited | 19,546 | 19,546 |
| 31 26,117 (Previous year 26,117) equity shares of Rs. 10 each, fully paid up in DEN Montooshah Network Private Limited | 20,449 | 20,449 |
| 32 Nil (Previous year 38,914) equity shares of Rs. 10 each, fully paid up in DEN P.S.C. Network Private Limited | - | 9,142 |
| 33 35,140 (Previous year 35,140) equity shares of Rs. 10 each, fully paid up in Den Radiant Satelite Cable Network Private Limited | 1,953 | 1,953 |
| 34 48,256 (Previous year 48,256) equity shares of Rs. 10 each, fully paid up in DEN RIS Cable Network Private Limited | 5,408 | 5,408 |
| Less : Provision for diminution in value of DEN RIS Cable Network Private Limited | (4,500) | - |
| 35 31,265 (Previous year 31,265) equity shares of Rs. 10 each, fully paid up in Den Satellite Cable TV Network Private Limited | 5,335 | 5,335 |
| 36 25,500 (Previous year 25,500) equity shares of Rs. 10 each, fully paid up in Den Shiva Cable Network Private Limited | 817 | 817 |
| 37 91,000 (Previous year 91,000) equity shares of Rs. 10 each, fully paid up in DEN Sky Media Network Private Limited | 123,832 | 123,832 |
| 38 30,452 (Previous year 30,452) equity shares of Rs. 10 each, fully paid up in DEN Supreme Satellite Vision Private Limited | 25,555 | 25,555 |
| 39 27,325 (Previous year 27,325) equity shares of Rs. 10 each, fully paid up in Drashti Cable Network Private Limited | 23,000 | 23,000 |
| 40 25,500 (Previous year 25,500) equity shares of Rs. 10 each, fully paid up in DEN Fateh Marketing Private Limited | 10,229 | 10,229 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|---------------------|---------------------|
| 41 25,500 (Previous year 25,500) equity shares of Rs. 10 each, fully paid up in DEN Nashik City Cable Network Private Limited | 73,595 | 73,595 |
| 42 76,500 (Previous year 76,500) equity shares of Rs. 10 each, fully paid up in Radiant Satellite (India) Private Limited | 46,015 | 46,015 |
| 43 30,529 (Previous year 30,529) equity shares of Rs. 10 each, fully paid up in DEN Aman Entertainment Private Limited | 4,122 | 4,122 |
| 44 37,113 (Previous year 37,113) equity shares of Rs. 10 each, fully paid up in Den Budaun Cable Network Private Limited | 2,002 | 2,002 |
| 45 44,814 (Previous year 44,814) equity shares of Rs. 10 each, fully paid up in Den Narmada Network Private Limited | 2,001 | 2,001 |
| 46 28,928 (Previous year 28,928) equity shares of Rs. 10 each, fully paid up in DEN Bellary City Cable Private Limited | 36,841 | 36,841 |
| 47 560,762 (Previous year 550,800) equity shares of Rs. 10 each, fully paid up in Malayalam Telenet Private Limited | 51,029 | 50,125 |
| 48 57,252 (Previous year 47,052) equity shares of Rs. 10 each, fully paid up in DEN ELGEE CABLE VISION PRIVATE LIMITED | 6,381 | 4,376 |
| 49 5,100 (Previous year 5,100) equity shares of Rs. 10 each, fully paid up in RAJKOT CITY COMMUNICATION PRIVATE LIMITED | 98,430 | 98,430 |
| 50 30,633 (Previous year 30,633) equity shares of Rs. 10 each, fully paid up in DEN MALABAR CABLE VISION PRIVATE LIMITED | 26,894 | 26,894 |
| 51 27,882 (Previous year 27,882) equity shares of Rs. 10 each, fully paid up in DEN Infoking Channel Entertainers Private Limited | 60,125 | 60,125 |
| 52 3,167 (Previous year 2,998) equity shares of Rs. 10 each, fully paid up in Den UCN Network India Private Limited | 23,086 | 21,936 |
| 53 51,000 (Previous year 51,000) equity shares of Rs. 10 each, fully paid up in Fortune (Baroda) Network Private Limited | 36,456 | 36,456 |
| 54 25,500 (Previous year 25,500) equity shares of Rs. 10 each, fully paid up in Galaxy Den Media & Entertainment Private Limited | 43,353 | 43,353 |
| 55 27,300 (Previous year 27,300) equity shares of Rs. 10 each, fully paid up in Bali Den Cable Network Private Limited | 50,651 | 50,651 |
| 56 Nil (Previous year 25,502) equity shares of Rs. 10 each, fully paid up in Mahavir Den Entertainment Private Limited | - | 30,075 |
| 57 32,941 (Previous year 32,941) equity shares of Rs. 10 each, fully paid up in Den Citi Channel Private Limited | 17,130 | 24,205 |

Schedules Forming Part of the Balance Sheet

Rs. in '000)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|---------------------|---------------------|
| 58 29,227 (Previous year 29,227) equity shares of Rs. 10 each, fully paid up in Fab Den Network Private Limited | 41,472 | 41,472 |
| 59 50,295 (Previous year 46,233) equity shares of Rs. 10 each, fully paid up in Den Satellite Network Private Limited | 461,582 | 424,332 |
| 60 102,039 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Cab-i-Net Communications Private Limited | 30,037 | - |
| 61 25,500 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Den Krishna Vision Private Limited | 3,681 | - |
| 62 45,900 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Shri Ram DEN Network Private Limited | 31,198 | - |
| 63 25,500 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in United Cable Network (Digital) Private Limited | 4,602 | - |
| 64 10,200 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Amogh Broad Band Services Private Limited | 628,079 | - |
| 65 34,285 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Den Sariga Communication Private Limited | 9,060 | - |
| 66 25,500 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Den Sahyog Cable Network Private Limited | 1,581 | - |
| 67 1,980,000 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in IME Networks Private Limited | 19,800 | - |
| 68 48,931 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Den A.F. Communication Private Limited | 489 | - |
| 69 50,775 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Den Kattakada Telecasting and Cable Services Private Limited | 16,406 | - |
| 70 30,620 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Big Den Entertainment Private Limited | 12,221 | - |
| 71 5,100 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Sree Gokulam Starnet Communication Private Limited | 11,526 | - |
| | 2,888,519 | 2,129,468 |
| iii in joint venture | | |
| 1 2,500,000 (Previous year 2,500,000) equity shares of Rs. 10 each, fully paid up in Star Den Media Services Private Limited | 25,000 | 25,000 |
| | 25,000 | 25,000 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|-------------------------|-------------------------|
| iv in other companies | | |
| 1 4,504 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Crystal Vision Media Private Limited | 109,082 | - |
| Aggregate of unquoted - long term trade investments in equity shares (i+ii+iii+iv) | <u>3,529,140</u> | <u>2,226,999</u> |
| b. Trade and unquoted - long term in preference shares - at cost | | |
| 1 3% 5 years 750,000 (Previous year 750,000) non cumulative preference shares of Rs. 10 each in Den Kashi Cable Network Private Limited | 37,500 | 37,500 |
| 2 13.5% 7 years 707,500 (Previous year Nil) non cumulative preference shares of Rs. 10 each in Den Citi Channel Private Limited | 7,075 | - |
| | <u>44,575</u> | <u>37,500</u> |
| c. Trade and unquoted - long term in capital of partnership firm - at cost | | |
| 1 99% (Previous year 99%) interest in the capital of Creative Cable Network | 4,000 | 4,000 |
| | <u>4,000</u> | <u>4,000</u> |
| d. Unquoted - Current investments in units of mutual funds (at lower of cost or fair value) (other than trade) | | |
| 1 Nil (Previous year 28,789,123) units of Rs. 13.90 each in NLFSG Canara Robeco Treasury Advantage Super Instt Growth Fund | - | 400,055 |
| 2 Nil (Previous year 9,509,161) units of Rs. 10.54 each in Baroda Pioneer Liquid Fund-Institutional Growth Plan's | - | 100,208 |
| 3 Nil (Previous year 12,668,250) units of Rs. 15.79 each in B332G Birla Sun Life Floating Rate Fund Retail Long Term Growth | - | 200,000 |
| 4 Nil (Previous year 6,074,841) units of Rs. 17.48 each in B332G Birla Sun Life Saving Fund Instl. Growth | - | 106,192 |
| 5 Nil (Previous year 89,437) units of Rs. 1,237 each in UTI Treasury Advantage Fund Institutional Plan | - | 110,624 |
| 6 2,338,361 (Previous year Nil) units of Rs. 12.83 each in Reliance Regular Saving Fund Debt Plan Institutional Growth Plan | 30,000 | - |
| 7 5,097,050 (Previous year Nil) FMP 3M Series 18 Growth | 50,971 | - |
| Aggregate of unquoted - current investment in units of mutual funds | <u>80,971</u> | <u>917,079</u> |
| Total (a+b+c+d) | <u><u>3,658,686</u></u> | <u><u>3,185,578</u></u> |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|--|--------------------------|--------------------------|
| SCHEDULE 8 | | |
| SUNDRY DEBTORS (Unsecured)* | | |
| (See note 8) | | |
| a. Debts outstanding for more than 6 months | | |
| i. Considered good | 337,286 | 192,890 |
| ii. Considered doubtful | 9,311 | 9,905 |
| b. Others | | |
| i. Considered good | 670,422 | 817,254 |
| ii. Considered doubtful | - | - |
| | <u>1,017,019</u> | <u>1,020,049</u> |
| c. Less: Provision for doubtful debts | <u>9,311</u> | <u>9,905</u> |
| | <u>1,007,708</u> | <u>1,010,144</u> |
| *Sundry debtors include Rs. '(000) 355,090 (Previous year Rs. '(000) 387,939) and Rs. (000) 112,665 (Previous year Rs. '(000) 148,656) recoverable from subsidiaries and jointly controlled entity of the company, respectively. | | |
| SCHEDULE 9 | | |
| CASH AND BANK BALANCES | | |
| a. Cash on hand | 214 | 299 |
| b. Cheques in hand | 568,993 | 266,850 |
| c. Balances with scheduled banks: | | |
| i. in current accounts | 351,223 | 648,487 |
| ii. in deposit accounts* | 1,265,922 | 1,107,465 |
| iii. as margin money** | 30,180 | 30,180 |
| | <u>2,216,532</u> | <u>2,053,281</u> |
| *Pledged as securities with: | | |
| - Government authorities for internet service license - Rs. '(000) 2,817 (Previous year Rs. '(000) 2,670) | | |
| - Tax authorities for statutory registrations - Rs. '(000) 100 (Previous year Rs. (000) 100) | | |
| - Banks as DSRA Rs. '(000) 30,962 (Previous year Rs. '(000) 30,000) | | |
| - Banks to issue performance gurantee to BSE Rs. '(000) 21,806 (Previous year Rs.(000) 20,500) | | |
| **Pledged as security with bank for letters of credit | | |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | Year Ended 31-03-2011 | | Year Ended 31-03-2010 | |
|--|--------------------------|------------------|--------------------------|------------------|
| SCHEDULE 10 | | | | |
| LOANS AND ADVANCES (Unsecured) | | | | |
| a. Advances recoverable in cash or in kind or for value to be received | | | | |
| i. Considered good * | 361,502 | | 364,305 | |
| ii. Considered doubtful | 26,786 | | 13,786 | |
| | <u>388,288</u> | | <u>378,091</u> | |
| b. Less: Provision for doubtful advances | 26,786 | 361,502 | 13,786 | 364,305 |
| c. Loans to Subsidiaries [See note 7 (a)] | | 162,414 | | 93,046 |
| d. Advance for investments (See note 11) | | 193,570 | | 978,548 |
| e. Balance with government authorities | | 61,886 | | 36,936 |
| f. Share application money paid pending allotment | | 203,965 | | 342,876 |
| g. Advance tax [including tax deducted at source Rs. '(000) 163,724 Previous year Rs. '(000) 191,859 (Net of Provision Rs. '(000) 25,709 Previous year Rs. 15,080)] | | 138,910 | | 177,674 |
| h. Fringe benefit tax [net of provision of Rs. '(000) 1,331 (Previous year 6,707)] | | - | | 461 |
| i. MAT credit entitlement | | 25,709 | | 15,080 |
| | | <u>1,147,956</u> | | <u>2,008,926</u> |
| *Includes Rs. '(000) 65,886 (Previous year Rs. '(000) 42,522) and Rs. '(000) 5 (Previous year Rs. '(000) 5) recoverable from the subsidiaries and jointly controlled entity of the company, respectively. [See note 7(b)] | | | | |
| SCHEDULE 11 | | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | | |
| a. Current liabilities | | | | |
| i. Sundry Creditors | | | | |
| - Micro and small enterprises (See note 13) | | - | | - |
| - Balance consideration payable on investments (See note 11) | | 27,491 | | 84,978 |
| - Others | | 590,874 | | 722,241 |
| ii. Due to subsidiary companies | | 281,687 | | 159,347 |
| iii. Security deposits received | | 14,214 | | 3,399 |
| iv. Advances from customers* | | 6,628 | | 3,506 |
| v. Advance billings** | | 187,214 | | 121,517 |
| vi. Other liabilities | | 81,709 | | 79,290 |
| | | <u>1,189,817</u> | | <u>1,174,278</u> |
| *Includes Rs. '(000) 2,081 (Previous year Rs. '(000) Nil) from the subsidiaries of the company | | | | |
| **Includes Rs. '(000) 15,539 (Previous year Rs. '(000) 8,198) & Rs. '(000) 188 (Previous year Rs. '(000) Nil) from the subsidiaries and jointly controlled entity of the company respectively | | | | |
| b. Provisions | | | | |
| i. Wealth tax [net of advance tax of Rs. '(000)24 (Previous year133)] | | 83 | | 99 |
| ii. Employee benefits (See note 14) | | | | |
| - Gratuity | | 13,986 | | 9,725 |
| - Compensated absences/ leave encashment | | 14,072 | | 11,562 |
| | | <u>28,141</u> | | <u>21,386</u> |
| | | <u>1,217,958</u> | | <u>1,195,664</u> |

Schedules Forming Part of Profit and Loss Account

Rs. in '(000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| SCHEDULE 12 | | |
| OTHER INCOME | | |
| a. Profit on sale of current investments (other than trade and unquoted) | 31,218 | 47,774 |
| b. Dividend on current investments (other than trade and unquoted) | - | 135 |
| c. Interest income | | |
| i. on fixed deposits [including tax deducted at source Rs. '(000) 3,370 (Previous year Rs. '(000) 696)] | 79,227 | 6,208 |
| ii. on loans to subsidiaries [including tax deducted at source Rs. '(000) 3,271 (Previous year Rs. '(000) 908)] | 43,496 | 10,869 |
| iii. on loans to others [including tax deducted at source Rs. '(000) Nil (Previous year Rs. Nil)] | 7,613 | 170 |
| iv. on income tax refund | 14,333 | - |
| d. Excess provisions written back | 59,282 | 38,940 |
| e. Miscellaneous income | 19,403 | 5,139 |
| | 254,572 | 109,235 |
| SCHEDULE 13 | | |
| OPERATIONAL, ADMINISTRATIVE AND OTHER COSTS | | |
| a. Content cost | 601,292 | 503,232 |
| b. Placement fees | 1,210,975 | 1,100,267 |
| c. Distributor commission/ incentive | 49,484 | 33,208 |
| d. Cable Laying Expenses - UG | - | 19,650 |
| e. Rent and hire charges (See note 10) | 87,449 | 90,895 |
| f. Repairs and maintenance | | |
| i. Plant and machinery | 50,870 | 51,826 |
| ii. Others | 34,979 | 25,931 |
| g. Power and fuel | 31,925 | 29,867 |
| h. Director's sitting fees | 320 | 80 |
| i. Consultancy, professional and legal charges [See note 17 (e)] | 291,772 | 285,141 |
| j. Brokerage/ commission | 5,828 | 5,072 |
| k. Travelling and conveyance | 78,012 | 70,979 |
| l. Advertisement, publicity and business promotion | 53,003 | 28,050 |
| m. Communication expenses | 93,568 | 86,899 |
| n. Security charges | 10,560 | 9,499 |
| o. Insurance | 10,812 | 9,656 |
| p. Rates and taxes | 21,943 | 21,586 |
| q. Provision for doubtful debts/ advances | 12,406 | 3,200 |
| r. Bad debts/ advances written off | 12,493 | 6,011 |
| s. Provision for Impairment | 5,000 | - |
| t. Fixed assets/ capital work in progress written off | 21 | 991 |
| u. Loss on sale/ disposal of fixed assets | 2,195 | 571 |
| v. Loss on sale of investments | 97 | 32 |
| w. Miscellaneous expenses | 23,532 | 20,289 |
| | 2,688,536 | 2,402,932 |

Schedules Forming Part of Profit and Loss Account

Rs. in '(000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| SCHEDULE 14 | | |
| PERSONNEL EXPENSES | | |
| a. Salaries, allowances and bonus | 283,685 | 290,297 |
| b. Contribution to provident fund and other funds | 16,052 | 14,663 |
| c. Employee benefits (See note 14) | 10,017 | 10,053 |
| d. Staff welfare expenses | 12,301 | 12,417 |
| e. Employee stock compensation expenses | 1,946 | - |
| | <u>324,001</u> | <u>327,430</u> |
| SCHEDULE 15 | | |
| INTEREST AND FINANCIAL CHARGES | | |
| a. Interest on loans from banks | 174,934 | 180,129 |
| b. Interest on finance lease obligations (vehicles) | - | 233 |
| c. Bank charges and other costs | 11,369 | 12,677 |
| | <u>186,303</u> | <u>193,039</u> |

Schedules Forming Part of the Balance Sheet

SCHEDULE 16 **NOTES FORMING PART OF THE ACCOUNTS**

1. Background

DEN Networks Limited (hereinafter referred to as 'the Company' or 'DEN') was incorporated on 10 July, 2007 to engage in cable television distribution, broadband internet and other related business.

DEN is engaged in distribution of television channels through analog and digital cable distribution network and provision of internet services.

The Company changed its status from a Private Limited Company to a Public Limited Company on 15 April, 2008 thereby changing its name to DEN Digital Entertainment Networks Limited. Subsequently, the company changed its name to DEN Networks Limited on 27 June, 2008.

During the financial year 2009-10, the Company issued and allotted 1,85,67,240 Equity Shares of face value of Rs. 10/- each, pursuant to the Initial Public Offer (IPO), which were admitted for listing and trading on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) with effect from November 24, 2009.

2. Significant accounting policies

a. Basis of preparation

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ("GAAP") in India, and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company. These financial statements have been prepared for the year ended 31 March, 2011.

b. Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of

income and expenses during the year. Examples of such estimates includes provisions for income taxes, future obligations under employment retirement benefit plans, provision for doubtful debts and advances and estimated useful life of tangible and intangible assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Revenue recognition

i. Income from operations

1. Service revenue comprises income from subscription, placement of channels, advertisement revenue, fees for rendering management, technical and consultancy services and other related services. Income from services is recognised upon completion of services as per the terms of contracts with the customers. Period based services are accrued and recognised pro-rata over the contractual period.

2. Activation Fees on Set Top Boxes (STB) is recognized as revenue at the end of the month of activation of boxes, on issue of STBs to the customers.

3. Revenue billed but not recognised at the end of the year has been disclosed as deferred revenue under current liabilities.

ii. Sale of equipment

Revenue is recognized when the significant risks and rewards of ownership of the equipment have been passed to the buyer. The time of transfer and the amount is determined based on the arrangement between the parties involved.

In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT, VAT collected is disclosed under current liabilities and not routed through profit and loss account as mentioned in Guidance Note of State Value Added Tax by ICAI.

iii. Others

1. Profit on sale of investment in mutual funds is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of the investment.

2. Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction.

Schedules Forming Part of the Balance Sheet

3. Dividend and interest income are recognised when the right to receive the same is established.

d. Barter Transactions

Barter transactions are recognised at the fair value of consideration received or paid. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/services provided/received adjusted by the amount of cash or cash equivalent transferred.

e. Fixed Assets

i. Tangible Assets

1. Fixed assets are stated at the cost of acquisition less accumulated depreciation. The actual cost capitalised includes purchase price, and all other attributable costs of bringing the assets to working condition for intended use.

2. Assets are capitalised on the date when they are ready for intended use. Set top boxes are capitalised at the end of the month of activation.

3. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for intended use at the balance sheet date, are disclosed as capital work in progress.

ii. Intangible Assets

a. Intangible assets acquired in business acquisitions are stated at fair value as determined by the management of the Company on the basis of valuation by expert valuers, less accumulated amortisation.

b. Other intangible assets are stated at cost of acquisition less accumulated amortisation. The actual cost capitalised includes purchase price, and all other attributable costs of bringing the assets to working condition for intended use.

f. Depreciation and Amortisation

Depreciation on fixed assets except leasehold improvements is provided on the straight-line method over their estimated useful lives, as determined by the management, at the rates which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

The management's estimate of the useful life of the various fixed assets is as follows:

| | |
|------------------------------------|---------------|
| Headend and distribution equipment | 6 to 15 years |
| Set top boxes | 8 years |
| Computers | 6 years |
| Office & other equipment | 3 to 10 years |
| Furniture & fixtures | 6 years |
| Vehicles | 6 years |
| Software | 5 years |

Leasehold improvements are amortised over the lower of the useful life or the period of the lease.

License fee for internet service is amortised over the period of license agreement.

Fixed assets acquired through business purchase are depreciated over the useful life of 5 years as estimated by an approved valuer.

Intangible assets comprising distribution network rights and goodwill are amortized on a straight line method over their estimated useful lives, determined by management to be 5 years.

g. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

h. Leases

i. Finance Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are capitalised at the inception of

Schedules Forming Part of the Balance Sheet

the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

ii. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Lease payments under operating leases are recognised as expense in the profit and loss account on a straight line basis over the lease term.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

j. Investments

Trade investments are investments made to enhance the company's business interests. Investments are classified either as long term or current investments, based on management's intention at the time of purchase. Long-term investments are stated at cost less provision for other than temporary diminution in the carrying value, as determined separately for each investment. Current investments are stated at the lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

k. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Realised gains and losses on foreign exchange transactions settled during the year are recognised in the profit and loss account.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the rates prevailing on that date and resultant gains/losses on foreign exchange translations are recognised in the profit and loss account.

In case of forward contracts for foreign exchange, the

difference between the forward rate and the exchange rate at the date of transaction are recognised over the life of the contract.

l. Taxation

Income tax comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off - setting advance taxes paid and income tax provisions.

Deferred tax charge or credit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal, subject to consideration of prudence, in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is a virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each balance sheet date.

Minimum alternate tax (MAT) paid in accordance with Income Tax Act, 1961, which gives rise to future economic benefit in the form of adjustment from income tax liability, is recognised when it is certain that the company will be able to set off the same and adjusted from the current tax charge for that year.

Provision for wealth tax is made based on tax liability computed after considering tax allowances and exemptions available in accordance with the provisions of the Wealth tax Act, 1957.

m. Employee Benefits

i. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, bonus, leave travel allowance and performance incentives.

ii. Long Term Employee Benefits

Schedules Forming Part of the Balance Sheet

• Provident Fund and other State Plans

Company's contributions towards recognised Provident Fund, Employee State Insurance Fund and Employees Pension Scheme under defined contribution plans are recognised in the profit and loss account during the period in which the employee renders the related service.

• Gratuity

The Company's gratuity is, a defined benefit plan. In accordance with 'The Payment of Gratuity Act, 1972', the plan provides for a lump sum payment to vested employees, at retirement, death, incapacitation, or termination of employment, of an amount based on the respective employee's last drawn salary and tenure of employment with the Company.

• Compensated Absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of unutilised accrued compensated absence and utilize it in future periods or receive cash compensation for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the service that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Liability with regard to compensated absences and gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial valuation is carried out using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the profit and loss account as income or expense.

n. Earnings Per Share

In determining earnings per share, the company considers the

net profit after tax and includes the post tax effect of any extraordinary/ exceptional item. Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares outstanding during the year and dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

o. Segment Information

i. Business Segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Company operates in the distribution & placement of television channels and related services.

ii. Geographical Segments

Secondary segmental reporting is performed on the basis of the geographical location of customers i.e. within India and overseas.

p. Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to profit and loss account on a straight line basis over the period of the options. The amortised portion of the cost is shown under reserve and surplus.

q. Provisions and Contingencies

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Schedules Forming Part of the Balance Sheet

r. Cash Flow Statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals and accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3. Secured Loans

a. Cash credit facilities of Rs. '(000) 285,966 [Previous year figures Rs. '(000) 230,345] are secured by:

i. First pari passu charge on current and future book debts of the Company.

ii. Second pari passu charge on all movable and immovable fixed assets of the Company.

b. Out of total term loan of Rs. '(000) 1,253,785 [Previous year figures Rs. '(000) 1,376,619] Rs. '(000) 1,123,742 [Previous year figure Rs. '(000) 1,376,619] from bank is secured by:

i. First pari passu charge on all movable and immovable properties of the Company both present and future;

c. Out of total term loan of Rs. '(000) 1,253,785 [Previous year figures Rs. '(000) 1,376,619] Rs. '(000) 130,044 [Previous year figure Rs. '(000) Nil] from bank is secured by:

i. First pari passu charge on all movable and immovable properties of the Company both present and future;

ii. Second pari passu charge on all current assets of the Company;

d. Other loans from banks amounting to Rs. '(000) 7,279 [Previous year figures Rs. '(000) 784] are secured by hypothecation of vehicles financed by them.

e. The entire amount under cash credit and term loan facilities of Rs. '(000) 527,400 [Previous year figure Rs. '(000) 1,606,964] is secured by personal guarantee of Mr. Sameer Manchanda.

4. Capital Commitments and Contingent Liabilities

a. Capital Commitments

Estimated amount of contracts remaining to be executed on

capital account (net of advances) Rs. '(000) 541,794 [Previous year Rs. '(000) 71,503].

b. Contingent Liabilities

i. Guarantees issued by bankers outstanding as at the end of the year end amounting to Rs. '(000) 41,775 [Previous year Rs. '(000) 41,725] on account of license for internet use issued by the Department of Telecommunications.

ii. Outstanding letters of credit as at the end of the year Rs. '(000) 294,510 [Previous year Rs. '(000) 140,887].

5. Segment Reporting

The company is engaged in the distribution & promotion of television channels and related services which is considered as the only reportable business segment. The Company's operations are based in India. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 -Segment Reporting, are not required to be disclosed in these financial statements.

6. Related Party Disclosures

i. List of related parties

a. Related parties where control exists

- 1 DEN Mahendra Satellite Private Limited (w.e.f. 27-Dec-07)
- 2 DEN Mod Max Cable Network Private Limited (w.e.f. 27-Dec-07)
- 3 DEN Krishna Cable TV Network Private Limited (w.e.f. 27-Dec-07)
- 4 DEN Pawan Cable Network Private Limited (w.e.f. 27-Dec-07)
- 5 DEN BCN Suncity Network Private Limited (w.e.f. 27-Dec-07)
- 6 DEN Harsh Mann Cable Network Private Limited (w.e.f. 1-Mar-08)
- 7 DEN Classic Cable TV Services Private Limited (w.e.f. 1-May-08)

Schedules Forming Part of the Balance Sheet

| | |
|--|--|
| 8 DEN Bindra Network Private Limited (w.e.f. 1-Jul-08) | 28 DEN Sky Media Network Private Limited (w.e.f. 31-May-08) |
| 9 DEN Montooshah Network Private Limited (w.e.f. 16-Jul-08) | 29 DEN Prince Network Private Limited (w.e.f. 1-Feb-08) |
| 10 DEN Ashu Cable Private Limited (w.e.f. 22-Aug-08) | 30 DEN Varun Cable Network Private Limited (w.e.f. 7-Jan-08) |
| 11 DEN Shree Network Private Limited (w.e.f. 26-Sep-07) | 31 DEN Crystal Vision Network Private Limited (w.e.f. 27-Dec-07) |
| 12 Shree Siddhivinayak Cable Network Private Limited (w.e.f. 1-Dec-07) | 32 Meerut Cable Network Private Limited (w.e.f. 1-Dec-07) |
| 13 Drashti Cable Network Private Limited (w.e.f. 1-Apr-08) | 33 DEN Jai Ambey Vision Cable Private Limited (w.e.f. 5-Apr-08) |
| 14 DEN MCN Cable Network Private Limited (w.e.f. 8-Apr-08) | 34 DEN Fateh Marketing Private Limited (w.e.f. 9-Apr-08) |
| 15 Mahadev DEN Network Private Limited (w.e.f. 1-Feb-08) | 35 DEN Prayag Cable Networks Private Limited (w.e.f. 1-Feb-08) |
| 16 Mahadev DEN Cable Network Private Limited (w.e.f. 1-Feb-08) | 36 DEN Enjoy Cable Networks Private Limited (w.e.f. 2-Apr-08) |
| 17 Mahadev DEN Cable Net Private Limited (w.e.f. 1-Feb-08) | 37 DEN Maa Sharda Vision Cable Networks Private Limited (w.e.f. 1-Apr-08) |
| 18 DEN Digital Cable Network Private Limited (w.e.f. 1-May-08) | 38 DEN F K Cable TV Network Private Limited (w.e.f. 1-May-08) |
| 19 Malayalam Telenet Private Limited (w.e.f. 22-Aug-08) | 39 DEN Shiva Cable Network Private Limited (w.e.f. 1-May-08) |
| 20 DEN Bellary City Cable Private Limited (w.e.f. 1-Jan-09) | 40 DEN Pradeep Cable Network Private Limited (w.e.f. 1-Feb-08) |
| 21 DEN-Manoranjan Satellite Private Limited (w.e.f. 1-Mar-08) | 41 DEN Satellite Cable TV Network Private Limited (w.e.f. 1-Apr-08) |
| 22 DEN Supreme Satellite Vision Private Limited (w.e.f. 30-May-08) | 42 DEN Narmada Network Private Limited (w.e.f. 1-Sep-08) |
| 23 DEN Nashik City Cable Network Private Limited (w.e.f. 26-Jun-08) | 43 DEN Ambey Cable Networks Private Limited (w.e.f. 11-Sep-07) |
| 24 Radiant Satellite (India) Private Limited (w.e.f. 2-Apr-08) | 44 DEN Budaun Cable Network Private Limited (w.e.f. 1-Oct-08) |
| 25 DEN Radiant Satelite Cable Network Private Limited (w.e.f. 2-Apr-08) | 45 DEN Aman Entertainment Private Limited (w.e.f. 1-Oct-08) |
| 26 DEN Mewar Rajdev Cable Network Private Limited (w.e.f. 2-Apr-08) | 46 DEN Kashi Cable Network Private Limited (w.e.f. 1-Mar-08) |
| 27 DEN RIS Cable Network Private Limited (w.e.f. 1-Jun-08) | 47 DEN Futuristic Cable Networks Private Limited (w.e.f. 9-Oct-07) |

Schedules Forming Part of the Balance Sheet

- | | |
|---|---|
| 48 DEN Digital Entertainment Gujarat Private Limited (w.e.f. 31-May-08) | 68 DEN Krishna Vision Private Limited (w.e.f. 1-Apr-10) |
| 49 Aster Entertainment Private Limited (w.e.f. 31-May-08) | 69 CAB-I-NET Communications Private Limited (w.e.f. 1-May-10) |
| 50 DEN Entertainment Network Private Limited (w.e.f. 1-Sep-07) | 70 DEN Sahyog Cable Network Private Limited (w.e.f. 1-Jul-10) |
| 51 Shine Cable Network Private Limited (w.e.f. 1-Dec-08) | 71 DEN Sariga Communications Private Limited (w.e.f. 1-Aug-10) |
| 52 Creative Cable Network (partnership firm) (w.e.f. 12-Oct-07) | 72 IME Networks Private Limited (w.e.f. 27-Sep-10) |
| 53 Rajkot City Communication Private Limited (w.e.f. 10-Apr-09) | 73 DEN Kattakada Telecasting and Cable Services Private Limited (w.e.f. 1-Oct-10) |
| 54 DEN Elgee Cable Vision Private Limited (w.e.f. 3-Jun-09) | 74 DEN A.F. Communication Private Limited (w.e.f. 1-Dec-10) |
| 55 DEN Malabar Cable Vision Private Limited (w.e.f. 30-Apr-09) | 75 Sree Gokulam Starnet Communication Private Limited (w.e.f. 24-Jan-11) |
| 56 Amogh Broad Band Services Private Limited (w.e.f. 29-Jul-09) | 76 Big DEN Entertainment Private Limited (w.e.f. 1-Feb-11) |
| 57 Galaxy DEN Media & Entertainment Private Limited (w.e.f. 15-Jul-09) | |
| 58 DEN UCN Network India Private Limited (w.e.f. 25-Jul-09) | ii. Subsidiaries held indirectly |
| 59 Bali DEN Cable Network Private Limited (w.e.f. 1-Sep-09) | 1 DEN Nanak Communication Private Limited (w.e.f. 1-Mar-08) |
| 60 Mahavir DEN Entertainment Private Limited (w.e.f. 1-Sep-09) | 2 DEN Saya Channel Network Private Limited (w.e.f. 30-Jun-08) |
| 61 DEN Citi Channel Private Limited (w.e.f. 16-Nov-09) | 3 DEN Ambey Citi Cable Network Private Limited (w.e.f. 1-Feb-08) |
| 62 DEN Satellite Network Private Limited (w.e.f. 15-Jan-10) | 4 DEN Enjoy Navaratan Network Private Limited (w.e.f. 2-Apr-08) |
| 63 Fab DEN Network Private Limited (w.e.f. 1-Jan-10) | 5 DEN Ambey Jhansi Cable Network Private Limited (w.e.f. 1-Mar-09) |
| 64 Fortune (Baroda) Network Private Limited (w.e.f. 31-Jul-09) | 6 DEN Deva Cable Network Private Limited (w.e.f. 1-Apr-08) |
| 65 DEN Infoking Channel Entertainers Private Limited (w.e.f. 1-Aug-09) | 7 DEN Faction Communication System Private Limited (w.e.f. 1-Oct-08) |
| 66 United Cable Network (Digital) Private Limited (w.e.f. 1-Apr-10) | 8 DEN Ambey Farukabad Cable Network Private Limited (w.e.f. 1-Mar-09) |
| 67 Shri Ram DEN Network Private Limited (w.e.f. 1-Apr-10) | 9 Star Channel DEN Network Private Limited (w.e.f. 1-Aug-09) |
| | 10 Kishna DEN Cable Networks Private Limited (w.e.f. 1-Nov-09) |

Schedules Forming Part of the Balance Sheet

| | |
|--|---|
| <p>11 Divya Drishti DEN Cable Network Private Limited (w.e.f. 1-Apr-10)</p> <p>12 DEN New Broad Communication Private Limited (w.e.f. 1-Jul-10)</p> <p>13 Astron Media Networks Private Limited (w.e.f. 27-Sep-10)</p> <p>14 Fun Cable Network Private Limited (w.e.f. 15-Feb-11)</p> <p>15 Rajasthan Entertainment Private Limited (w.e.f. 23-Feb-11)</p> <p>16 DEN BMC Cable Network Private Limited (w.e.f. 9-Dec-10)</p> | <p>b. Jointly Controlled Entity</p> <p>1. Star Den Media Services Private Limited</p> <p>c. Associates</p> <p>1. Crystal Vision Media Private Limited</p> <p>d. Entities under Significant Influence</p> <p>1. Lucid Systems Private Limited</p> <p>2. Setpro 18 Distribution Limited</p> <p>3. Verve Engineering Private Limited</p> <p>e. Key Managerial Personnel</p> <p>1. Mr. Sameer Manchanda</p> |
|--|---|

ii. Transactions/outstanding balances with related parties during the year

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|------------------------------------|----------------------------------|------------------------------------|--------------------------------------|--------------------------|--------------------------|--|
| a. Transactions during the year | | | | | | | |
| i. Income from Operations | | | | | | | |
| Setpro18 Distribution Ltd | - (-) | - (-) | - (-) | 224,511 (364,866) | - (-) | - (-) | 224,511 (364,866) |
| Star Den Media Services Private Limited | - (-) | - (-) | 375,401 (493,965) | - (-) | - (-) | - (-) | 375,401 (493,965) |
| Others | 420,652 (473,152) | 26,984 (19,552) | - - | - (-) | 5,000 (-) | - (-) | 452,636 (492,704) |
| Total | 420,652 (473,152) | 26,984 (19,552) | 375,401 (493,965) | 224,511 (364,866) | 5,000 - | - - | 1,052,548 (1,351,535) |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|--|---------------------------------|------------------------------|---------------------------|--------------------------------------|------------------------|--------------------------|---------------------------------|
| ii. Sale of Equipment | | | | | | | |
| Den Kashi Cable Network Private Limited | 21,044 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 21,044 (-) |
| Den Ambey Cable Networks Private Limited | 12 (2,318) | - (-) | - (-) | - (-) | - (-) | - (-) | 12 (2,318) |
| Den Sky Media Network Private Limited | 21 (1,131) | - (-) | - (-) | - (-) | - (-) | - (-) | 21 (1,131) |
| Others | 477 (486) | - (-) | - (-) | - (-) | - (-) | - (-) | 477 (486) |
| Total | 21,554 (3,935) | - (-) | - (-) | - (-) | - (-) | - (-) | 21,554 (3,935) |

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|------------------------------------|----------------------------------|------------------------------------|--------------------------------------|--------------------------|--------------------------------|--------------------------------------|
| iii. Purchase of Services | | | | | | | |
| Den Enjoy Cable Networks Private Limited | 149,766 (139,839) | - (-) | - (-) | - (-) | - (-) | - (-) | 149,766 (139,839) |
| Star Den Media Services Private Limited | - (-) | - (-) | 110,787 (139,194) | - (-) | - (-) | - (-) | 110,787 (139,194) |
| Amogh Broad Band Services Private Limited | 45,976 (91,099) | - (-) | - (-) | - (-) | - (-) | - (-) | 45,976 (91,099) |
| Sameer Manchanda | - (-) | - (-) | - (-) | - (-) | - (-) | 6,950 (-) | 6,950 (-) |
| Others | 774,447 (518,425) | 63,271 (46,545) | - (-) | - (2) | 604 (-) | - (4,272) | 838,322 (569,244) |
| Total | 970,189 (749,363) | 63,271 (46,545) | 110,787 (139,194) | - (2) | 604 (-) | 6,950 (4,272) | 1,151,801 (939,376) |

| | | | | | | | |
|---------------------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|
| iv. Purchase of Fixed Assets | | | | | | | |
| Den Sky Media Network Private Limited | - (508) | - (-) | - (-) | - (-) | - (-) | - (-) | - (508) |
| Total | - (508) | - (-) | - (-) | - (-) | - (-) | - (-) | - (508) |

Schedules Forming Part of the Balance Sheet

| v. Sale of Fixed Assets | | | | | | | |
|---|--------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------------|
| Den Kashi Cable Network Private Limited | 4,841 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 4,841 (-) |
| Bali Den Cable Network Private Limited | 1,016 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,016 (-) |
| Malayalam Telenet Private Limited | - (1,084) | - (-) | - (-) | - (-) | - (-) | - (-) | - (1,084) |
| Den Sky Media Network Private Limited | - (386) | - (-) | - (-) | - (-) | - (-) | - (-) | - (386) |
| Others | 25 (136) | - (-) | - (-) | - (-) | - (-) | - (-) | 25 (136) |
| Total | 5,882 (1,606) | - (-) | - (-) | - (-) | - (-) | - (-) | 5,882 (1,606) |

Rs. in '000

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|---------------------------------|------------------------------|---------------------------|--------------------------------------|------------------------|--------------------------|---------------------------------|
| vi. Reimbursement of Expenses (Received) | | | | | | | |
| Aster Entertainment Private Limited | 16,829 (2,652) | - (-) | - (-) | - (-) | - (-) | - (-) | 16,829 (2,652) |
| Den Digital Entertainment Gujarat Private Limited | 6,520 (417) | - (-) | - (-) | - (-) | - (-) | - (-) | 6,520 (417) |
| Others | 5,757 (2,725) | 803 (837) | - (-) | - (-) | - (-) | - (-) | 6,560 (3,562) |
| Total | 29,106 (5,794) | 803 (837) | - (-) | - (-) | - (-) | - (-) | 29,909 (6,631) |

| | | | | | | | |
|--|--------------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------------|
| vii. Reimbursement of Expenses (Paid) | | | | | | | |
| Den-Manoranjan Satellite Private Limited | 500 (1,538) | - (-) | - (-) | - (-) | - (-) | - (-) | 500 (1,538) |
| Den Ambey Cable Networks Private Limited | 1,274 (658) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,274 (658) |
| Den Satellite Network Private Limited | - (482) | - (-) | - (-) | - (-) | - (-) | - (-) | - (482) |
| Others | - (31) | - (-) | - (-) | - (-) | - (-) | - (210) | - (241) |
| Total | 1,774 (2,709) | - (-) | - (-) | - (-) | - (-) | - (210) | 1,774 (2,919) |

Schedules Forming Part of the Balance Sheet

| viii. Interest Income | | | | | | | |
|--|----------------------------------|------------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|
| Meerut Cable Network Private Limited | 13,247 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 13,247 (-) |
| Amogh Broad Band Service Private Limited | 3,389 (2,461) | - (-) | - (-) | - (-) | - (-) | - (-) | 3,389 (2,461) |
| Den Sky Media Network Private Limited | 10,516 (2,157) | - (-) | - (-) | - (-) | - (-) | - (-) | 10,516 (2,157) |
| Den Kashi Cable Network Private Limited | 1,052 (1,777) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,052 (1,777) |
| DEN Mewar Rajdev Cable Network Private Limited | 3,055 (1,514) | - (-) | - (-) | - (-) | - (-) | - (-) | 3,055 (1,514) |
| Den Narmada Network Private Limited | 3,558 (1,076) | - (-) | - (-) | - (-) | - (-) | - (-) | 3,558 (1,076) |
| Others | 7,629 (1,634) | 1,050 (250) | - (-) | - (-) | - (-) | - (-) | 8,679 (1,884) |
| Total | 42,446 (10,619) | 1,050 (250) | - (-) | - (-) | - (-) | - (-) | 43,496 (10,869) |

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|--|------------------------------------|-------------------------------------|----------------------------------|---|-----------------------------|---------------------------------|------------------------------------|
| ix. Investment made during the year | | | | | | | |
| Den Entertainment Network Private Limited | 357,500 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 357,500 (-) |
| Den Satellite Network Private Limited | 37,250 (297,750) | - (-) | - (-) | - (-) | - (-) | - (-) | 37,250 (297,750) |
| Aster Entertainment Private Limited | 54,000 (400) | - (-) | - (-) | - (-) | - (-) | - (-) | 54,000 (400) |
| Others | 75,316 (72,123) | - (-) | - (-) | - (-) | 10,000 (-) | - (-) | 85,316 (72,123) |
| Total | 524,066 (370,273) | - (-) | - (-) | - (-) | 10,000 (-) | - (-) | 534,066 (370,273) |

Schedules Forming Part of the Balance Sheet

| x. Loans given during the year | | | | | | | |
|--|------------------------------------|--------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------------|
| Den Sky Media Network Private Limited | 209,987 (49,111) | - (-) | - (-) | - (-) | - (-) | - (-) | 209,987 (49,111) |
| Aster Entertainment Private Limited | 132,964 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 132,964 (-) |
| Meerut Cable Network Private Limited | 100,000 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 100,000 (-) |
| Amogh Broadband Services Private Ltd | - (31,800) | - (-) | - (-) | - (-) | - (-) | - (-) | - (31,800) |
| DEN Mewar Rajdev Cable Network Private Limited | 25,800 (15,404) | - (-) | - (-) | - (-) | - (-) | - (-) | 25,800 (15,404) |
| Den Narmada Network Private Limited | 78,600 (13,075) | - (-) | - (-) | - (-) | - (-) | - (-) | 78,600 (13,075) |
| Others | 43,823 (12,241) | 8,630 (1,000) | - (-) | - (-) | - (-) | - (-) | 52,453 (13,241) |
| Total | 591,174 (121,631) | 8,630 (1,000) | - (-) | - (-) | - (-) | - (-) | 599,804 (122,631) |

Rs. in '000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|-----------------------------------|------------------------------|---------------------------|--------------------------------------|------------------------|--------------------------|-----------------------------------|
| xi. Loans received back during the year | | | | | | | |
| Den Sky Media Network Private Limited | 206,000 (51,018) | - (-) | - (-) | - (-) | - (-) | - (-) | 206,000 (51,018) |
| Aster Entertainment Private Limited | 130,000 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 130,000 (-) |
| Den Kashi Cable Network Private Limited | - (9,000) | - (-) | - (-) | - (-) | - (-) | - (-) | - (9,000) |
| Den Narmada Network Private Limited | 93,000 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 93,000 (-) |
| Others | 100,436 (10,069) | 1,000 (-) | - (-) | - (-) | - (-) | - (-) | 101,436 (10,069) |
| Total | 529,436 (70,087) | 1,000 (-) | - (-) | - (-) | - (-) | - (-) | 530,436 (70,087) |

Schedules Forming Part of the Balance Sheet

| xii. Loans repaid during the year | | | | | | | |
|---|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|
| Den Entertainment Network Private Limited | 21,952 (33,050) | - (-) | - (-) | - (-) | - (-) | - (-) | 21,952 (33,050) |
| Total | 21,952 (33,050) | - (-) | - (-) | - (-) | - (-) | - (-) | 21,952 (33,050) |

| b. Outstanding balances at year end | | | | | | | |
|---|------------------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------|------------------------|------------------------------------|
| i. Debtors | | | | | | | |
| Star Den Media Services Private Limited | - (-) | - (-) | 112,665 (148,656) | - (-) | - (-) | - (-) | 112,665 (148,656) |
| Setpro 18 Distribution Ltd | - (-) | - (-) | - (-) | 60,117 (91,431) | - (-) | - (-) | 60,117 (91,431) |
| Others | 339,595 (372,434) | 15,495 (15,505) | - (-) | - (-) | 5,515 (-) | - (-) | 360,605 (387,939) |
| Total | 339,595 (372,434) | 15,495 (15,505) | 112,665 (148,656) | 60,117 (91,431) | 5,515 (-) | - (-) | 533,387 (628,026) |

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|----------------------------|------------------------------|-----------------------------|--------------------------------------|------------------------|--------------------------|------------------------------|
| ii. Unbilled Revenue | | | | | | | |
| Star Den Media Services Private Limited | - (-) | - (-) | - (97,929) | - (-) | - (-) | - (-) | - (97,929) |
| Setpro 18 Distribution Ltd | - (-) | - (-) | - (-) | - (22,640) | - (-) | - (-) | - (22,640) |
| Others | - (5,100) | - (-) | - (-) | - (-) | - (-) | - (-) | - (5,100) |
| Total | - (5,100) | - (-) | - (97,929) | - (22,640) | - (-) | - (-) | - (125,669) |

Schedules Forming Part of the Balance Sheet

| iii. Creditors | | | | | | | |
|---|------------------------------------|----------------------------------|-----------------------------|------------------------|----------------------------|--------------------------|------------------------------------|
| DEN Enjoy Cable Network Pvt Ltd | 39,522 (33,098) | - (-) | - (-) | - (-) | - (-) | - (-) | 39,522 (33,098) |
| Star Den Media Services Private Limited | - (-) | - (-) | - (28,824) | - (-) | - (-) | - (-) | - (28,824) |
| Others | 223,128 (109,500) | 19,037 (16,749) | - - | - - | 5,300 - | - (186) | 247,465 (126,435) |
| Total | 262,650 (142,598) | 19,037 (16,749) | - (28,824) | - (-) | 5,300 (-) | - (186) | 286,987 (188,357) |

| iv. Investments | | | | | | | |
|---|--|------------------------|----------------------------------|------------------------|------------------------------|------------------------|--|
| Amogh Broad Band Services Private Limited | 628,079 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 628,079 (-) |
| Den Satellite Network Private Limited | 461,582 (424,332) | - (-) | - (-) | - (-) | - (-) | - (-) | 461,582 (424,332) |
| Den Entertainment Network Private Limited | 357,936 (436) | - (-) | - (-) | - (-) | - (-) | - (-) | 357,936 (436) |
| Others | 2,001,036 (1,818,731) | - (-) | 25,000 (25,000) | - (-) | 109,082 (-) | - (-) | 2,135,118 (1,843,731) |
| Total | 3,448,633 (2,243,499) | - (-) | 25,000 (25,000) | - (-) | 109,082 (-) | - (-) | 3,582,715 (2,268,499) |

| v. Loans Taken | | | | | | | |
|---|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Den Entertainment Network Private Limited | - (21,952) | - (-) | - (-) | - (-) | - (-) | - (-) | - (21,952) |
| Total | - (21,952) | - (-) | - (-) | - (-) | - (-) | - (-) | - (21,952) |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|--|-----------------------------------|--------------------------------|---------------------------|--------------------------------------|------------------------|--------------------------|-----------------------------------|
| vi. Loans Given | | | | | | | |
| Meerut Cable Network Private Limited | 100,000 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 100,000 (-) |
| Amogh Broad Band Services Private Limited | - (31,800) | - (-) | - (-) | - (-) | - (-) | - (-) | - (31,800) |
| Den Mewar Rajdev Cable Network Private Limited | 1,354 (20,554) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,354 (20,554) |
| Den Narmada Network Private Limited | 2,320 (16,720) | - (-) | - (-) | - (-) | - (-) | - (-) | 2,320 (16,720) |
| Others | 49,029 (21,891) | 9,711 (2,081) | - (-) | - (-) | - (-) | - (-) | 58,740 (23,972) |
| Total | 152,703 (90,965) | 9,711 (2,081) | - (-) | - (-) | - (-) | - (-) | 162,414 (93,046) |

| | | | | | | | |
|---|------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------------|
| vii. Share Application | | | | | | | |
| Den Entertainment Network Private Limited | 49 (200,000) | - (-) | - (-) | - (-) | - (-) | - (-) | 49 (200,000) |
| Meerut Cable Network Private Limited | - (100,000) | - (-) | - (-) | - (-) | - (-) | - (-) | - (100,000) |
| Amogh Broadband Services Pvt. Ltd. | 201,700 (20,000) | - (-) | - (-) | - (-) | - (-) | - (-) | 201,700 (20,000) |
| Others | 2,216 (12,876) | - (-) | - (-) | - (-) | - (-) | - (-) | 2,216 (12,876) |
| Total | 203,965 (332,876) | - (-) | - (-) | - (-) | - (-) | - (-) | 203,965 (332,876) |

Schedules Forming Part of the Balance Sheet

Rs. in '000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|----------------------------|------------------------------|---------------------------|--------------------------------------|------------------|--------------------------|----------------------------|
| viii. Advance Given | | | | | | | |
| Amogh Broad Band Services Private Limited | 5,945 (13,393) | - (-) | - (-) | - (-) | - (-) | - (-) | 5,945 (13,393) |
| Dew Shree Network Private Limited | 1,896 (1,893) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,896 (1,893) |
| Den Digital Entertainment Gujarat Private Limited | 1,778 (34) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,778 (34) |
| Den Sky Media Network Private Limited | 12,299 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 12,299 (-) |
| Meerut Cable Network Private Limited | 11,950 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 11,950 (-) |
| Others | 26,991 (16,687) | 3,063 (2,157) | 5 (5) | - (-) | 4 (-) | - (-) | 30,063 (18,849) |
| Total | 60,859 (32,007) | 3,063 (2,157) | 5 (5) | - (-) | 4 (-) | - (-) | 63,931 (34,169) |

| | | | | | | | |
|---|----------------------|------------------|------------------|------------------|-----------------------|------------------|-------------------------|
| ix. Security Deposits Received | | | | | | | |
| DEN Mahendra Satellite Private Limited | 120 (120) | - (-) | - (-) | - (-) | - (-) | - (-) | 120 (120) |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | - (-) | 10,000 (-) | - (-) | 10,000 (-) |
| Den BCN Suncity Network Private Limited | - (100) | - (-) | - (-) | - (-) | - (-) | - (-) | - (100) |
| Den Mod Max Cable Network Private Limited | - (100) | - (-) | - (-) | - (-) | - (-) | - (-) | - (100) |
| Others | 24 (24) | - (-) | - (-) | - (-) | - (-) | - (-) | 24 (24) |
| Total | 144 (344) | - (-) | - (-) | - (-) | 10,000 (-) | - (-) | 10,144 (344) |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|---|----------------------------|------------------------------|----------------------------|--------------------------------------|------------------|--------------------------|----------------------------|
| x. Accrued Expenses | | | | | | | |
| Star Den Media Services Private Limited | - (-) | - (-) | 25,163 (26,255) | - (-) | - (-) | - (-) | 25,163 (26,255) |
| Dew Shree Network Private Limited | 6,840 (2,388) | - (-) | - (-) | - (-) | - (-) | - (-) | 6,840 (2,388) |
| Den Sky Media Network Private Limited | 1,800 (58) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,800 (58) |
| Others | 10,151 (1,148) | 572 (52) | - (-) | - (-) | - (-) | - (-) | 10,723 (1,200) |
| Total | 18,791 (3,594) | 572 (52) | 25,163 (26,255) | - (-) | - (-) | - (-) | 44,526 (29,901) |
| xi. Prepaid Expenses | | | | | | | |
| Amogh Broad Band Services Private Limited | - (8,358) | - (-) | - (-) | - (-) | - (-) | - (-) | - (8,358) |
| Rajkot City Communication Pvt Ltd | 455 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 455 (-) |
| Den Mcn Cable Network Private Limited | 315 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 315 (-) |
| Den-Manoranjan Satellite Private Limited | 254 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 254 (-) |
| Others | 940 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 940 (-) |
| Total | 1,964 (8,358) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,964 (8,358) |
| xii. Advance Billing | | | | | | | |
| Star Den Media Services Private Limited | - (-) | - (-) | 188 (-) | - (-) | - (-) | - (-) | 188 (-) |
| Setpro 18 Distribution Ltd. | - (-) | - (-) | - (-) | 15,869 (22,540) | - (-) | - (-) | 15,869 (22,540) |
| Den Satellite Network Private Limited | 5,463 (6,097) | - (-) | - (-) | - (-) | - (-) | - (-) | 5,463 (6,097) |
| Others | 10,076 (2,101) | - (-) | - (-) | - (-) | - (-) | - (-) | 10,076 (2,101) |
| Total | 15,539 (8,198) | - (-) | 188 (-) | 15,869 (22,540) | - (-) | - (-) | 31,596 (30,738) |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Subsidiaries held directly | Subsidiaries held indirectly | Jointly controlled entity | Entities under significant influence | Associate | Key management personnel | Grand Total |
|--|----------------------------|------------------------------|---------------------------|--------------------------------------|------------------|--------------------------|----------------------|
| xiii. Advance from Customers | | | | | | | |
| Den Ashu Cable Private Limited | 789 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 789 (-) |
| Den Enjoy Cable Networks Private Limited | 227 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 227 (-) |
| Den Ambey Cable Networks Private Limited | 225 (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 225 (-) |
| Others | 692 (-) | 148 (-) | - (-) | - (-) | - (-) | - (-) | 840 (-) |
| Total | 1,933 (-) | 148 (-) | - (-) | - (-) | - (-) | - (-) | 2,081 (-) |

7. Advances recoverable from Companies under the same Management within the meaning of Section 370 (1B) of the Companies Act, 1956

a. In the nature of loan

Rs. in '(000)

| Name of the Company | Balance as at | | Maximum amount outstanding during the year | |
|--|---------------|------------|--|------------|
| | 31-03-2011 | 31-03-2010 | 31-03-2011 | 31-03-2010 |
| 1 Amogh Broad Band Services Private Limited | - | 31,800 | 31,800 | 31,800 |
| 2 Den Ambey Cable Networks Private Limited | - | 500 | 500 | 500 |
| 3 Den Ambey Jhansi Cable Network Private Limited | - | 1,000 | 1,000 | 1,000 |
| 4 Den Enjoy Cable Networks Private Limited | - | - | - | 2,550 |
| 5 Den Fateh Marketing Private Limited | - | - | - | 1,900 |
| 6 Den Infoking Channel Entertainers Private Limited | 14,000 | 1,000 | 14,000 | 1,000 |
| 7 Den Kashi Cable Network Private Limited | 7,944 | 7,944 | 7,944 | 16,944 |
| 8 Den Mewar Rajdev Cable Network Private Limited | 1,354 | 20,554 | 26,354 | 20,554 |
| 9 Den Mod Max Cable Network Private Limited | 1,333 | - | 1,333 | 990 |
| 10 Den Nanak Communication Private Limited | 1,081 | 1,081 | 1,081 | 1,081 |
| 11 Den Narmada Network Private Limited | 2,320 | 16,720 | 42,320 | 16,720 |
| 12 Den Pradeep Cable Network Private Limited | - | 541 | 541 | 541 |
| 13 Den Prayag Cable Networks Private Limited | - | - | - | 2,130 |
| 14 Den Prince Network Private Limited | 808 | 808 | 808 | 808 |
| 15 Den Radiant Satellite Cable Network Private Limited | - | 725 | 1,095 | 725 |
| 16 Den Ris Cable Network Private Limited | 1,070 | 950 | 1,070 | 950 |
| 17 Den Shiva Cable Network Private Limited | 1,425 | 1,425 | 1,425 | 1,425 |
| 18 Den Sky Media Network Private Limited | 4,560 | 573 | 94,560 | 51,591 |
| 19 Mahadev Den Network Private Limited | - | 2,500 | - | 3,000 |
| 20 Radiant Satellite (India) Private Limited | 4,925 | 4,925 | 4,925 | 4,925 |
| 21 Meerut Cable Network Private Limited | 100,000 | - | 100,000 | - |
| 22 Shine Cable Network Private Limited | 10,000 | - | 10,000 | - |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| | Name of the Company | Balance as at | | Maximum amount outstanding during the year | |
|----|---|----------------|---------------|--|----------------|
| | | 31-03-2011 | 31-03-2010 | 31-03-2011 | 31-03-2010 |
| 23 | Den Faction Communication System Private Limited | 8,630 | - | 8,630 | - |
| 24 | Aster Entertainment Private Limited | 2,964 | - | 60,464 | - |
| 25 | Den Digital Entertainment Gujarat Private Limited | - | - | 4,000 | - |
| 26 | Den Satellite Network Private Limited | - | - | 13,700 | - |
| | Total | 162,414 | 93,046 | 427,550 | 161,134 |

b. In the nature of advances

| | Subsidiaries | | | | |
|----|--|-------|--------|--------|--------|
| 1 | Amogh Broad Band Services Private Limited | 5,945 | 21,746 | 5,945 | 39,004 |
| 2 | Bali Den Cable Network Private Limited | 8 | 15 | 20 | 15 |
| 3 | Creative Cable Network | - | - | - | 200 |
| 4 | Den Aman Entertainment Private Limited | 18 | 2 | 24 | 281 |
| 5 | Den Ambey Citi Cable Network Private Limited | 23 | 7 | 23 | 106 |
| 6 | Den Ambey Farukabad Cable Network Private Limited | 28 | 5 | 116 | 5 |
| 7 | Den Ambey Jhansi Cable Network Private Limited | 47 | 107 | 110 | 367 |
| 8 | Den Ashu Cable Private Limited | 4 | 57 | 64 | 57 |
| 9 | Den Bcn Suncity Network Private Limited | 25 | 2 | 25 | 50 |
| 10 | Den Bellary City Cable Private Limited | 14 | 10 | 14 | 10 |
| 11 | Den Bindra Network Private Limited | 5 | - | 5 | 54 |
| 12 | Den Budaun Cable Network Private Limited | 15 | 125 | 15 | 382 |
| 13 | Den Citi Channel Private Limited | 17 | 9 | 17 | 9 |
| 14 | Den Classic Cable Tv Services Private Limited | 17 | 81 | 85 | 81 |
| 15 | Den Crystal Vision Network Private Limited | 111 | 55 | 112 | 414 |
| 16 | Den Deva Cable Network Private Limited | 7 | 17 | 18 | 17 |
| 17 | Den Digital Cable Network Private Limited | 93 | 42 | 93 | 42 |
| 18 | Aster Entertainment Private Limited | 2,526 | 2,369 | 18,469 | 2,369 |
| 19 | Den Digital Entertainment Gujarat Private Limited | 1,778 | 34 | 5,214 | 430 |
| 20 | Den Elgee Cable Vision Private Limited | 3 | 8 | 11 | 8 |
| 21 | Den Enjoy Cable Networks Private Limited | 152 | 82 | 152 | 2,407 |
| 22 | Den Enjoy Navaratan Network Private Limited | 46 | 17 | 46 | 851 |
| 23 | Den Entertainment Network Private Limited | 985 | 107 | 985 | 107 |
| 24 | Den Faction Communication System Private Limited | 979 | 175 | 1,065 | 262 |
| 25 | Den F K Cable Tv Network Private Limited | 7 | 4 | 8 | 361 |
| 26 | Den Fateh Marketing Private Limited | 63 | 57 | 63 | 57 |
| 27 | Den Futuristic Cable Networks Private Limited | 607 | 570 | 607 | 570 |
| 28 | Den Harsh Mann Cable Network Private Limited | 82 | 54 | 83 | 54 |
| 29 | Den Infoking Channel Entertainers Private Limited | 998 | 106 | 998 | 106 |
| 30 | Den Jai Ambey Vision Cable Private Limited | 23 | 1 | 23 | 63 |
| 31 | Den Kashi Cable Network Private Limited | 4,316 | 2,308 | 4,421 | 2,330 |
| 32 | Den Krishna Cable Tv Network Private Limited | 38 | 110 | 124 | 110 |
| 33 | Den Maa Sharda Vision Cable Networks Private Limited | 115 | 9 | 116 | 206 |
| 34 | Den Mahendra Satellite Private Limited | 68 | 54 | 68 | 54 |
| 35 | Den Malabar Cable Vision Private Limited | 4 | 15 | 15 | 15 |
| 36 | Den Mcn Cable Network Private Limited | 368 | 47 | 368 | 47 |
| 37 | Den Mewar Rajdev Cable Network Private Limited | 4,967 | 2,044 | 5,106 | 2,044 |
| 38 | Den Mod Max Cable Network Private Limited | 298 | 121 | 299 | 405 |
| 39 | Den Montooshah Network Private Limited | 2 | - | 7 | 11 |
| 40 | Den Nanak Communication Private Limited | 1,281 | 1,165 | 1,281 | 1,165 |
| 41 | Den Narmada Network Private Limited | 4,402 | 1,211 | 4,639 | 1,211 |
| | | | | | - |

Schedules Forming Part of the Balance Sheet

Rs. in '000)

| Name of the Company | Balance as at | | Maximum amount outstanding during the year | |
|---|---------------|------------|--|------------|
| | 31-03-2011 | 31-03-2010 | 31-03-2011 | 31-03-2010 |
| 42 Den Nashik City Cable Network Private Limited | 68 | 14 | 68 | 14 |
| 43 Den P.S.C. Network Private Limited | - | 31 | - | 47 |
| 44 Den Pawan Cable Network Private Limited | 39 | 52 | 61 | 52 |
| 45 Den Pradeep Cable Network Private Limited | 189 | 114 | 189 | 114 |
| 46 Den Prayag Cable Networks Private Limited | 589 | 561 | 589 | 561 |
| 47 Den Prince Network Private Limited | 278 | 151 | 278 | 151 |
| 48 Den Radiant Satelite Cable Network Private Limited | 2 | 158 | 159 | 158 |
| 49 Den Ris Cable Network Private Limited | 550 | 413 | 557 | 413 |
| 50 Den Satellite Cable Tv Network Private Limited | 3 | 122 | 64 | 3,179 |
| 51 Den Saya Channel Network Private Limited | 11 | 1 | 11 | 32 |
| 52 Den Shiva Cable Network Private Limited | 403 | 230 | 421 | 230 |
| 53 Den Sky Media Network Private Limited | 12,299 | 2,117 | 13,120 | 2,117 |
| 54 Den Supreme Satelite Vision Private Limited | 30 | 4 | 30 | 4 |
| 55 Den Ucn Network India Private Limited | 562 | 6 | 562 | 6 |
| 56 Den Varun Cable Network Private Limited | 33 | 2 | 34 | 183 |
| 57 Dew Shree Network Private Limited | 1,896 | 1,893 | 1,896 | 1,893 |
| 58 Drashti Cable Network Private Limited | 77 | 9 | 77 | 9 |
| 59 Fab Den Network Private Limited | 20 | 5 | 20 | 5 |
| 60 Fortune (Baroda) Network Private Limited | 6 | 1 | 6 | 1 |
| 61 Galaxy Den Media & Entertainment Private Limited | 72 | 1 | 72 | 1 |
| 62 Kisna Den Cable Network Private Limited | 10 | 379 | 10 | 379 |
| 63 Mahadev Den Cable Net Private Limited | 85 | 13 | 85 | 13 |
| 64 Mahadev Den Cable Network Private Limited | 396 | 301 | 396 | 301 |
| 65 Mahadev Den Network Private Limited | 274 | 48 | 274 | 48 |
| 66 Mahavir Den Entertainment Private Limited | 698 | 2,476 | 698 | 6,965 |
| 67 Malayalam Telenet Private Limited | 6 | 33 | 33 | 33 |
| 68 Meerut Cable Network Private Limited | 11,950 | 3 | 13,275 | 10 |
| 69 Radiant Satellite (India) Private Limited | 757 | 144 | 806 | 144 |
| 70 Rajkot City Communication Pvt Ltd | 460 | 1 | 460 | 1 |
| 71 Shree Siddhivinayak Cable Network Private Limited | 168 | 7 | 168 | 7 |
| 72 Star Channel Den Network Private Limited | 3 | 284 | 8 | 284 |
| 73 Astron Media Networks Private Limited | 440 | - | 440 | - |
| 74 Big DEN Entertainment Pvt Ltd | 38 | - | 38 | - |
| 75 Cab-I-Net Communications Pvt. Ltd. | 14 | - | 14 | - |
| 76 DEN AF Communication Private Limited | 425 | - | 425 | - |
| 77 Den Ambey Cable Networks Private Limited | 67 | - | 69 | - |
| 78 Den BMC Cable Network Private Limited | 70 | - | 70 | - |
| 79 Den Kattakada Telecasting & Cable Services Private Limited | 3 | - | 3 | - |
| 80 Den Krishna Vision Private Limited | 1 | - | 1 | - |
| 81 Den New Broad Communications Private Limited | - | - | 284 | - |
| 82 Den Sahyog Cable Network Pvt. Ltd | 61 | - | 61 | - |
| 83 Den Sariga Communications Private Limited | 2 | - | 2 | - |
| 84 Den Satellite Network Private Limited | 598 | - | 598 | - |
| 85 Den-Manoranjan Satellite Private Limited | 259 | - | 259 | - |
| 86 Divya Drishti Den Network Private Limited | 41 | - | 41 | - |
| 87 Fun Cable Network Private Limited | 38 | - | 38 | - |
| 88 IME Network Private Limited | 26 | - | 26 | - |
| 89 Rajasthan Entertainment Private Limited | 39 | - | 853 | - |
| 90 Shine Cable Network Private Limited | 1,260 | - | 1,400 | - |
| 91 Shri Ram Den Network Private Limited | 1 | - | 1 | - |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Name of the Company | Balance as at | | Maximum amount outstanding during the year | |
|---|---------------|---------------|--|---------------|
| | 31-03-2011 | 31-03-2010 | 31-03-2011 | 31-03-2010 |
| 92 United Cable Network (Digital) Pvt. Ltd. | 84 | - | 84 | - |
| Sub Total (A) | 65,886 | 42,522 | 89,988 | 73,692 |
| Jointly Controlled Entity | | | | |
| 93 Star Den Media Services Private Limited | 5 | 5 | 5 | 5 |
| Sub Total (B) | 5 | 5 | 5 | 5 |
| Associates | | | | |
| 94 Crystal Vision Media Private Limited | 4 | - | 4 | - |
| Sub Total (C) | 4 | - | 4 | - |
| Total (A+B+C) | 65,895 | 42,527 | 89,997 | 73,697 |

8. Debtors outstanding from Companies under the same Management within the meaning of Section 370 (1B) of the Companies Act, 1956.

Rs. in '(000)

| Name of the Company | As at 31-03-2011 | As at 31-03-2010 |
|--|------------------|------------------|
| Subsidiaries | | |
| 1 Kisna Den Cable Network Private Limited | - | 2 |
| 2 Den Satellite Network Private Limited | 16,521 | 38,995 |
| 3 Den Ambey Cable Networks Private Limited | 24,141 | 27,657 |
| 4 Den Nashik City Cable Network Private Limited | 6,699 | 25,239 |
| 5 Den-Manoranjan Satellite Private Limited | 3,764 | 24,171 |
| 6 Dew Shree Network Private Limited | 21,065 | 21,172 |
| 7 Rajkot City Communication Pvt Ltd | 7,665 | 19,850 |
| 8 Den Mcn Cable Network Private Limited | 22,572 | 16,139 |
| 9 Aster Entertainment Private Limited | 11,912 | 13,401 |
| 10 Den Enjoy Cable Networks Private Limited | 5,464 | 12,955 |
| 11 Den Sky Media Network Private Limited | 9,289 | 10,270 |
| 12 Meerut Cable Network Private Limited | 26,903 | 8,362 |
| 13 Den Supreme Satellite Vision Private Limited | 7,165 | 8,264 |
| 14 Den Digital Cable Network Private Limited | 3,424 | 8,252 |
| 15 Den Prayag Cable Networks Private Limited | 2,056 | 7,299 |
| 16 Galaxy Den Media & Entertainment Private Limited | 10,732 | 10,525 |
| 17 Shree Siddhivinayak Cable Network Private Limited | 9,342 | 7,140 |
| 18 Drashti Cable Network Private Limited | 9,466 | 6,525 |
| 19 Den Montooshah Network Private Limited | 4,217 | 6,343 |
| 20 Den F K Cable Tv Network Private Limited | 10,293 | 6,070 |
| 21 Den Fateh Marketing Private Limited | 10,896 | 5,681 |
| 22 Fab Den Network Private Limited | 3,026 | 5,580 |
| 23 Den Futuristic Cable Networks Private Limited | 5,300 | 5,372 |
| 24 Den Mewar Rajdev Cable Network Private Limited | 3,121 | 3,301 |
| 25 Den Mod Max Cable Network Private Limited | 8,678 | 4,557 |
| 26 Den Saya Channel Network Private Limited | 3,890 | 4,654 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Name of the Company | | As at 31-03-2011 | As at 31-03-2010 |
|---------------------|--|---------------------|---------------------|
| 27 | Fortune (Baroda) Network Private Limited | 4,158 | 4,406 |
| 28 | Den Enjoy Navaratan Network Private Limited | 3,079 | 4,327 |
| 29 | Den Kashi Cable Network Private Limited | 22,814 | 1,690 |
| 30 | Den Bellary City Cable Private Limited | 1,630 | 3,969 |
| 31 | Den Varun Cable Network Private Limited | 5,246 | 3,816 |
| 32 | Mahadev Den Network Private Limited | 6,299 | 3,585 |
| 33 | Den Crystal Vision Network Private Limited | 1,368 | 3,599 |
| 34 | Amogh Broad Band Services Private Limited | 1,360 | 1,800 |
| 35 | Den Krishna Cable Tv Network Private Limited | 1,668 | 3,093 |
| 36 | Den Mahendra Satellite Private Limited | 2,940 | 3,085 |
| 37 | Mahadev Den Cable Network Private Limited | 2,387 | 2,508 |
| 38 | Den Digital Entertainment Gujarat Private Limited | 129 | 2,019 |
| 39 | Den Pawan Cable Network Private Limited | 4,370 | 2,468 |
| 40 | Den Classic Cable Tv Services Private Limited | 1,214 | 2,368 |
| 41 | Radiant Satellite (India) Private Limited | 2,620 | 2,204 |
| 42 | Bali Den Cable Network Private Limited | 2,984 | 2,299 |
| 43 | Den Bcn Suncity Network Private Limited | 1,042 | 2,231 |
| 44 | Den Maa Sharda Vision Cable Networks Pvt. Ltd. | 1,518 | 2,003 |
| 45 | Den Narmada Network Private Limited | 1,398 | 852 |
| 46 | Den Aman Entertainment Private Limited | 1,043 | 1,917 |
| 47 | Den Faction Communication System Private Limited | 1,027 | 1,806 |
| 48 | Den Ambey Farukabad Cable Network Private Limited | 673 | 1,701 |
| 49 | Den Jai Ambey Vision Cable Private Limited | 1,759 | 1,607 |
| 50 | Mahadev Den Cable Net Private Limited | 4,306 | 1,577 |
| 51 | Den Prince Network Private Limited | 1,338 | 1,358 |
| 52 | Mahavir Den Entertainment Private Limited | 2,462 | 1,507 |
| 53 | Den Pradeep Cable Network Private Limited | 1,160 | 1,297 |
| 54 | Den Budaun Cable Network Private Limited | - | 1,391 |
| 55 | Den Radiant Satellite Cable Network Private Limited | 1,221 | 1,257 |
| 56 | Den P.S.C. Network Private Limited | - | 1,300 |
| 57 | Den Shiva Cable Network Private Limited | 1,268 | 1,029 |
| 58 | Den Ris Cable Network Private Limited | 1,106 | 1,171 |
| 59 | Malayalam Telenet Private Limited | - | 1,214 |
| 60 | Den Harsh Mann Cable Network Private Limited | 899 | 1,177 |
| 61 | Den Ambey Jhansi Cable Network Private Limited | 496 | 963 |
| 62 | Den Deva Cable Network Private Limited | 903 | 1,018 |
| 63 | Den Bindra Network Private Limited | 649 | 1,005 |
| 64 | Den Ucn Network India Private Limited | 1,635 | 629 |
| 65 | Den Nanak Communication Private Limited | 380 | 380 |
| 66 | Den Ashu Cable Private Limited | 517 | 492 |
| 67 | Den Malabar Cable Vision Private Limited | 634 | 371 |
| 68 | Den Ambey Citi Cable Network Private Limited | 393 | 383 |
| 69 | Den Elgee Cable Vision Private Limited | 1,125 | 342 |
| 70 | Den Citi Channel Private Limited | 604 | 363 |
| 71 | Den Satellite Cable Tv Network Private Limited | 1,104 | 315 |
| 72 | Star Channel Den Network Private Limited | 248 | 271 |
| 73 | Big DEN Entertainment Pvt Ltd | 1,191 | - |
| 74 | Cab-I-Net Communications Pvt. Ltd. | 2,563 | - |
| 75 | DEN AF Communication Private Limited | 25 | - |
| 76 | Den Kattakada Telecasting & Cable Services Pvt. Ltd. | 191 | - |
| 77 | Den Krishna Vision Private Limited | 642 | - |
| 78 | Den New Broad Communications Private Limited | 4,315 | - |
| 79 | Den Sahyog Cable Network Pvt. Ltd | 1,952 | - |
| 80 | Den Sariga Communications Private Limited | 770 | - |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Name of the Company | | As at 31-03-2011 | As at 31-03-2010 |
|---------------------|---|---------------------|---------------------|
| 81 | Divya Drishti Den Network Private Limited | 91 | - |
| 82 | Sree Gokulam Starnet Communications Pvt Ltd | 341 | - |
| 83 | United Cable Network (Digital) Pvt. Ltd. | 234 | - |
| | Sub Total (A) | 355,090 | 387,939 |
| | Jointly Controlled Entity | | |
| 84 | Star Den Media Services Private Limited | 112,665 | 148,656 |
| | Sub Total (B) | 112,665 | 148,656 |
| | Associates | | |
| 85 | Crystal Vision Media Private Limited | 5,515 | - |
| | Sub Total (C) | 5,515 | - |
| | Total (A+B+C) | 473,270 | 536,595 |

9. Deferred Tax

- a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing tax laws.
- b. Break up of deferred taxes/ liabilities and reconciliation of current year's deferred tax charge is as follows:

Rs. in '(000)

| | Opening Balance | Credited/ (Charged) to P&L Account | Closing Balance |
|---|--------------------|--|--------------------|
| Deferred tax liability | | | |
| Depreciation | (30,313) | (380) | (30,693) |
| Total | (30,313) | (380) | (30,693) |
| Deferred tax assets | | | |
| Employee benefits | 7,072 | 2,033 | 9,105 |
| Provision for doubtful debts | 3,290 | (269) | 3,021 |
| Brought forward unabsorbed depreciation | 10,226 | 8,339 | 18,565 |
| Others | 3 | (1) | 2 |
| Total | 20,591 | 10,102 | 30,693 |
| Deferred tax liability (Net) | (9,722) | 9,722 | - |

10. Operating Lease

The company has taken office premises and accommodation for its employee under cancellable operating lease agreements. The lease rental expense recognised in the profit and loss account for the year is Rs. '(000) 83,287 [Previous year Rs. '(000) 86,578].

Schedules Forming Part of the Balance Sheet

11. Investments

a. Subsidiary Companies

During the year, the company has acquired majority control in certain companies through share subscription and share purchase agreements for a total consideration of Rs. '(000) 1,323,358 [Previous year Rs. '(000) 912,136]. Of this, consideration payable on account of share purchase agreements to the erstwhile shareholder at the year-end amounting to Rs. '(000) 27,491 [Previous year Rs. '(000) 84,978] has been disclosed under sundry creditors. The Company has sold investments in a company during the year for total consideration of Rs. '(000) 9,142 [Previous year Rs. '(000) 12,631].

The company has also advanced Rs. '(000) 82,925 [Previous year Rs. '(000) 978,548] to acquire majority control in companies, the agreements for which have not been concluded prior to the year-end. Such balances have been disclosed under loans and advances. Balance commitments on account of such agreements concluded / to be concluded after the year end amount to Rs. '(000) 360,763 [Previous year Rs. '(000) 670,688].

The Company has also advanced Rs. '(000) 110,645 [Previous year Rs. '(000) Nil] for purchase of mutual fund units. These mutual fund units were allotted on April 4, 2011.

The following is the detail of purchase/ (sale) of shares during the year:

| Name of the Company | | No of Shares Purchased/(Sold) | Amount Paid/(Received) Rs. in '(000) |
|------------------------------------|--|-------------------------------|---|
| Investment in Equity Shares | | | |
| 1 | United Cable Network (Digital) Pvt. Ltd. | 25,500 | 4,602 |
| 2 | Sri Ram DEN Network Pvt. Ltd. | 45,900 | 31,198 |
| 3 | Den Krishna Vision Pvt. Ltd. | 25,500 | 3,681 |
| 4 | Cab-i-Net Communications Pvt. Ltd. | 102,039 | 30,037 |
| 5 | Den Sahyog Cable Network Pvt. Ltd. | 25,500 | 1,581 |
| 6 | Den Sariga Communications Pvt. Ltd. | 34,285 | 9,060 |
| 7 | Amogh Broadband Services Pvt. Ltd. | 10,200 | 628,079 |
| 8 | IME Networks Pvt. Ltd. | 1,980,000 | 19,800 |
| 9 | Den Elgee Cable Vision Private Limited | 10,200 | 2,005 |
| 10 | Den Entertainment Network Private Limited | 7,150,000 | 357,500 |
| 11 | Den Futuristic Cable Networks Private Limited | 145,078 | 14,508 |
| 12 | DEN P.S.C. Network Private Limited | (38,914) | (9,142) |
| 13 | Den Kattakada Telecasting and Cable Services Pvt. Ltd. | 50,775 | 16,406 |
| 14 | Den A.F. Communication Pvt. Ltd. | 48,931 | 489 |
| 15 | Crystal Vision Media Private Limited | 4,504 | 109,082 |
| 16 | Malayalam Telenet Private Limited | 9,962 | 904 |
| 17 | Den Citi Channel Pvt. Ltd. | 707,500 | - |
| 18 | Sree Gokulam Starnet Communications Pvt. Ltd. | 5,100 | 11,526 |
| 19 | Mahavir Den Entertainment Pvt. Ltd. | 24,498 | (29,575) |
| 20 | Big Den Entertainment Pvt. Ltd. | 30,620 | 12,221 |
| 21 | Den UCN Network India Pvt. Ltd. | 169 | 1,150 |
| 22 | DEN Satellite Network Pvt. Ltd. | 4,062 | 37,250 |
| 23 | Den Digital Entertainment Gujarat Private Limited | 150,000 | 7,500 |
| 24 | Aster Entertainment Private Limited | 540,000 | 54,000 |
| 25 | Den Pradeep Cable Network Private Limited | 1,532 | 354 |
| Total | | 11,092,941 | 1,314,216 |

Schedules Forming Part of the Balance Sheet

b. Mutual Funds

The details of purchase and sales of investments in mutual fund during the year are as follows:

| Mutual Fund | Purchase* | | Sales | |
|--|--------------------------|-----------------------|----------------------------|-----------------------|
| | No. of units | Value Rs. in '000) | No. of units | Value Rs. in '000) |
| 1 Canara Robeco Liquid Super Instt Growth Fund | - (18,143,223) | - (200,000) | - (14,630,886) | - (200,022) |
| 2 Canara Robeco Treasury Advantage Super Instt Growth Fund | - (14,630,886) | - (200,022) | - (14,630,886) | - (200,270) |
| 3 NLFSG Canara Robeco Liquid Super Instt Growth Fund | - (35,770,177) | - (400,000) | 28,789,123 (35,770,177) | 400,586 (400,054) |
| 4 NLFSG Canara Robeco Treasury Advantage Super Instt Growth Fund | - (28,789,123) | - (400,054) | - (-) | - (-) |
| 5 Baroda Pioneer Liquid Fund-Institutional Growth Plan | - (19,017,124) | - (200,208) | 9,509,161 (9,507,963) | 100,278 (100,011) |
| 6 Baroda Pioneer Treasury Advantage Fund-Institutional Growth Plan | 9,659,940 (9,660,605) | 100,278 (100,011) | 9,659,940 (9,660,605) | 100,374 (100,208) |
| 7 B304 BSI Medium Term Plan Instl Growth | - (99,352,098) | - (1,002,385) | - (99,352,098) | - (1,008,351) |
| 8 B304WD BSL Medium term Plan Instl-Weekly Dividend Reinvestment | - (19,959,923) | - (200,116) | - (19,959,923) | - (200,230) |
| 9 B331G Birla Sun Life Saving Fund Growth | - (12,016,521) | - (200,023) | - (12,016,521) | - (201,167) |
| 10 B332 G BSL Saving Fund-Instl Growth | - (17,486,206) | - (302,043) | - (17,486,206) | - (302,097) |
| 11 B332G Birla Sun Life Floating Rate Fund Retail Long Term Growth | - (12,668,250) | - (200,000) | 12,668,250 (-) | 202,349 (-) |
| 12 B332G Birla Sun Life Saving Fund Instl. Growth | 8,605,699 (6,074,841) | 152,349 (106,192) | 14,680,540 (-) | 259,385 (-) |
| 13 B501G Birla Sun Life Cash Plus-Growth | - (8,361,309) | - (200,000) | - (8,361,309) | - (200,023) |
| 14 Birla Sun Life Cash Plus-Instl. Premium Growth | - (34,457,569) | - (500,000) | - (34,457,569) | - (500,059) |
| 15 Birla Sun Life Cash Plus-Retail Growth | - (847,092) | - (20,000) | - (847,092) | - (20,003) |
| 16 Birla Sun Life Saving Fund-Retail Growth | - (1,219,447) | - (20,003) | - (1,219,447) | - (20,109) |

Schedules Forming Part of the Balance Sheet

| Mutual Fund | Purchase* | | Sales | |
|--|-----------------------------|------------------------|-----------------------------|------------------------|
| | No. of units | Value Rs. in '(000) | No. of units | Value Rs. in '(000) |
| 17 LICMF Income Plus Fund Growth Plan | 11,432,295 (17,315,847) | 143,145 (210,009) | 11,432,295 (17,315,847) | 143,343 (210,160) |
| 18 LICMF Liquid Fund Growth Plan | 11,620,097 (108,994,887) | 200,000 (1,815,212) | 11,620,097 (108,994,887) | 200,026 (1,815,432) |
| 19 LICMF Saving Plus Fund Growth Plan | 50,997,801 (139,082,247) | 753,369 (2,005,521) | 50,997,801 (139,082,247) | 758,300 (2,022,249) |
| 20 DSP Blackrock Cash Manager Fund Institutional Plan Growth | - (735,730) | - (851,910) | - (735,730) | - (851,977) |
| 21 DSP Blackrock Floating Rate Fund Institutional Plan Growth | 75,298 (613,299) | 100,013 (801,970) | 75,298 (613,299) | 100,401 (805,461) |
| 22 DSP Blackrock Liquidity Fund-Regular Plan Growth | - (473,133) | - (10,000) | - (473,133) | - (10,011) |
| 23 DSP Blackrock Money Manager Fund-Inst Plan Growth | - (40,334) | - (50,006) | - (40,334) | - (50,189) |
| 24 Kotak Floater Long Term Growth | - (32,050,850) | - (461,060) | - (32,050,850) | - (464,385) |
| 25 Kotak Liquid(Institutional Premium)-Growth | 15,776,221 (10,884,452) | 300,000 (201,010) | 15,776,221 (10,884,452) | 300,090 (201,036) |
| 26 Kotak Liquid(Institutional)-Growth | - (11,448,412) | - (210,000) | - (11,448,412) | - (210,024) |
| 27 TFLG Tata Floater Fund Growth | - (3,807,129) | - (50,007) | - (3,807,129) | - (50,396) |
| 28 TLSG01 Tata Liquid Super High Inv. Fund Appreciation | - (30,633) | - (50,000) | - (30,633) | - (50,007) |
| 29 M17G Fortis money Plus Institutional Growth | - (3,021,963) | - (40,006) | - (3,021,963) | - (40,201) |
| 30 M43 Fortis Overnight Institutional Growth | - (2,977,586) | - (40,000) | - (2,977,586) | - (40,006) |
| 31 Reliance Liquid Fund - Growth Option | - (14,639,574) | - (200,000) | - (14,639,574) | - (200,023) |
| 32 Reliance Liquid Fund -Treasury Plan Retail Option Growth Option-Growth Plan | 4,429,247 (9,190,584) | 100,000 (200,992) | 4,429,247 (9,190,584) | 100,012 (201,013) |
| 33 Reliance Money manager Fund Intuitional Option-Daily Dividend Plan | - (199,922) | - (200,149) | - (199,944) | - (200,171) |
| 34 Reliance Money manager Fund Intuitional Option-Growth Plans | 118,127 (486,161) | 150,744 (601,207) | 118,127 (486,161) | 150,872 (604,260) |

Schedules Forming Part of the Balance Sheet

| Mutual Fund | Purchase* | | Sales | |
|--|-------------------|------------------------|-------------------|------------------------|
| | No. of units | Value Rs. in '(000) | No. of units | Value Rs. in '(000) |
| 35 ICICI Prudential Institutional Liquid Plan- Super Institutional Growth | - (1,492,326) | - (200,978) | - (1,492,326) | - (201,002) |
| 36 ICICI Prudential Flexible Income Plan Premium | - (2,374,562) | - (401,002) | - (2,374,562) | - (403,115) |
| 37 UTI Floating Rate Fund Short Term Plan Institutional Growth Option | - (106,914) | - (110,012) | - (106,914) | - (110,624) |
| 38 UTI Liquid Cash Plan Institutional Growth Plan | - (73,105) | - (110,000) | - (73,105) | - (110,012) |
| 39 UTI Treasury Advantage Fund Institutional Plan | - (89,437) | - (110,624) | 89,437 (-) | 110,811 (-) |
| 40 2024/HDFC Floating Rate Income Fund-short Term Plan Wholesale Option Growth | - (73,283,246) | - (1,121,742) | - (73,283,246) | - (1,130,423) |
| 41 2032/HDFC Cash Management Fund-Treasury Advantage Plan Wholesale Growth | - (3,617,663) | - (70,007) | - (3,617,663) | - (70,398) |
| 42 3004/HDFC LIQUID FUND GROWTH | - (64,371,574) | - (1,151,488) | - (64,371,574) | - (1,151,619) |
| 43 Reliance Medium term Fund Retail Fund - Growth Plan Growth Plan Growth Option | 5,469,415 (-) | 105,000 (-) | 5,469,415 (-) | 105,256 (-) |
| 44 Reliance Regular Saving Fund Debt Plan Institutional Growth Plan | 2,338,361 (-) | 30,000 (-) | - (-) | - (-) |
| 45 Reliance Monthly Interval Fund Series II Institutional Growth Fund | 48,342,217 (-) | 620,180 (-) | 48,342,217 (-) | 626,689 (-) |
| 46 Axis Treasury Advantage fund Institutional Growth | 55,854 (-) | 60,000 (-) | 55,854 (-) | 60,405 (-) |
| 47 B32 Birla Sun Life Income Fund - Growth | 3,106,246 (-) | 106,817 (-) | 3,106,246 (-) | 108,859 (-) |
| 48 B331G Birla Sun Life Dynamic Bond Fund-Retail Growth | 12,882,033 (-) | 200,000 (-) | 12,882,033 (-) | 205,936 (-) |
| 49 Birla Sun Life Cash Manager | 4,637,945 (-) | 110,000 (-) | 4,637,945 (-) | 110,645 (-) |
| 50 Pramerica Liquid Fund- Growth Option | 69,043 (-) | 70,000 (-) | 69,043 (-) | 70,286 (-) |
| 51 Pramerica Ultra Term Bond Fund Growth Option | 49,252 (-) | 50,043 (-) | 49,252 (-) | 50,964 (-) |
| 52 DSP Black Rock Liquid Fund- Institutional Plan Growth | 75,817 (-) | 100,000 (-) | 75,817 (-) | 100,013 (-) |

Schedules Forming Part of the Balance Sheet

| Mutual Fund | | Purchase* | | Sales | |
|--------------|--------------------------------|--|---|--|---|
| | | No. of units | Value Rs. in '(000) | No. of units | Value Rs. in '(000) |
| 53 | FMP 3M Series 18 Growth | 5,000,000 (-) | 50,000 (-) | 5,000,000 (-) | 50,813 (-) |
| 54 | FMP 3M Series 23 Growth | 5,000,000 (-) | 50,000 (-) | 5,000,000 (-) | 50,971 (-) |
| 55 | FMP 3M Series 29 Growth | 5,097,050 (-) | 50,971 (-) | - (-) | - (-) |
| 56 | Kotak Bond (Short Term)-Growth | 11,129,288 (-) | 200,024 (-) | 11,129,288 (-) | 202,593 (-) |
| Total | | 215,967,246 (839,855,964) | 3,802,933 (15,525,969) | 265,662,647 (779,212,837) | 4,670,259 (14,656,796) |

*Purchases include reinvestment of dividend units

12. Dividend on cumulative preference shares

Dividend on 0.001% cumulative preference shares amounts to Rs. '(000) Nil (Previous year 1.49).

13. Disclosures as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

As per information available with the management, the balance due to enterprises covered under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.

14. Disclosure pursuant to Accounting Standard 15 (Revised 2005) on 'Employee Benefits'

A. Defined contribution plans and state plans

The Company makes contribution toward the following defined contribution for qualifying employees:

- Employees' Provident Fund (EPF)
- Employees' State Insurance (ESI)
- Employees' Pension Scheme (EPS)

During the year the company has recognised the following amounts in the Profit and Loss account:

| Particulars | Rs. in '(000) | |
|-----------------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
| a. Employer's contribution to EPF | 10,912 | 10,130 |
| b. Employer's contribution to ESI | 1,017 | 512 |
| c. Employer's contribution to EPS | 2,859 | 2,833 |

The contribution payable by the Company is at the rates specified in the rules to the plans.

Schedules Forming Part of the Balance Sheet

B. Defined Benefit Plan

Gratuity Plan

The gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) for each completed year of service or part thereof in excess of 6 months, subject to a maximum of Rs. 1,000,000. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The following tables set out the status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2011.

i. Change in benefit obligations:

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|--------------------------|--------------------------|
| Present value of obligations* at the beginning of the year | 9,725 | 5,261 |
| Current service cost | 4,860 | 4,597 |
| Interest cost | 865 | 368 |
| Past Service Cost | - | 762 |
| Actuarial (gain)/loss on obligation | (1,447) | (1,263) |
| Benefits paid | (17) | - |
| Present value of obligations* at the year end | 13,986 | 9,725 |

*Defined benefit obligations liability as at the balance sheet date is unfunded.

ii. Expenses recognised in the profit and loss account:

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---|--------------------------|--------------------------|
| Current Service cost | 4,860 | 4,597 |
| Interest cost | 865 | 368 |
| Past Service Cost | - | 762 |
| Actuarial (gain)/loss recognised during the year | (1,447) | (1,263) |
| Net cost | 4,278 | 4,464 |
| Experience adjustments on plan liabilities (gain)/ loss | 1,413 | (501) |

iii. Principal actuarial assumptions:

(A). Economic Assumptions

| Particulars | Refer note below | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---|---------------------|--------------------------|--------------------------|
| a. Discount rate (per annum) | 1 | 8.00% | 7.00% |
| b. Estimated salary escalation rate (per annum) | 2 | 8.00% | 7.00% |

Schedules Forming Part of the Balance Sheet

(B). Demographic Assumptions

| Particulars | Refer note below | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---------------------------|------------------|----------------------------|----------------------------|
| a. Retirement age (years) | | 58 | 58 |
| b. Mortality Table | | LIC 1994-96 | (duly modified) |
| c. Withdrawal Rates | | | |
| Ages | | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Upto 30 years | | 3.00 | 3.00 |
| From 31 years to 44 years | | 2.00 | 2.00 |
| Above 44 years | | 1.00 | 1.00 |

iv. Experience adjustment:

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|-----------------------|-----------------------|-----------------------|
| On plan liabilities | 1,413 | 501 | 12 |
| On plan assets | - | - | - |
| Present value of benefit obligation | 13,986 | 9,725 | 5,261 |
| Fair value of plan assets | - | - | - |
| Excess of (obligation over plan assets)/plan assets over obligation | (13,986) | (9,725) | (5,261) |

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2011. The company is expected to contribute Rs. '(000) 6,637 to gratuity funds for the year ended March 31, 2011.

Notes:

- The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
- The salary growth rate takes account of inflation, seniority, promotion and other relevant factors on a long term basis.

15. The Company has not used the foreign currency forward contracts during the year to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments.

At the year end, foreign currency exposures are as follows:

| Particulars | Year Ended 31.03.2011 Rs. in '(000) | | Year Ended 31.03.2010 Rs. in '(000) | |
|-------------|--|--------|--|--------|
| | In INR | In USD | In INR | In USD |
| Payables | 126,326 | 2,829 | 101,263 | 2,243 |

Schedules Forming Part of the Balance Sheet

16. Employee Stock Option Plan 2010 ("ESOP 2010")

a. The Company had established an Employee Stock Option Plan (ESOP 2010) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the shareholders. A remuneration/ compensation committee comprising majority of independent, non executive members of the Board of Directors administers the ESOPs. All option under the ESOPs are exercisable for equity shares. The Company has granted 5,000,000 equity options to eligible employees of the Company & directors of the subsidiary Companies.

b. There shall be a minimum period of one year between the grant of options and vesting of options. The vesting period may extend up to three years. The vesting shall happen in one or more tranches as may be decided by the Compensation/Remuneration Committee. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price (as determined by the remuneration/ compensation committee) of share determined with respect to the date of grant. The Company has granted 5,000,000 options up to 31 March, 2011.

c. The movement in the scheme is set out as under:

| Particulars | | ESOP 2010 Year Ended 31.03.11 | |
|-------------|---|----------------------------------|---------------------------------|
| | | Option (Numbers) | Weighted Average Price (Rs.) |
| a | Outstanding at the beginning of the year | - | - |
| b | Granted during the year | 5,000,000 | 30.00 |
| c | Exercised during the year | - | - |
| d | Forfeited during the year | - | - |
| e | Expired during the year | - | - |
| f | Outstanding at the end of the year | 5,000,000 | 30.00 |
| g | Exercisable at the end of the year | NA | NA |
| h | Number of equity shares of Rs. 10 each fully paid up to be issued on exercise of option | 5,000,000 | NA |
| l | Weighted average share price at the date of exercise | NA | NA |
| j | Weighted average remaining contractual life (years) | 2.38 | NA |

d. Pro forma Accounting for Stock Option Grants

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach the Company's net income and basic and diluted earning per share as reported would have reduced to the pro forma amounts as indicated:

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 |
|--|--------------------------|
| Net Profit/ (Loss) as reported (a) | 69,596 |
| Add:Stock based employee compensation expense debited to Profit and Loss account (i) | 1,946 |
| Less:Stock based employee compensation expense based on fair value (ii) | 2,127 |
| Difference between (i) and (ii) | (181) |
| Adjusted pro forma Profit/(Loss) (b) | 69,415 |
| Difference between (a) and (b) | (181) |
| Basic earnings per share as reported | 0.53 |
| Pro forma basic earnings per share | 0.53 |
| Diluted earnings per share as reported | 0.53 |
| Pro forma diluted earnings per share | 0.53 |

e. The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

| Particulars | 3,416,750 Options (Vesting Period - 1 Year) | 854,750 Options (Vesting Period - 2 Year) | 728,500 Options (Vesting Period - 2.5 Year) |
|---------------------------------|---|---|---|
| Risk free interest rates (in %) | 7.67% | 7.74% | 7.77% |
| Expected life (in years) | 2.00 | 3.00 | 3.50 |
| Volatility (in %) | 42.51% | 42.51% | 42.51% |
| Dividend yield (in %) | NIL | NIL | NIL |

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded, which may be shorter than the term of the options.

f. Details of weighted average exercise price and fair value of the stock options granted at price below market price

| Particulars | Year Ended 31.03.2011 |
|--|--------------------------|
| Total options granted | 5,000,000 |
| Weighted average exercise price (in Rs.) | 30.00 |
| Weighted average fair value (in Rs.) | 62.74 |

Schedules Forming Part of the Balance Sheet

17. Additional information required to be given pursuant to Part II of Schedule VI of the Companies Act, 1956

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 |
|--|--------------------------|
| a. Remuneration paid to Directors (See note below) | |
| i. Salary | 6,616 |
| ii. Contribution to provident and other funds | 334 |
| iii. Other perquisites | - |
| Total | 6,950 |
| <i>Note: Excludes provision for compensated absences and gratuity since the provision is based on an actuarial valuation for the Company as a whole.</i> | |

Computation of net profits in accordance with section 349 of the Companies Act, 1956:

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 |
|---|--------------------------|
| I. Net profit before tax from ordinary activities | 59,966 |
| Add: | |
| ii. Whole-time Directors' remuneration | 6,950 |
| iii. Directors' sitting fees | 320 |
| iv. Provision for doubtful debts | 8,978 |
| v. Depreciation as per books of account | 261,199 |
| vi. Provision for diminution in the value of long term investment | 5,000 |
| vii. Loss on sale of investments | 97 |
| viii. Loss on sale of fixed assets | 2,096 |
| ix. Fixed assets written off | 21 |
| x. Provision for doubtful advances | 13,000 |
| Total | 357,627 |
| Less: | |
| xi. Depreciation as envisaged under Section 350 of the Companies Act, 1956* | 261,199 |
| xii. Profit on sale of current investments | 31,218 |
| xiii. Bad debts written off out of provision | 9,572 |
| Net profit for calculation on which remuneration is payable. | 55,638 |
| Maximum permissible managerial remuneration -5% of net profit | 2,782 |
| Managerial remuneration (annualised) | 18,000 |

*The Company depreciates fixed assets based on estimated useful lives that are equal to or higher than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly the rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV.

The Managing director was appointed vide a resolution passed by the board of directors on 12 November, 2010. The provision for payment of managerial remuneration for the year ended 31 March, 2011 as recommended by the board of directors exceeded the limits prescribed under section 198/309 read with schedule XIII of the Companies Act, 1956 and is subjected to the approval of Central Government. The Company has applied to the Central Government for waiver of excess remuneration paid to the managing director. However, permission is still awaited.

Schedules Forming Part of the Balance Sheet

b. Expenditure in foreign currency (on cash basis)

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---|--------------------------|--------------------------|
| Repairs and maintenance | 34,043 | 10,834 |
| License Fee | 9,375 | 5,625 |
| Travelling and conveyance expenses | 1,332 | 529 |
| Consultancy, professional & legal charges | 2,642 | - |
| Total | 47,392 | 16,988 |

c. Value of imports (calculated on a CIF basis)

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|---------------|--------------------------|--------------------------|
| Capital Goods | 479,465 | 278,811 |

d. Quantitative disclosure in respect of traded items consisting of capital goods

| Class of Goods | Units | Purchases | | Sales | |
|----------------------------|-------|---------------------|---------------------------------|---------------------|---------------------------------|
| | | Quantity | Value | Quantity | Value |
| a. Cable/wire | Meter | 61,818 (152,960) | 3,027 (2,797) | 61,818 (152,960) | 2,917 (2,796) |
| b. Headend equipment | Nos. | 367 (2,416) | 20,715 (1,858) | 367 (2,416) | 20,716 (1,739) |
| c. Distribution equipments | Nos. | 5,700 (2,332) | 564 (233) | 5,700 (2,332) | 564 (233) |
| d. Others | Nos. | 6,627 (3) | 1,080 (5) | 6,627 (3) | 1,330 (5) |
| Total | | | 25,386 (4,893) | | 25,527 (4,773) |

Notes:

1. Amounts in brackets indicate amounts pertaining to the previous year.
2. Purchases include purchases during the Previous year, for own consumption.

e. Auditors' remuneration*

Legal, professional and consultancy charges include auditors' remuneration as follows:

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|--------------------------|--------------------------|
| Statutory audit (including limited review for quarterly reports) | 6,300 | 5,200 |
| Other Services** | - | 5,000 |
| Total | 6,300 | 10,200 |

*Exclusive of service tax

** Pertaining to IPO related services adjusted from Securities Premium Account

Schedules Forming Part of the Balance Sheet

18. Utilisation of Initial Public Offer (IPO) proceeds:

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 '(000)

| Particulars | | |
|---|------------------|-------------------------|
| Amount Received from IPO | | 3,644,560 |
| Utilisation of funds upto March 31, 2011 | Projected | Actual |
| • Investment in the development of cable television infrastructure and services | 2,100,000 | 779,112 |
| • Investment in the development of cable broadband infrastructure and services | 250,000 | 10,230 |
| • Investment in acquisition of content and broadcasting rights | 100,000 | 22,240 |
| • Repayment of loans | 400,000 | 400,000 |
| • Fund expenditure for general corporate purposes | 525,810 | 520,302 |
| • Share Issue Expenses | 268,750 | 268,750 |
| | <u>3,644,560</u> | <u>2,000,634</u> |
| Balance Unutilised | | <u>1,643,926</u> |
| Unutilised Balance has been invested as follows | | |
| • Mutual Funds | | 190,000 |
| • Bank Balance (including fixed deposit) | | 1,453,926 |
| Total | | <u>1,643,926</u> |

19. Earnings per Equity Share (EPS)

Basic earnings per share have been computed by dividing net profit after tax and after dividend on cumulative convertible preference shares by the weighted average number of equity shares outstanding for the year. Convertible preference shares have been considered in Diluted Earnings per Share computation.

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|--------------------------|--------------------------|
| a. Net Profit / (loss) attributable to equity shareholders | 69,596 | 208,016 |
| b. Weighted average number of equity shares outstanding used in computation of basic EPS | 130,489,975 | 112,062,269 |
| c. Basic Earnings/ (Loss) per equity share of Rs. 10 each (in Rs.) | 0.53 | 1.86 |

Schedules Forming Part of the Balance Sheet

Rs. in '(000)

| Particulars | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|--|--------------------------|--------------------------|
| d. Dilutive effect of preference shares outstanding | - | 1 |
| e. Weighted average number of equity shares and equity equivalent shares outstanding used in computing diluted EPS | 130,516,965 | 116,345,226 |
| f. Diluted Earnings/ (Loss) per equity share of Rs. 10 each (in Rs.) | 0.53 | 1.79 |

20. Previous year's figures have been regrouped/ reclassified, wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

New Delhi
28 May, 2011

Balance Sheet Abstract & Company's General Business Profile

| | | | |
|---|---------------------------|---------------------------|------------|
| I. Registration Details | | | |
| Registration No. | : L92490DL2007PLC165673 | State Code | : 55 |
| Balance Sheet Date | : 31-03-2011 | | |
| II. Capital raised during the year | | | |
| Public Issue | : NIL | Right Issue | : NIL |
| Bonus Issue | : NIL | Private Placement | : NIL |
| Preferential Allotment | : NIL | Others | : NIL |
| III. Position of Mobilization and Deployment of Funds <i>(All Amounts in Rs. Thousands)</i> | | | |
| Total Liabilities (Including Shareholders' Funds) | : 10191257 | Total Assets | : 10191257 |
| Sources of Funds | | | |
| Paid up Capital | : 1304900 | Reserve & Surplus | : 6105323 |
| Secured Loans | : 1547030 | Unsecured Loan | : 14100 |
| Deferred Tax Liability | : NIL | Equity Warrants | : NIL |
| Application of Funds | | | |
| Net Fixed Assets (Including Capital work in Progress) | : 2065426 | Investments | : 3658686 |
| Net Current Assets | : 3168791 | Miscellaneous Expenditure | : NIL |
| IV. Performance of Company <i>(All amounts in Rs. Thousand except per share data)</i> | | | |
| Turnover (Including Other Income) | : 3545391 | Total Expenditure | : 3485425 |
| Profit/Loss Before Tax | : +59966 | Profit/Loss After Tax | : +69596 |
| (Please tick appropriate box + for profit, - for loss) | | | |
| Earning per Share (in Rs.) Annualised (in Rs.) | : +0.53 | Dividend Rate % | : NIL |
| (Please tick appropriate box + for positive, - for Negative) | | | |
| V. Generic names of principal products/services of the Company | | | |
| Item Code No. (ITC Code) | : - | | |
| Product Description | : Broadcasting & Cable TV | | |

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
AJAYA CHAND
Director

New Delhi
28 May, 2011

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

Sd/-
JATIN MAHAJAN
Company Secretary

Financial Information of Subsidiary Companies

Rs. in '000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|---|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 1 | Den Entertainment Network Private Limited | 97,372 | 287,576 | 385,998 | 2,050 | - | 5,329 | 4,715 | 752 | 3,964 | - |
| 2 | Den Digital Entertainment Gujarat Private Limited | 2,000 | 15,207 | 75,030 | 57,823 | - | 141,568 | 12,964 | 4,324 | 8,640 | - |
| 3 | Aster Entertainment Private Limited | 5,900 | 124,768 | 262,363 | 131,695 | - | 281,365 | 114,021 | 37,936 | 76,085 | - |
| 4 | Shine Cable Network Private Limited | 500 | (1,874) | 9,629 | 11,003 | - | 365 | (1,038) | 3 | (1,041) | - |
| 5 | DEN Krishna Cable TV Network Private Limited | 509 | 4,935 | 14,528 | 9,084 | - | 32,641 | 5,233 | 1,619 | 3,614 | - |
| 6 | Den Mahendra Satellite Private Limited | 555 | (3,104) | 1,324 | 3,873 | - | 2,998 | (306) | (0) | (306) | - |
| 7 | DEN Pawan Cable Network Private Limited | 516 | 4,785 | 12,530 | 7,229 | - | 33,821 | 4,161 | 1,294 | 2,868 | - |
| 8 | DEN Harsh Mann Cable Network Private Limited | 541 | 801 | 5,778 | 4,436 | - | 11,477 | 983 | 303 | 680 | - |
| 9 | Den Classic Cable TV Services Private Limited | 582 | 372 | 3,248 | 2,294 | - | 6,293 | 564 | 174 | 390 | - |
| 10 | Den Montooshah Network Private Limited | 512 | 3,426 | 13,437 | 9,499 | - | 33,338 | 4,788 | 1,480 | 3,309 | - |
| 11 | Den Bindra Network Private Limited | 526 | 56 | 2,242 | 1,660 | - | 4,092 | 103 | 32 | 71 | - |
| 12 | Den Ashu Cable Private Limited | 573 | 4,624 | 10,183 | 4,986 | - | 19,388 | 2,168 | 671 | 1,498 | - |

Financial Information of Subsidiary Companies

Rs. in '0000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|---|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 13 | Den Nanak Communication Private Limited | 609 | (5,050) | 1,030 | 5,471 | - | 11 | (357) | 0 | (357) | - |
| 14 | Den Futuristic Cable Networks Private Limited | 8,600 | 78,645 | 53,315 | 21,117 | - | 39,095 | 22,100 | (5,045) | 27,146 | - |
| 15 | Den Digital Cable Network Private Limited | 591 | 30,491 | 52,401 | 21,318 | - | 77,889 | (7,802) | (2,411) | (5,391) | - |
| 16 | Den Saya Channel Network Private Limited | 2,500 | 5,925 | 40,368 | 31,943 | - | 64,164 | 5,075 | 1,568 | 3,507 | - |
| 17 | Den Faction Communication System Private Limited | 578 | (9,793) | 21,959 | 31,175 | - | 27,973 | (5,720) | - | (5,720) | - |
| 18 | Radiant Satellite (India) Private Limited | 1,500 | (4,481) | 41,679 | 44,660 | - | 74,166 | (4,071) | - | (4,071) | - |
| 19 | Den Mewar Rajdev Cable Network Private Limited | 522 | (9,137) | 32,693 | 41,309 | - | 38,649 | 102 | 32 | 70 | - |
| 20 | Den Radiant Satellite Cable Network Private Limited | 541 | 1,533 | 4,779 | 2,706 | - | 4,836 | 1,801 | 557 | 1,244 | - |
| 21 | Den RIS Cable Network Private Limited | 603 | (3,528) | 2,473 | 5,397 | - | 2,617 | (1,305) | - | (1,305) | - |
| 22 | Den Sky Media Network Private Limited | 1,000 | 45,704 | 214,230 | 167,526 | - | 160,456 | 31,360 | (9,690) | 41,051 | - |
| 23 | Meerut Cable Network Private Limited | 1,000 | 10,850 | 192,974 | 181,124 | - | 121,711 | 3,962 | 1,224 | 2,738 | - |
| 24 | DEN Crystal Vision Network Private Limited | 572 | 1,121 | 7,498 | 5,805 | - | 14,707 | 989 | 306 | 683 | - |

Financial Information of Subsidiary Companies

Rs. in '000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|--|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 25 | Den Mod Max Cable Network Private Limited | 516 | (4,312) | 8,192 | 11,988 | - | 11,040 | (3,325) | 475 | (3,799) | - |
| 26 | DEN BCN Suncity Network Private Limited | 537 | 351 | 5,741 | 4,853 | - | 12,987 | (354) | (100) | (254) | - |
| 27 | Den Pradeep Cable Network Private Limited | 533 | 755 | 4,443 | 3,155 | - | 8,746 | 645 | 200 | 446 | - |
| 28 | Den Prince Network Private Limited | 537 | (518) | 4,501 | 4,482 | - | 6,873 | 429 | 0 | 428 | - |
| 29 | Den Jai Ambey Vision Cable Private Limited | 502 | 2 | 5,142 | 4,638 | - | 9,410 | (189) | 5 | (195) | - |
| 30 | DEN Varun Cable Network Private Limited | 596 | 1,469 | 12,274 | 10,208 | - | 27,576 | 1,715 | 530 | 1,184 | - |
| 31 | DEN Aman Entertainment Private Limited | 599 | 1,809 | 9,419 | 7,011 | - | 13,278 | 934 | 289 | 645 | - |
| 32 | Den Satellite Cable TV Network Private Limited | 613 | (717) | 15,912 | 16,016 | - | 15,622 | (2,131) | (659) | (1,473) | - |
| 33 | Den F K Cable Tv Network Private Limited | 543 | 6,594 | 27,416 | 20,279 | - | 41,216 | 3,039 | 959 | 2,081 | - |
| 34 | Den Budaun Cable Network Private Limited | 728 | 856 | 3,776 | 2,193 | - | 8,653 | (155) | (48) | (107) | - |
| 35 | DEN Ambey Cable Networks Private Limited | 612 | 28,670 | 77,986 | 55,046 | - | 152,533 | 14,756 | 4,560 | 10,196 | - |
| 36 | Den Ambey Citi Cable Network Private Limited | 500 | 637 | 2,975 | 1,838 | - | 6,738 | 748 | 230 | 518 | - |

Financial Information of Subsidiary Companies

Rs. in '0000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|--|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 37 | Den Ambey Jhansi Cable Network Private Limited | 500 | (354) | 8,325 | 8,179 | - | 30,082 | 1,952 | (526) | 2,479 | - |
| 38 | Den Ambey Farukabad Cable Network Private Limited | 500 | 3,127 | 9,080 | 5,453 | - | 24,838 | 2,736 | 846 | 1,889 | - |
| 39 | Den Kashi Cable Network Private Limited | 8,000 | 33,446 | 104,246 | 65,900 | - | 81,981 | 5,009 | 1,547 | 3,461 | - |
| 40 | Den Enjoy Cable Networks Private Limited | 6,980 | 49,541 | 113,134 | 61,621 | - | 171,847 | 19,804 | 6,120 | 13,684 | - |
| 41 | DEN Prayag Cable Networks Private Limited | 500 | 3,339 | 14,480 | 10,641 | - | 33,716 | 6,363 | 377 | 5,987 | - |
| 42 | Den Deva Cable Network Private Limited | 500 | (736) | 713 | 949 | - | 1,507 | (39) | - | (39) | - |
| 43 | Den Maa Sharda Vision Cable Networks Private Limited | 612 | 4,882 | 10,899 | 5,404 | - | 33,340 | 30 | 9 | 21 | - |
| 44 | Den Fateh Mareketing Private Limited | 500 | 4,664 | 37,826 | 32,667 | 5 | 90,574 | 4,547 | 1,400 | 3,147 | - |
| 45 | Den Enjoy Navaratan Network Private Limited | 608 | 5,573 | 17,884 | 11,702 | - | 47,345 | 3,535 | 1,093 | 2,443 | - |
| 46 | Den Shiva Cable Network Private Limited | 500 | (2,704) | 3,155 | 5,359 | - | 3,754 | (663) | - | (663) | - |
| 47 | Den Narmada Network Private Limited | 879 | (34,510) | 32,411 | 66,042 | - | 26,822 | (11,152) | - | (11,152) | - |
| 48 | Dewshree Network Private Limited | 794 | (1,914) | 73,375 | 74,496 | - | 57,418 | (3,002) | 928 | (3,930) | - |

Financial Information of Subsidiary Companies

Rs. in '000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|---|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 49 | Shree Siddhivinayak Cable Network Private Limited | 500 | (1,638) | 24,768 | 25,909 | 2 | 30,987 | 3,846 | 1,718 | 2,127 | - |
| 50 | Mahadev Den Network Private Limited | 2,400 | 1,901 | 42,617 | 38,316 | - | 37,369 | 627 | 403 | 224 | - |
| 51 | Mahadev Den Cable Net Private Limited | 900 | 1,744 | 12,245 | 9,601 | - | 18,497 | 1,066 | 336 | 730 | - |
| 52 | Mahadev Den Cable Network Private Limited | 900 | (6,925) | 20,445 | 26,470 | - | 23,947 | (1,759) | (551) | (1,209) | - |
| 53 | Den MCN Cable Network Private Limited | 1,099 | 9,737 | 51,199 | 40,363 | - | 47,210 | 1,587 | 537 | 1,051 | - |
| 54 | Drashti Cable Network Private Limited | 536 | 4,656 | 23,312 | 18,120 | - | 15,297 | 678 | 211 | 466 | - |
| 55 | Den-Manoranjan Satellite Private Limited | 500 | 11,048 | 87,278 | 75,730 | - | 162,639 | 17,921 | 5,331 | 12,590 | - |
| 56 | Den Nashik City Cable Network Private Limited | 500 | 20,959 | 85,411 | 63,952 | - | 154,341 | 11,823 | 2,970 | 8,852 | - |
| 57 | Den Supreme Satellite Vision Private Limited | 597 | 17,286 | 50,168 | 32,285 | - | 57,512 | 8,315 | 1,908 | 6,408 | - |
| 58 | Den Bellary City Cable Private Limited | 567 | 8,822 | 20,261 | 10,872 | - | 43,972 | 986 | 729 | 256 | - |
| 59 | Malayalam Telenet Private Limited | 10,995 | (3,453) | 14,354 | 6,812 | - | 17,726 | 2,359 | 418 | 1,941 | - |
| 60 | Den Malabar Cable Vision Private Limited | 601 | 6,853 | 10,840 | 3,386 | - | 12,657 | (820) | - | (820) | - |

Financial Information of Subsidiary Companies

Rs. in '0000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|---|---------------|-----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 61 | Den Elgee Cable Vision Private Limited | 1,123 | 5,468 | 9,132 | 2,541 | - | 8,418 | 341 | 114 | 227 | - |
| 62 | Rajkot City Communication Private Limited | 100 | 6,076 | 76,857 | 70,682 | - | 85,430 | 808 | 312 | 497 | - |
| 63 | Den Infoking Channel Entertainers Private Limited | 547 | 1,823 | 35,152 | 32,782 | - | 38,674 | 6,413 | 411 | 6,002 | - |
| 64 | Den Ucn Network India Private Limited | 621 | 6,884 | 13,422 | 5,918 | - | 36,292 | (832) | (111) | (720) | - |
| 65 | Fortune (Baroda) Network Private Limited | 1,000 | 801 | 17,140 | 15,338 | - | 20,469 | 99 | 312 | (213) | - |
| 66 | Galaxy Den Media & Entertainment Private Limited | 500 | 16,237 | 40,868 | 24,131 | - | 30,013 | 1,745 | 48 | 1,697 | - |
| 67 | Bali Den Cable Network Private Limited | 535 | 6,238 | 24,525 | 17,753 | - | 34,370 | 2,900 | 492 | 2,408 | - |
| 68 | Mahavir Den Entertainment Private Limited | 500 | 2,529 | 34,273 | 31,244 | - | 62,767 | 11,177 | 1,332 | 9,845 | - |
| 69 | Den Citi Channel Private Limited | 7,721 | 8,343 | 19,941 | 3,878 | - | 12,720 | (1,016) | 116 | (1,132) | - |
| 70 | Amogh Broad Band Services Private Limited | 200 | (156,217) | 398,280 | 554,296 | - | 325,036 | 1,446 | 22,053 | (20,607) | - |
| 71 | Star Channel Den Network Private Limited | 698 | 367 | 2,016 | 951 | - | 4,039 | 784 | 239 | 545 | - |
| 72 | Kishna DEN Cable Network Private Limited | 573 | (135) | 1,989 | 1,551 | - | 4,406 | (330) | (102) | (228) | - |

Financial Information of Subsidiary Companies

Rs. in '000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|--|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 73 | Fab Den Network Private Limited | 573 | 12,104 | 34,421 | 21,743 | - | 49,732 | 3,597 | 1,112 | 2,485 | - |
| 74 | Den Satellite Network Private Limited | 1,006 | 379,004 | 633,074 | 327,801 | 38 | 505,556 | 69,053 | 30,691 | 38,362 | - |
| 75 | United Cable Network (Digital) Private Limited | 500 | 52 | 2,087 | 1,535 | - | 3,002 | 34 | 30 | 4 | - |
| 76 | Shree Ram Den Network Private Limited | 900 | 2,865 | 22,233 | 18,468 | - | 18,995 | 4,174 | 1,310 | 2,865 | - |
| 77 | Den Krishna Vision Private Limited | 500 | 1 | 1,736 | 1,235 | - | 4,144 | (268) | (34) | (235) | - |
| 78 | Cab-i-Net Communications Private Limited | 20,000 | (2,814) | 30,134 | 12,949 | - | 29,829 | 2,055 | - | 2,055 | - |
| 79 | Divya Drishti Den Network Private Limited | 740 | (2) | 2,702 | 1,964 | - | 2,137 | (430) | - | (430) | - |
| 80 | Den Sahyog Cable Network Private Limited | 500 | 1,459 | 7,106 | 5,147 | - | 7,439 | 233 | 90 | 143 | - |
| 81 | Den Sariga Communications Private Limited | 672 | 4,115 | 6,639 | 1,852 | - | 4,031 | 238 | 114 | 124 | - |
| 82 | DEN New Broad Communication Private Limited | 723 | 46,531 | 75,079 | 27,825 | - | 99,413 | 2,620 | 925 | 1,696 | - |
| 83 | IME Networks Private Limited | 19,805 | (482) | 5,097 | 1,268 | - | - | (431) | - | (431) | - |
| 84 | Astron Media Networks Private Limited | 15,500 | (455) | 17,990 | 2,945 | - | - | (424) | - | (424) | - |

Financial Information of Subsidiary Companies

Rs. in '000

| | Name of Subsidiary Company | Share Capital | Reserves | Total Assets | Total Liabilities | Detail of investment (except in case of investment in subsidiaries) | Turnover | Profit Before Taxation (PBT) | Provision for Taxation | Profit After Taxation (PAT) | Proposed Dividend |
|----|--|---------------|----------|--------------|-------------------|---|----------|------------------------------|------------------------|-----------------------------|-------------------|
| 85 | Den Kattakada Telecasting and Cable Services Private Limited | 996 | 14,495 | 18,327 | 2,837 | - | 8,673 | (19) | 267 | (286) | - |
| 86 | Den BMC Cable Network Private Limited | 500 | (74) | 5,524 | 5,098 | - | - | (60) | - | (60) | - |
| 87 | Den A.F. Communication Private Limited | 959 | (582) | 1,800 | 1,422 | - | 902 | (558) | - | (558) | - |
| 88 | Big Den Entertainment Private Limited | 600 | 3,796 | 7,183 | 2,786 | - | 2,794 | (149) | (46) | (103) | - |
| 89 | Sree Gokulam Starnet Communication Private Limited | 100 | (3,204) | 3,507 | 6,611 | - | 1,252 | (281) | (65) | (216) | - |
| 90 | Rajasthan Entertainment Private Limited | 500 | (26) | 6,164 | 5,690 | - | 266 | (38) | (12) | (26) | - |
| 91 | Fun Cable Network Private Limited | 500 | (40) | 498 | 38 | - | - | (3) | - | (3) | - |

Auditors' Report

TO

**THE BOARD OF DIRECTORS
DEN NETWORKS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **DEN Networks Limited**, ("the Company"), its subsidiaries, jointly controlled entity and partnership firm (collectively defined as "the Group") as at 31 March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, partnership firm and a joint venture, whose financial statements reflect total assets of Rs. ('000) 5,101,684 as at 31 March, 2011, total revenues of Rs. ('000) 7,695,477 and net cash inflows amounting to Rs. ('000) 141,283 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors

whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint venture and partnership firm is based solely on the reports of the other auditors.

4. Attention is invited to Note 2(c)(viii) of Schedule 17 whereby it is stated that

i. The financial statements of one subsidiary company have been consolidated based on unaudited financial statements as certified by the Company's management. These financial statements reflect total assets of Rs. ('000) 22,233 as at 31 March, 2011, total revenues of Rs. ('000) 18,995 and net cash inflows amounting to Rs. ('000) 748 for the year ended on that date as considered in the Consolidated Financial Statements;

ii. The financial statements of an associate of the Company has also been accounted for based on unaudited financial statements as certified by the Company's management which reflects total investment of Rs. ('000) 109,260 including profit for the current year amounting to Rs. ('000) 178.

We are unable to comment on the impact of adjustments, if any, on the Consolidated Financial Statements which may arise had the financial statements of the subsidiary and the associate been subjected to an audit.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, partnership firm and joint venture, and to the best of our information and according to the explanations given to us, in our opinion, subject to our comments in paragraph 4 above, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2011;

ii. In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

iii. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

New Delhi
September 01, 2011

Sd/-
JITENDRA AGARWAL
Partner
(Membership No. 87104)

Consolidated Balance Sheet as at March 31, 2011

Rs. in '(000)

| | Schedule Reference | As at 31-03-2011 | As at 31-03-2010 |
|--|--------------------|------------------|------------------|
| SOURCE OF FUNDS | | | |
| 1 SHAREHOLDERS' FUNDS | | | |
| a. Share Capital | 1 | 1,304,900 | 1,304,900 |
| b. Employee stock options outstanding | 2 | 1,946 | - |
| c. Reserves and Surplus | 3 | 6,414,267 | 6,105,323 |
| 2 PREFERENCE SHARE CAPITAL ISSUED BY SUBSIDIARY COMPANY | 4 | 25,000 | 25,000 |
| 3 MINORITY INTEREST (see note 11) | | 365,026 | 211,516 |
| 4 LOAN FUNDS | | | |
| a. Secured Loans | 5 | 1,558,146 | 1,620,635 |
| b. Unsecured Loans | 6 | 21,887 | 129,469 |
| 5 DEFERRED TAX LIABILITIES (see note 5) | | 76,917 | 72,863 |
| | | 9,768,089 | 9,469,706 |
| APPLICATION OF FUNDS | | | |
| 6 FIXED ASSETS | 7 | | |
| a. Gross block | | 3,355,626 | 2,707,841 |
| b. Less: Depreciation | | 941,794 | 496,896 |
| c. Net block | | 2,413,832 | 2,210,945 |
| d. Capital work in progress | | 412,917 | 203,134 |
| | | 2,826,749 | 2,414,079 |
| 7 GOODWILL ON CONSOLIDATION (see note 7) | | 2,717,151 | 2,501,725 |
| 8 INVESTMENTS | 8 | 190,276 | 917,124 |
| 9 DEFERRED TAX ASSETS (see note 5) | | 208,060 | 155,790 |
| 10 CURRENT ASSETS, LOANS & ADVANCES | | | |
| a. Sundry debtors | 9 | 2,981,348 | 2,534,587 |
| b. Unbilled revenue | | 95,279 | 121,446 |
| c. Cash and bank balances | 10 | 2,737,583 | 2,432,301 |
| d. Loans and advances | 11 | 1,883,089 | 1,802,284 |
| | | 7,697,299 | 6,890,618 |
| 11 LESS: CURRENT LIABILITIES AND PROVISIONS | 12 | | |
| a. Current liabilities | | 3,821,012 | 3,439,808 |
| b. Provisions | | 50,434 | 36,181 |
| | | 3,871,446 | 3,475,989 |
| 12 NET CURRENT ASSETS (10-11) | | 3,825,853 | 3,414,629 |
| 13 PROFIT AND LOSS ACCOUNT (DEBIT BALANCE) | | - | 66,359 |
| | | 9,768,089 | 9,469,706 |
| Notes forming part of the accounts The above schedules form an integral part of the balance sheet | 17 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
September 01, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
September 01, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Consolidated Profit & Loss Account for the year ended March 31, 2011

Rs. in '(000)

| | Schedule Reference | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|--|-----------------------|--------------------------|--------------------------|
| 1 INCOME | | | |
| a. Income from operations | | 10,217,171 | 9,098,670 |
| b. Sale of equipment | | 3,974 | 4,773 |
| c. Other income | 13 | 350,610 | 133,559 |
| d. Gain on foreign exchange fluctuation | | 8,861 | 18,931 |
| | | 10,580,616 | 9,255,933 |
| 2 EXPENDITURE | | | |
| a. Operational, administrative and other costs | 14 | 8,675,731 | 7,724,278 |
| b. Personnel cost | 15 | 636,179 | 565,185 |
| c. Cost of traded items | | 3,833 | 4,893 |
| d. Finance costs | 16 | 191,861 | 194,425 |
| e. Depreciation and amortisation | 7 | 455,825 | 328,834 |
| | | 9,963,429 | 8,817,615 |
| 3 PROFIT/LOSS BEFORE TAX | | 617,187 | 438,318 |
| 4 PROVISION FOR TAXES | | | |
| a. Income tax (including wealth tax) | | 236,176 | 163,002 |
| b. Deferred tax asset (net) | | (48,222) | (73,842) |
| c. Minimum alternate tax (mat) credit entitlement | | (14,089) | (15,080) |
| | | 173,865 | 74,080 |
| 5 PROFIT/LOSS AFTER TAX AND BEFORE MINORITY INTEREST | | 443,322 | 364,238 |
| 6 MINORITY INTEREST | | 68,197 | 63,124 |
| 7 SHARE IN (LOSS)/PROFIT OF ASSOCIATES | | 178 | - |
| 8 PROFIT/LOSS AFTER TAX AND MINORITY INTEREST | | 375,303 | 301,114 |
| 9 PROFIT/LOSS BROUGHT FORWARD | | (66,359) | (367,472) |
| 10 APPROPRIATIONS | | | |
| Dividend on cumulative convertible preference shares | | - | 1 |
| 11 PROFIT/LOSS CARRIED TO BALANCE SHEET | | 308,944 | (66,359) |
| Earnings per equity share (see note 10) (Face Value of Rs. 10 per share) | | | |
| Basic | | 2.88 | 2.69 |
| Diluted | | 2.88 | 2.59 |
| Notes forming part of the accounts The above schedules form an integral part of the profit and loss account | 17 | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
September 01, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
September 01, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2011

Rs. in '000

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/ (loss) before tax | 617,187 | 438,318 |
| Adjustment for : | | |
| Depreciation and amortisation | 455,825 | 328,834 |
| Non cash acquisition consultancy cost | - | 17,617 |
| Provision for impairment | 5,000 | - |
| Profit on sale of investment in subsidiary | (397) | - |
| Employee stock compensation expenses | 1,946 | - |
| Fixed assets/ capital work in progress written off | 2,501 | 1,395 |
| Interest and finance charges | 191,861 | 194,425 |
| Loss/ (gain) on exchange rate fluctuation - Unrealized | (302) | (3,636) |
| Provision for employee benefits | 15,041 | 14,985 |
| Provision for entertainment tax | (772) | - |
| Doubtful debts and advances written off/provided | 162,850 | 120,300 |
| Interest income | (116,562) | (17,123) |
| Dividend on current investment | - | (135) |
| Profit from Sale of investment | (31,218) | (47,774) |
| Liabilities written back | 133,463 | (50,371) |
| Operating profit before working capital changes | 1,436,423 | 996,834 |
| Adjustments for : | | |
| Decrease/(Increase) in current assets | (753,250) | (901,475) |
| Increase/(Decrease) in current liabilities | 360,267 | 935,766 |
| Cash generated from/(used in) operations | 1,043,440 | 1,031,126 |
| Tax on operational income (including fringe benefit tax) | (219,655) | (347,883) |
| Net cash from/ (used in) operating activities | 823,785 | 683,243 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Increase in goodwill on consolidation | (286,460) | (1,572,352) |
| Sale of investment in subsidiary | 9,120 | - |
| Purchase of mutual fund investment | (3,802,933) | (15,526,009) |
| Loan repaid by/(to) body corporate (net) | (13,168) | (12,317) |
| Advance given for investment | (13,240) | 131,397 |
| Interest received | 116,782 | 17,551 |
| Dividend on current investment | - | 135 |
| Sale of mutual fund investment | 4,670,259 | 14,656,665 |
| Purchase of fixed assets (including capital advances) | (853,544) | (921,447) |
| Proceeds from Sale of Fixed Assets | 16,613 | - |
| Net cash from/ (used in) investing activities | (156,571) | (3,226,377) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of equity shares | - | 4,394,562 |
| Share Issue expenses | - | (291,264) |
| (Repayment)/Proceeds from short term borrowings from a director | - | (31,600) |
| (Repayment)/Proceeds from short term borrowings from others | (107,582) | 125,224 |
| (Repayment)/Proceeds from working capital loan from bank | 55,621 | (123,619) |
| (Repayment)/Proceeds from term loan from bank | (124,569) | 591,327 |
| (Repayment)/Proceeds from finance lease obligation | 6,459 | (2,005) |
| Interest Paid | (191,861) | (197,754) |
| Net cash from/ (used in) financing activities | (361,932) | 4,464,871 |

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Rs. in '000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|--|--------------------------|--------------------------|
| Net increase/ (decrease) in cash and cash equivalents | 305,282 | 1,921,737 |
| Cash & Cash Equivalents at the beginning of year | 2,432,301 | 510,564 |
| Cash and cash equivalents as at the end of the year | <u>2,737,583</u> | <u>2,432,301</u> |
| Notes : | | |
| 1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 prescribed in Companies (Accounting Standards) Rules, 2006. | | |
| 2. Figures in brackets indicate cash outflow. | | |
| 3. Cash and cash equivalents includes Rs. 86,215 (Previous year Rs. 83,820) under lien with banks. | | |
| 4. Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification. | | |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner
Membership No. 87104

New Delhi
September 01, 2011

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

New Delhi
September 01, 2011

Sd/-
AJAYA CHAND
Director

Sd/-
JATIN MAHAJAN
Company Secretary

Schedules Forming Part of the Consolidated Accounts

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 200,000,000 (Previous year 165,000,000) equity shares of Rs.10 each | 2,000,000 | 1,650,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 130,489,975 (Previous year 130,489,975) equity shares of Rs. 10 each fully paid up | 1,304,900 | 1,304,900 |
| SCHEDULE 2 | | |
| EMPLOYEE STOCK OPTIONS OUTSTANDING | | |
| a. Employees stock options outstanding | 287,000 | - |
| b. Less : Deferred employee compensation | 285,054 | - |
| c. Net Balance | 1,946 | - |
| (for stock options outstanding details see note 10) | | |
| SCHEDULE 3 | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| a. Opening Balance | 6,105,323 | 2,322,018 |
| b. Amount received pursuant to issue of equity and preference shares | - | 5,199,254 |
| c. Less: | | |
| i. Utilisation for issue of bonus shares | - | 1,124,685 |
| ii. Share issue expenses | - | 291,264 |
| | 6,105,323 | 6,105,323 |
| Profit and Loss Account | | |
| a. Opening Balance (Debit Balance) | (66,359) | - |
| b. Profit for the year | 375,303 | - |
| | 308,944 | - |
| | 6,414,267 | 6,105,323 |
| SCHEDULE 4 | | |
| PREFERENCE SHARE CAPITAL ISSUED BY SUBSIDIARY COMPANY | | |
| AUTHORISED | | |
| 2,600,000 (Previous year 2,600,000) .001% non cumulative 5 years redeemable preference shares of Rs. 10 each fully paid up | 26,000 | 26,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 2,500,000 (Previous year 2,600,000) .001% non cumulative 5 years redeemable preference shares of Rs. 10 each fully paid up | 25,000 | 25,000 |
| SCHEDULE 5 | | |
| SECURED LOANS (FROM BANKS) | | |
| a. Term loans | 1,264,832 | 1,389,401 |
| b. Cash credit accounts | 285,966 | 230,345 |
| c. Other loans | 7,348 | 889 |
| | 1,558,146 | 1,620,635 |
| SCHEDULE 6 | | |
| UNSECURED LOAN | | |
| Short term loans from others | 21,887 | 129,469 |

Schedules Forming Part of the Consolidated Accounts

SCHEDULE 7 FIXED ASSETS (at cost)

Rs. in '000)

| Particulars | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|---|---------------------|---------------|------------------|----------------------|---------------------------|---------------------|----------------|----------------------|---------------------|---------------------|
| | As at 01-04-2010 | Adjustment | Additions | Sales/ Adjustment | As at 31-03-2011 | As at 01-04-2010 | Additions | Sales/ Adjustment | As at 31-03-2011 | As at 01-04-2010 |
| (A) Tangible Assets | | | | | | | | | | |
| Building | 30,740 | - | 5,508 | 4,912 | 31,336 | 307 | 142 | 17 | 30,904 | 30,433 |
| Leasehold improvements | 107,153 | - | 852 | 1,758 | 106,247 | 63,919 | 33,642 | 1,109 | 9,795 | 43,234 |
| Plant and machinery | | | | | | | | | | |
| - Headend and distribution equipments | 1,212,361 | 22,556 | 312,671 | 10,479 | 1,537,109 | 203,163 | 183,715 | 2,965 | 1,153,196 | 1,009,198 |
| - Set top boxes | 664,922 | - | 246,279 | - | 911,201 | 86,982 | 92,181 | - | 732,038 | 577,940 |
| - Computers | 48,102 | - | 6,317 | 1,965 | 52,454 | 13,203 | 8,912 | 1,258 | 31,597 | 34,899 |
| - Office & other equipments | 108,025 | - | 5,541 | 83 | 113,483 | 19,660 | 4,125 | 55 | 89,753 | 88,365 |
| Furniture and fixtures | 23,654 | - | 9,147 | 2,319 | 30,482 | 7,057 | 4,891 | 1,149 | 19,683 | 16,597 |
| Vehicles | 23,685 | - | 12,643 | 7,480 | 28,848 | 7,501 | 4,478 | 3,747 | 20,616 | 16,184 |
| (B) Intangible Assets | | | | | | | | | | |
| Goodwill | 21,823 | - | 4,504 | 1,045 | 25,282 | 9,808 | 4,290 | 627 | 11,811 | 12,015 |
| Distribution network rights | 447,128 | - | 50,789 | - | 497,917 | 80,248 | 115,580 | - | 302,089 | 366,880 |
| Software | 16,190 | - | 1,019 | - | 17,209 | 3,589 | 3,377 | - | 10,243 | 12,601 |
| Licence fee for internet service | 2,058 | - | - | - | 2,058 | 827 | 92 | - | 1,139 | 1,231 |
| Non Compete Fees | 2,000 | - | - | - | 2,000 | 632 | 400 | - | 968 | 1,368 |
| Total | 2,707,841 | 22,556 | 655,270 | 30,041 | 3,355,626 | 496,896 | 455,825 | 10,927 | 2,413,832 | 2,210,945 |
| Previous year | 1,709,520 | - | 1,012,487 | 14,166 | 2,707,841 | 171,570 | 328,834 | 3,508 | 2,210,945 | 2,210,945 |
| Capital work-in-progress (including capital advance Rs. '000) 23,037 (Previous year Rs. '000) 25,966) | | | | | | | | | 412,917 | 203,134 |

Schedules Forming Part of the Consolidated Accounts

Rs. in '000)

| | As at 31-03-2011 | As at 31-03-2010 |
|---|---------------------|---------------------|
| SCHEDULE 8 | | |
| INVESTMENTS | | |
| a. Trade and unquoted - long term in equity shares - at cost | | |
| i. in associates | | |
| 2,228 (Previous year Nil) equity shares of Rs. 10 each, fully paid up in Crystal Vision Media Private Limited | 109,260 | - |
| Aggregate of unquoted - long term trade investments in equity shares | <u>109,260</u> | <u>-</u> |
| b. Unquoted - Current investments (at lower of cost or fair value) (other than trade) | | |
| i. Investment in Mutual Funds | | |
| Nil (Previous year 28,789,123) units of Rs. 13.90 each in NLFSG Canara Robeco Treasury Advantage Super Instt Growth Fund | - | 400,055 |
| Nil (Previous year 9,509,161) units of Rs. 10.54 each in Baroda Pioneer Liquid Fund-Institutional Growth Plan's | - | 100,208 |
| Nil (Previous year 12,668,250) units of Rs. 15.79 each in B332G Birla Sun Life Floating Rate Fund Retail Long Term Growth | - | 200,000 |
| Nil (Previous year 6,074,841) units of Rs. 17.48 each in B332G Birla Sun Life Saving Fund Instl. Growth | - | 106,192 |
| Nil (Previous year 89,437) units of Rs. 1,237 each in UTI Treasury Advantage Fund Institutional Plan | - | 110,624 |
| 2,338,361 (Previous year Nil) units of Rs. 12.83 each in Reliance Regular Saving Fund Debt Plan Institutional Growth Plan | 30,000 | - |
| 5,097,050 (Previous year Nil) FMP 3M Series 18 Growth | 50,971 | - |
| Aggregate of unquoted - current investment in units of mutual funds | <u>80,971</u> | <u>917,079</u> |
| ii Other Investments | 45 | 45 |
| | <u>190,276</u> | <u>917,124</u> |
| SCHEDULE 9 | | |
| SUNDRY DEBTORS (Unsecured) | | |
| a. Debts outstanding for more than 6 months | | |
| i. Considered good | 851,783 | 200,354 |
| ii. Considered doubtful | 269,317 | 216,071 |

Schedules Forming Part of the Consolidated Accounts

Rs. in '(000)

| | As at 31-03-2011 | As at 31-03-2010 |
|--|---------------------|---------------------|
| b. Others | | |
| I. Considered good | 2,129,565 | 2,334,232 |
| ii. Considered doubtful | 97 | 25,704 |
| | <u>3,250,762</u> | <u>2,776,361</u> |
| c. Less: Provision for doubtful debts | 269,414 | 241,774 |
| | <u>2,981,348</u> | <u>2,534,587</u> |
| SCHEDULE 10 | | |
| CASH AND BANK BALANCES | | |
| a. Cash in hand | 33,186 | 29,438 |
| b. Cheques in hand | 569,583 | 268,520 |
| c. Balances with scheduled banks: | | |
| i. in current account | 598,794 | 783,910 |
| ii. in deposit account | 1,504,090 | 1,319,227 |
| iii. as margin money | 30,180 | 30,180 |
| d. Balances with non scheduled banks: | | |
| i. in current account * | 1,750 | 1,026 |
| | <u>2,737,583</u> | <u>2,432,301</u> |
| * Maximum amount outstanding during the year Rs. '(000) 8,319 (Previous year Rs. '(000) 3,903) | | |

Schedules Forming Part of the Consolidated Accounts

Rs. in '(000)

| | Year Ended 31-03-2011 | | Year Ended 31-03-2010 | |
|---|--------------------------|------------------|--------------------------|------------------|
| SCHEDULE 11 | | | | |
| LOANS AND ADVANCES (Unsecured) | | | | |
| a. Advances recoverable in cash or in kind or for value to be received | | | | |
| i. Considered good | 583,942 | | 510,433 | |
| ii. Considered doubtful | 27,504 | | 13,886 | |
| | <u>611,446</u> | | <u>524,319</u> | |
| b. Less: Provision for doubtful advances | 27,504 | 583,942 | 13,886 | 510,433 |
| c. Loans given | | 28,712 | | 15,544 |
| d. Advance for investments (see note 7) | | 679,501 | | 765,344 |
| e. Balance with government authorities | | 278,262 | | 196,472 |
| f. Advance tax [including tax deducted at sources Rs. '(000) 327,806 Previous year Rs. '(000) 321,270 (Net of provision Rs. '(000) 520,283 Previous year Rs. '(000) 328,577)] | | 286,963 | | 289,411 |
| g. Share Application Money (Pending Allotment) | | - | | 10,000 |
| h. MAT credit entitlement | | 25,709 | | 15,080 |
| | | <u>1,883,089</u> | | <u>1,802,284</u> |
| SCHEDULE 12 | | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | | |
| a. Current liabilities | | | | |
| i. Sundry Creditors | | | | |
| - Balance consideration payable on investments (see note 7) | | 27,491 | | 84,978 |
| - Others | | 2,642,858 | | 2,533,930 |
| ii. Security deposits received | | 41,809 | | 27,496 |
| iii. Book overdraft | | 256,256 | | 46,265 |
| iv. Advances from customers | | 90,636 | | 96,799 |
| v. Advance billing | | 261,575 | | 143,128 |
| vi. Other liabilities | | 500,387 | | 507,212 |
| | | <u>3,821,012</u> | | <u>3,439,808</u> |
| b. Provisions | | | | |
| i. Wealth tax [net of advance tax of Rs. '(000) 241 (Previous year Rs. '(000) 133)] | | 83 | | 99 |
| ii. Entertainment tax | | 205 | | 977 |
| iii. Employee benefits | | | | |
| - Gratuity (see note 8) | | 28,982 | | 18,927 |
| - Compensated absences/ leave encashment | | 21,164 | | 16,178 |
| | | <u>50,434</u> | | <u>36,181</u> |
| | | <u>3,871,446</u> | | <u>3,475,989</u> |

Schedules Forming Part of the Consolidated Profit & Loss Account

Rs. in '(000)

| | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| SCHEDULE 13 | | |
| OTHER INCOME | | |
| a. Profit on sale of current investments (other than trade and unquoted) | 31,218 | 47,774 |
| b. Dividend on current investments (other than trade and unquoted) | - | 135 |
| c. Interest income | | |
| i. on fixed deposits [including tax deducted at source Rs. '(000) 3,504 (Previous year Rs. '(000) 1,589)] | 90,172 | 14,396 |
| ii. on others [including tax deducted at source Rs. '(000) 569 (Previous year Rs. 231)] | 26,390 | 2,727 |
| iii. on income tax refund | 14,333 | - |
| d. Excess provisions written back | 87,365 | 46,331 |
| e. Profit on sale of investment in subsidiary | 397 | - |
| f. Miscellaneous income | 100,735 | 22,196 |
| | 350,610 | 133,559 |
| SCHEDULE 14 | | |
| OPERATIONAL, ADMINISTRATIVE AND OTHER COSTS | | |
| a. Content cost | 5,838,996 | 5,510,905 |
| b. Placement fees | 1,086,911 | 867,007 |
| c. Distributor commission/ incentive | 169,725 | 91,152 |
| d. Rent and hire charges | 124,082 | 117,968 |
| e. Repairs and maintenance | | |
| i. Plant and machinery | 102,845 | 98,046 |
| ii. Others | 237,866 | 84,605 |
| f. Power and fuel | 79,191 | 61,998 |
| g. Director's sitting fees | 180 | 80 |
| h. Brokerage/ commission | 29,737 | 21,531 |
| i. Consultancy, professional & legal charges | 352,168 | 325,043 |
| j. Travelling and conveyance | 115,657 | 98,992 |
| k. Advertisement, publicity and business promotion | 68,958 | 73,003 |
| l. Communication expenses | 167,516 | 128,156 |
| m. Security charges | 12,227 | 10,982 |
| n. Insurance | 11,801 | 10,466 |
| o. Rates & taxes | 43,280 | 38,344 |
| p. Provision for doubtful debts/ advances | 58,637 | 44,400 |
| q. Bad debts/ advances written off | 104,213 | 75,900 |
| r. Provision for Impairment | 5,000 | - |
| s. Fixed assets/ capital work in progress written off | 2,501 | 1,395 |
| t. Miscellaneous expenses | 64,240 | 64,305 |
| | 8,675,731 | 7,724,278 |
| SCHEDULE 15 | | |
| PERSONNEL COST | | |
| a. Salaries, allowances and bonus | 566,336 | 506,470 |
| b. Contribution to provident fund and other funds | 25,778 | 21,328 |
| c. Employee benefits (See note 10) | 15,838 | 16,681 |
| d. Staff welfare expenses | 26,281 | 20,706 |
| e. Employee stock compensation expenses | 1,946 | - |
| | 636,179 | 565,185 |
| SCHEDULE 16 | | |
| FINANCE COSTS | | |
| a. Interest on loans from banks | 184,998 | 180,158 |
| b. Interest on finance lease obligations (vehicles) | 26 | 264 |
| c. Bank charges and other costs | 1,990 | 13,258 |
| d. Interest on loan from others | 4,847 | 745 |
| | 191,861 | 194,425 |

Schedules Forming Part of the Consolidated Accounts

SCHEDULE 17 **NOTES FORMING PART OF THE ACCOUNTS**

1. Background

DEN Networks Limited (hereinafter referred to as 'the Company' or 'DEN') was incorporated on 10 July, 2007 to engage in cable television distribution, broadband internet and other related business. DEN is engaged in distribution of television channels through analog and digital cable distribution network and provision of broadband internet services.

The Company changed its status from a Private Limited Company to a Public Limited Company on 15 April, 2008 thereby changing its name to DEN Digital Entertainment Networks Limited. Subsequently, the Company changed its name to DEN Networks Limited on 27 June, 2008.

During the financial year 2009-10, the Company issued and allotted 1,85,67,240 Equity Shares of face value of Rs. 10/- each, pursuant to the Initial Public Offer (IPO), which were admitted for listing and trading on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) with effect from November 24, 2009.

These consolidated financial statements comprise the consolidation of DEN Networks Limited (the Parent), its wholly owned and other subsidiaries, partnership firm, associate and joint venture. These subsidiaries and the partnership firm are mainly engaged in the business of cable television distribution, internet and other related business. The joint venture is engaged in the business of distribution of television distribution on all modes of distribution, including cable, direct to home, digital or analog, terrestrial satellite or any other emerging mode.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ("GAAP") in India, and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

b. Basis of Consolidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard (AS 21) Consolidated Financial Statements, Accounting Standard (AS 23) Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS 27) Financial Reporting of Interests in Joint Ventures prescribed by the Companies (Accounting Standards) Rules 2006 for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the subsidiary companies, joint ventures and associates used in the consolidation are drawn up to the same reporting date as that of the Parent.

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii. Interest in jointly controlled entities is reported using proportionate consolidation.
- iii. The consolidated financial statements include the share of profit/loss of associate company, which has been accounted under the 'Equity method' as per which the share of profit of the associate company has been added to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- iv. The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- v. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments

Schedules Forming Part of the Consolidated Accounts

are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

c. Principles of Consolidation

Subsidiary companies are those in which DEN, directly or indirectly, has an interest of more than one half of the voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated as per Accounting Standard 21 prescribed by the Companies (Accounting Standards) Rules, 2006, from the date on which effective control is transferred to DEN until the date of cessation of the parent-subsidiary relationship.

Investment in business entities over which DEN exercises joint control has been accounted for using proportionate consolidation except where the control is considered to be temporary as per Accounting Standard 27 prescribed by the Companies (Accounting Standards) Rules, 2006.

The share of profit/loss of associate company has been accounted under the 'Equity method' as per Accounting Standard 23 prescribed by the Companies (Accounting Standards) Rules, 2006.

These consolidated financial statements relate to DEN, its subsidiaries, associate, partnership firm and joint venture referred to in these financial statements as "the Group", which are as follows:

i. Wholly Owned Subsidiaries

| Name of the Company | |
|---------------------|---|
| 1 | Aster Entertainment Private Limited |
| 2 | Den Digital Entertainment Gujarat Private Limited |
| 3 | Den Entertainment Network Private Limited |
| 4 | Den Futuristic Cable Networks Private Limited |
| 5 | Mahavir Den Entertainment Private Limited |
| 6 | Shine Cable Network Private Limited |
| 7 | IME Networks Private Limited |

ii. Subsidiaries with 51% Shareholding

| Name of the Company | |
|---------------------|---|
| 1 | Amogh Broad Band Services Private Limited |
| 2 | Bali Den Cable Network Private Limited |

| | |
|----|--|
| 3 | Big Den Entertainment Private Limited |
| 4 | Cab-i-Net Communications Private Limited |
| 5 | Den A.F. Communication Private Limited |
| 6 | Den Aman Entertainment Private Limited |
| 7 | DEN Ambey Cable Networks Private Limited |
| 8 | Den Ashu Cable Private Limited |
| 9 | DEN BCN Suncity Network Private Limited |
| 10 | Den Bellary City Cable Private Limited |
| 11 | Den Bindra Network Private Limited |
| 12 | Den Budaun Cable Network Private Limited |
| 13 | Den Citi Channel Private Limited |
| 14 | Den Classic Cable TV Services Private Limited |
| 15 | DEN Crystal Vision Network Private Limited |
| 16 | Den Digital Cable Network Private Limited |
| 17 | Den Elgee Cable Vision Private Limited |
| 18 | Den Enjoy Cable Networks Private Limited |
| 19 | Den F K Cable Tv Network Private Limited |
| 20 | Den Fateh Marketing Private Limited |
| 21 | DEN Harsh Mann Cable Network Private Limited |
| 22 | Den Infoking Channel Entertainers Private Limited |
| 23 | Den Jai Ambey Vision Cable Private Limited |
| 24 | Den Kashi Cable Network Private Limited |
| 25 | Den Kattakada Telecasting and Cable Services Private Limited |
| 26 | DEN Krishna Cable TV Network Private Limited |
| 27 | Den Krishna Vision Private Limited |
| 28 | Den Maa Sharda Vision Cable Networks Private Limited |
| 29 | Den Malabar Cable Vision Private Limited |
| 30 | Den MCN Cable Network Private Limited |
| 31 | Den Mod Max Cable Network Private Limited |
| 32 | Den Montooshah Network Private Limited |
| 33 | Den Narmada Network Private Limited |
| 34 | Den Nashik City Cable Network Private Limited |
| 35 | DEN Pawan Cable Network Private Limited |
| 36 | Den Pradeep Cable Network Private Limited |
| 37 | DEN Prayag Cable Networks Private Limited |
| 38 | Den Prince Network Private Limited |
| 39 | Den Sahyog Cable Network Private Limited |
| 40 | Den Sariga Communications Private Limited |
| 41 | Den Satellite Cable TV Network Private Limited |

Schedules Forming Part of the Consolidated Accounts

| | |
|----|--|
| 42 | Den Shiva Cable Network Private Limited |
| 43 | Den Supreme Satellite Vision Private Limited |
| 44 | Den Ucn Network India Private Limited |
| 45 | DEN Varun Cable Network Private Limited |
| 46 | Den-Manoranjan Satellite Private Limited |
| 47 | Dewshree Network Private Limited |
| 48 | Drashti Cable Network Private Limited |
| 49 | Fab Den Network Private Limited |
| 50 | Fortune (Baroda) Network Private Limited |
| 51 | Galaxy Den Media & Entertainment Private Limited |
| 52 | Mahadev Den Cable Net Private Limited |
| 53 | Mahadev Den Cable Network Private Limited |
| 54 | Mahadev Den Network Private Limited |
| 55 | Malayalam Telenet Private Limited |
| 56 | Meerut Cable Network Private Limited |
| 57 | Radiant Satellite (India) Private Limited |
| 58 | Rajkot City Communication Private Limited |
| 59 | Shree Ram Den Network Private Limited |
| 60 | Shree Siddhivinayak Cable Network Private Limited |
| 61 | Sree Gokulam Starnet Communication Private Limited |
| 62 | United Cable Network (Digital) Private Limited |
| 63 | Den Satellite Network Private Limited |

iii. Other Subsidiaries

| | Name of the Company | Holding % |
|---|---------------------------------------|-----------|
| 1 | Den Sky Media Network Private Limited | 91% |
| 2 | Den RIS Cable Network Private Limited | 80% |

| | | |
|---|---|-----|
| 3 | Den Mewar Rajdev Cable Network Private Limited | 65% |
| 4 | Den Radiant Satellite Cable Network Private Limited | 65% |
| 5 | Den Mahendra Satellite Private Limited | 60% |

iv. Step Down Subsidiaries

| | Name of the Company | Holding % |
|---|--|-----------|
| | Den Futuristic Cable Networks Private Limited | |
| 1 | Den Faction Communication System Private Limited | 51% |
| 2 | Den Nanak Communication Private Limited | 51% |
| 3 | Den Saya Channel Network Private Limited | 51% |
| 4 | Fun Cable Network Private Limited | 51% |
| | Den Ambey Cable Networks Private Limited | |
| 1 | Den Ambey Farukabad Cable Network Private Limited | 100% |
| 2 | Den Ambey Jhansi Cable Network Private Limited | 100% |
| 3 | Den Ambey Citi Cable Network Private Limited | 51% |
| 4 | Den Deva Cable Network Private Limited | 51% |
| 5 | Star Channel Den Network Private Limited | 51% |
| | Den Enjoy Cable Networks Private Limited | |
| 1 | Den Enjoy Navaratan Network Private Limited | 51% |
| | Den Kashi Cable Network Private Limited | |
| 1 | Divya Drishti Den Network Private Limited | 51% |
| 2 | Kishna DEN Cable Network Private Limited | 51% |
| | Den Satellite Network Private Limited | |
| 1 | DEN New Broad Communication Private Limited | 51% |
| | IME Networks Private Limited | |
| 1 | Astron Media Networks Private Limited | 100% |

Schedules Forming Part of the Consolidated Accounts

| | Den Entertainment Network Private Limited | |
|---|--|------|
| 1 | Den BMC Cable Network Private Limited | 100% |
| 2 | Rajasthan Entertainment Private Limited | 100% |

v. Associate

| Name of the Company | Holding % |
|--------------------------------------|------------------|
| Crystal Vision Media Private Limited | 43.28% |

vi. Partnership Firm

| Name of the Company | Holding % |
|----------------------------|------------------|
| Creative Cable Network | 100% |

vii. Joint Venture

| Name of the Company | Holding % |
|---|------------------|
| Star Den Media Services Private Limited | 50% |

All the entities are located in India.

viii. The Group has consolidated the financial statements of Shri Ram Den Network Private Limited based on the financial statements as certified by the company's management and have not been audited by the statutory auditors of the subsidiary company. The Group's share of total assets, total revenue, profit/ (loss) before tax and profit/ (loss) after tax in the subsidiary is Rs. ('000) 22,233 as at 31st March, 2011 and Rs. ('000) 18,995, Rs. ('000) 4,194 and Rs. ('000) 2,865 for the year ended on that date respectively.

The financial statements of an associate of the Company has also been accounted for based on unaudited financial statements as certified by the Company's management which reflects total investment Rs. ('000) 109,260 including profit for the current year amounting to Rs. ('000) 178.

The management is of the view that the adjustments if any arising out of the audit of the financial statements of the subsidiary company and the associate will not have a material impact on the Consolidated Financial Statements.

d. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting year. Examples of such estimates include estimates of income taxes, future obligations under employment retirement benefit plans, provision for doubtful debts and advances and estimated useful life of tangible and intangible assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future years.

e. Revenue Recognition

i. Income from operations

I. Service revenue comprises income from subscription, placement of channels, advertisement revenue and other services. This also comprises fees for rendering management, technical and consultancy services. Income from services is recognised upon completion of services as per the terms of contracts with the customers. Year based services are accrued and recognised pro-rata over the contractual period.

II. Activation Fees on Set Top Boxes (STB) is recognized as revenue at the end of the month of activation of boxes, on issue of STBs to the customers.

III. Revenue billed but not recognised at the end of the year has been disclosed as deferred revenue under current liabilities.

ii. Sale of equipment

Revenue is recognized when the significant risks and rewards of ownership of the equipments have been passed to the buyer. The time of transfer of and the amount is determined based on the arrangement between the parties involved.

In case of VAT collected on sales, exclusive method is followed, where sales and expenditure will not include VAT, VAT collected is disclosed under current liabilities and not routed through profit and loss account as mentioned in Guidance Note on State Value Added Tax by ICAI.

iii. Others

I. Profit on sale of investment in mutual funds is recorded on transfer of title from the Company and is determined as the

Schedules Forming Part of the Consolidated Accounts

difference between the sales price and the then carrying value of the investment.

ii. Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction.

iii. Dividend and interest income are recognised when the right to receive the same is established.

f. Barter Transactions

Barter transactions are recognised at the fair value of consideration received or paid. When the fair value of the transactions cannot be measured reliably, the revenue/expense is measured at the fair value of the goods/services provided/received adjusted by the amount of cash or cash equivalent transferred.

g. Fixed Assets

i. Tangible Assets

I. Fixed assets are stated at the cost of acquisition less accumulated depreciation. The actual cost capitalized includes purchase price, and all other attributed costs of bringing the assets to working condition for intended use.

II. Assets are capitalised on the date when they are ready for intended use. Set top Boxes are capitalized at the end of the month of activation.

III. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for intended use at the balance sheet date, are disclosed as capital work in progress.

ii. Intangible Assets

I. Intangible assets acquired in business acquisitions are stated at fair value as determined by the management of the Company on the basis of valuation by expert valuers, less accumulated amortisation.

II. Other intangible assets are stated at cost of acquisition less accumulated amortisation. The actual cost capitalized includes purchase price, and all other attributed costs of bringing the assets to working condition for intended use.

h. Depreciation and Amortisation

Depreciation on fixed assets except leasehold improvements is provided on the straight-line method over their estimated

useful lives, as determined by the management, at the rates which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

The management's estimate of the useful life of the various fixed assets is as follows:

| | |
|------------------------------------|---------------|
| Headend and distribution equipment | 6 to 15 years |
| Set top boxes | 8 years |
| Building | 61 years |
| Computers | 5 to 6 years |
| Office & other equipment | 3 to 10 years |
| Furniture & fixtures | 5 to 6 years |
| Vehicles | 6 years |
| Software | 5 years |

Leasehold improvements are amortised over the lower of the useful life or the period of the lease.

License fee for internet service is amortised over the period of license agreement.

Fixed Assets acquired through business purchase are depreciated over the useful life of 5 years as estimated by an approved valuer.

Intangible assets comprising distribution network rights, non compete fees and goodwill (except that arising on consolidation) are amortised on a straight line method over their estimated useful lives, determined by management to be 5 years.

i. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Schedules Forming Part of the Consolidated Accounts

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

j. Leases

i. Finance Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each year.

ii. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Lease payments under operating leases are recognised as expenses in the profit and loss account on a straight line basis over the lease term.

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

l. Investments

Trade investments are investments made to enhance the company's business interests. Investments are classified either as long term or current investments, based on management's intention at the time of purchase. Long-term investments are stated at cost less provision for other than temporary diminution in the carrying value, as determined separately for each investment. Current investments are stated at the lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

m. Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Realised gains and losses on foreign exchange transactions settled during the year are recognised in the profit and loss

account. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the rates prevailing on that date and resultant gains/losses on foreign exchange translations are recognised in the profit and loss account.

n. Taxation

Income tax comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961. Advance taxes and provisions for current taxes are presented in the balance sheet after off - setting advance taxes paid and income tax provisions.

Deferred tax charge or credit is recognised on timing differences being the difference between taxable income and accounting income that originate in one year and are capable of reversal, subject to consideration of prudence, in one or more subsequent years. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognized unless there is a virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each balance sheet date.

Minimum alternate tax (MAT) paid in accordance with Income Tax Act, 1961, which gives rise to future economic benefit in the form of adjustment from income tax liability, is recognised when it is certain that the Company will be able to set off the same and adjusted from the current tax charge for that year.

Provision for wealth tax is made based on tax liability computed after considering tax allowances and exemptions available in accordance with the provisions of the Wealth tax Act, 1957.

o. Employee Benefits

i. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the year when the employee renders the services. These benefits include salaries, bonus, leave travel allowance and performance incentives.

Schedules Forming Part of the Consolidated Accounts

ii. Long Term Employee Benefits

I. Provident fund and other state plans

Company's contributions towards recognised Provident Fund, Employee State Insurance Fund and Employees Pension Scheme under defined contribution plans are recognised in the profit and loss account during the year in which the employee renders the related service.

II. Gratuity

The Company provides for gratuity, a defined benefit retirement plan. In accordance with 'The Payment of Gratuity Act, 1972', the plan provides for a lump sum payment to vested employees, at retirement, death, incapacitation, or termination of employment, of an amount based on the respective employee's last drawn salary and tenure of employment with the Company.

III. Compensated Absences

The employees of the Company are entitled to compensate absences. The employees can carry forward a portion of unutilized accrued compensated absence and utilize it in future periods or receive cash compensation for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the service that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Liability with regard to compensated absences and gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial valuation is carried out using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the profit and loss account as income or expense.

p. Earnings Per Share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary/ exceptional item. Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity shares outstanding during the year and dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

q. Segment Information

i. Business Segments

Based on similarity of activities, risks and reward structure, organisation structure and internal reporting systems, the Company operates in the distribution & placement of television channels and related services.

ii. Geographical Segments

Secondary segmental reporting is performed on the basis of the geographical location of customers i.e. within India and overseas.

r. Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to profit and loss account on a straight line basis over the period of the options. The amortised portion of the cost is shown under reserve and surplus.

s. Provisions and Contingencies

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the

Schedules Forming Part of the Consolidated Accounts

likelihood of outflow of resources is remote, no provision or disclosure is made.

t. Cash Flow Statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals and accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3. Capital Commitments and Contingent Liabilities

a. Capital Commitments

Estimated amount of unexecuted capital contracts not provided for (net of advances) Rs. '(000) 541,794 [Previous year Rs. '(000) 73,359]

b. Contingent Liabilities

i. Guarantees issued by bankers outstanding as at the end of the year end amounting to Rs. '(000) 41,775 [Previous year Rs. '(000) 41,732] on account of license for internet use issued by the Department of Telecommunications.

ii. Letters of credit issued by bankers outstanding as at the end of the year Rs. '(000) 294,510 [Previous year Rs. '(000) 140,887].

iii. Service Tax penalty for Rs. '(000) 1,120 has been levied on a subsidiary company by the Deputy Commissioner (appeals) Central Excise (Service Tax) Cochin for the AY 2007-08, Appeal has been filed against the same with Commissioner (Appeals), Central Excise (Service Tax) Cochin.

iv. Appeal filed by a subsidiary company against the assessment order of Deputy Commissioner Income Tax for the AY 2007-08 for Rs. '(000) 972. Appeal pending before Commissioner Income Tax (Appeals) Cochin.

v. Appeal filed by a subsidiary company against the order of assessing officer towards penalty of Rs. '(000) 91 for AY 2006-07 and Rs. '(000) 143 for AY 2007-08. Appeal pending with Commissioner Income Tax (Appeal) cochin.

vi. Income Tax Department has raised demand of Rs. '(000) 2931 for AY 2005-06 on the subsidiary company. Appeal has been filed with ITAT against the same in Ahmedabad.

4. Related Party Disclosures

I. List of Related Parties

a. Key management personnel

1. Mr. Sameer Manchanda

b. Jointly controlled entity

1. Star Den Media Services Private Limited

c. Associates

1. Crystal Vision Media Private Limited

d. Entities under significant influence

1. Lucid Systems Private Limited
2. Setpro 18 Distribution Limited

II. Transactions/outstanding balances with related parties during the year

a. Transactions during the year

Rs. in '(000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|--------------------------------------|--------------------------|--------------------------------------|---------------------------|----------------|----------------|
| Investments | | | | | |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 109,082 (-) | 109,082 (-) |

Schedules Forming Part of the Consolidated Accounts

Rs. in '(000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|---|--------------------------|--------------------------------------|------------------------------|------------------|------------------------------|
| Income from operations | | | | | |
| Setpro 18 Distribution Ltd. | - (-) | 224,511 (364,866) | - (-) | - (-) | 224,511 (364,866) |
| Star Den Media Services Private Limited | - (-) | - (-) | 218,586 (250,508) | - (-) | 218,586 (250,508) |
| Total | - (-) | 224,511 (364,866) | 218,586 (250,508) | - (-) | 443,097 (615,374) |

Rs. in '(000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|---|--------------------------|--------------------------------------|------------------------------|--------------------|------------------------------|
| Purchase of Services | | | | | |
| Sameer Manchanda | 6,950 (-) | - (-) | - (-) | - (-) | 6,950 (-) |
| Star Den Media Services Private Limited | - (-) | - (-) | 507,369 (567,384) | - (-) | 507,369 (567,384) |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 604 (-) | 604 (-) |
| Setpro 18 Distribution Limited | - (-) | - (2) | - (-) | - (-) | - (2) |
| Others | - (4,272) | - (-) | - (-) | - (-) | - (4,272) |
| Total | 6,950 (4,272) | - (2) | 507,369 (567,384) | 604 (-) | 514,923 (571,658) |
| Reimbursement of expenses (paid) | | | | | |
| Others | - (210) | - (-) | - (-) | - (-) | - (210) |
| Loans repaid during the year | | | | | |
| Sameer Manchanda | - (31,600) | - (-) | - (-) | - (-) | - (31,600) |

Schedules Forming Part of the Consolidated Accounts

b. Outstanding Balance at Year End

Rs. in '000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|---|--------------------------|--------------------------------------|------------------------------|----------------------|------------------------------|
| Debtors | | | | | |
| Setpro 18 Distribution Ltd. | - (-) | 60,117 (91,431) | - (-) | - (-) | 60,117 (91,431) |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 5,515 (-) | 5,515 (-) |
| Star Den Media Services Private Limited | - (-) | - (-) | 172,872 (222,270) | - (-) | 172,872 (222,270) |
| Total | - (-) | 60,117 (91,431) | 172,872 (222,270) | 5,515 (-) | 238,504 (313,701) |
| Unbilled revenue | | | | | |
| Setpro 18 Distribution Ltd. | - (-) | - (22,640) | - (-) | - (-) | - (22,640) |
| Star Den Media Services Private Limited | - (-) | - (-) | - (12,988) | - (-) | - (12,988) |
| Total | - (-) | - (22,640) | - (12,988) | - (-) | - (35,628) |

Rs. in '000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|---|--------------------------|--------------------------------------|---------------------------|------------------|----------------------------|
| Investments | | | | | |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 109,082 (-) | 109,082 (-) |
| Security deposits received | | | | | |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 10,000 (-) | 10,000 (-) |
| Advance billing | | | | | |
| Setpro 18 Distribution Ltd. | - (-) | 15,869 (22,540) | - (-) | - (-) | 15,869 (22,540) |
| Star Den Media Services Private Limited | - (-) | - (-) | 94 (-) | - (-) | 94 (-) |
| Total | - (-) | 15,869 (22,540) | 94 (-) | - (-) | 15,963 (22,540) |

Schedules Forming Part of the Consolidated Accounts

Rs. in '(000)

| Particulars | Key Management Personnel | Entities under significant influence | Jointly controlled entity | Associate | Grand Total |
|---|--------------------------|--------------------------------------|------------------------------|----------------------|------------------------------|
| Creditor | | | | | |
| Crystal Vision Media Private Limited | - (-) | - (-) | - (-) | 5,300 (-) | 5,300 (-) |
| Star Den Media Services Private Limited | - (-) | - (-) | 172,872 (235,259) | - (-) | 172,872 (235,259) |
| Others | - (186) | - (-) | - (-) | - (-) | - (186) |
| Total | - (186) | - (-) | 172,872 (235,259) | 5,300 (-) | 178,172 (235,445) |

Note: Amounts in brackets indicate previous year figures.

5. Deferred Tax

a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing tax laws where ever the right of offset is available.

b. Break up of deferred tax assets of current year is as follows:

Rs. in '(000)

| Particulars | Opening Balance 01-04-2010 | Credited/ (Charged) to P&L Account | Acquited on Business Acquisition | Def Tax Reversal on sale of subsidiary | Closing Balance 31-03-2011 |
|----------------------------------|----------------------------|------------------------------------|----------------------------------|--|----------------------------|
| Deferred Tax Liability | | | | | |
| Depreciation | 2,151 | 5,338 | 177 | (11) | 7,655 |
| Others | (39) | (3,779) | - | - | (3,818) |
| Total | 2,112 | 1,559 | 177 | (11) | 3,837 |
| Deferred tax assets | | | | | |
| Employee benefits | 3,270 | 9,129 | - | (44) | 12,355 |
| Provision for doubtful debts | 54,312 | 14,797 | - | - | 69,109 |
| Business losses | 55,865 | 847 | - | (113) | 56,599 |
| Others | 40,231 | 25,943 | - | (14) | 66,160 |
| Total | 153,678 | 50,716 | - | (171) | 204,223 |
| Deferred tax assets (Net) | 155,790 | 52,275 | 177 | (182) | 208,060 |

Schedules Forming Part of the Consolidated Accounts

c. Break up of deferred tax liability of current year is as follows:

Rs. in '(000)

| Particulars | Opening Balance 01-04-2010 | Credited/ (Charged) to P&L Account | Acquired on Business Acquisition | Closing Balance 31-03-2011 |
|-------------------------------------|-------------------------------|---|--|----------------------------------|
| Deferred tax liability | | | | |
| Depreciation | (94,160) | 13,184 | - | (80,976) |
| Others | (8) | (953) | - | (961) |
| Total | (94,168) | 12,231 | - | (81,937) |
| Deferred tax assets | | | | |
| Employee benefits | 7,229 | (4,408) | - | 2,821 |
| Provision for doubtful debts | 3,660 | (2,176) | - | 1,484 |
| Business losses | 10,256 | (9,713) | - | 543 |
| Others | 160 | 12 | - | 172 |
| Total | 21,305 | (16,285) | - | 5,020 |
| Deferred tax liability (Net) | (72,863) | (4,054) | - | (76,917) |

6. Operating Lease

The Group has taken office premises and accommodation for its employee under cancellable operating leases agreements. The cancellable lease agreements are normally renewed on expiry. The lease rental expense recognised in the profit and loss account for the year is Rs. '(000) 124,082 [Previous year Rs. '(000) 113,651].

7. Acquisitions/Investments

a. Acquisition of Companies

During the year, the Group has acquired majority control in certain companies through share subscription and share purchase agreements for a total consideration of Rs. '(000) 782,107 [Previous year Rs. '(000) 1,415,683]. The acquisition has resulted in goodwill on consolidation amounting to Rs. '(000) 220,425 [Previous year Rs. '(000) 1,348,022]. The details are as follows:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| Opening Balance of Goodwill | 2,501,726 | 1,153,704 |
| Amounts paid | 770,467 | 1,361,288 |
| Direct cost relating to acquisition | 11,641 | 54,395 |
| Total purchase consideration paid | 782,108 | 1,415,683 |
| Value of net asset acquired | (561,683) | (67,661) |
| Goodwill generated | 220,425 | 1,348,022 |
| Provision for impairment on goodwill | (5,000) | - |
| Closing Balance of Goodwill | 2,717,151 | 2,501,726 |

Schedules Forming Part of the Consolidated Accounts

Balance consideration payable on account of investments at the year-end amounting to Rs. '(000) 27,491 [Previous year Rs. '(000) 84,978] has been disclosed under Sundry creditors.

b. During the year, the company has sold its stake in Den P.S.C. Network Private Limited for a consideration of Rs. '(000) 9,120.

c. The company has also advanced Rs. '(000) 568,856 [Previous year Rs. '(000) 765,344] to acquire majority control in companies, the agreements for which have not been concluded prior to the year-end. These have been disclosed under loans and advances. Balance commitments on account of such agreements concluded/to be concluded after the year-end amount to Rs. '(000) 352,058 [Previous year Rs. '(000) 673,163].

d. The company has also advanced Rs. '(000) 110,645 [Previous year Rs. '(000) Nil] for purchase of mutual fund units. These mutual fund units were allotted on April 4, 2011.

e. Business Purchase Acquisition

The Group has acquired the cable network business of certain multi system operators for a consideration amounting to Rs. '(000) 73,739 [Previous year Rs '(000) 65,156]. The consideration has been apportioned on fair value basis as determined and reported by expert valuers. The details are as follows:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|-----------------------------|--------------------------|--------------------------|
| Tangible assets | 69,996 | 43,807 |
| Distribution network rights | 2,212 | 17,982 |
| Goodwill | 1,531 | 3,367 |
| Total | 73,739 | 65,156 |

8. Disclosure Pursuant to Accounting Standard 15 (Revised 2005) on 'Employee Benefits'

a. Defined Contribution Plans and State Plans

The Company makes contribution toward the following defined contribution and state plans for qualifying employees:

- I. Employees' Provident Fund (EPF)
- II. Employees' State Insurance (ESI)
- III. Employees' Pension Scheme (EPS)

During the year the Company has recognized the following amounts in the Profit and Loss account:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|-------------------------------------|--------------------------|--------------------------|
| I. Employer's contribution to EPF | 16,268 | 16,061 |
| II. Employer's contribution to ESI | 2,163 | 911 |
| III. Employer's contribution to EPS | 5,220 | 3,054 |

The contribution payable by the Company is at the rates specified in the rules to the plans

Schedules Forming Part of the Consolidated Accounts

b. Defined Benefit Plan

Gratuity Plan

The following tables set out the status of the gratuity plan and amounts recognised in the Group's financial statements as at 31 March, 2011.

i. Change in benefit obligations:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| Present value of obligations as on 01.04.10 | 18,927 | 10,310 |
| Current service cost | 9,393 | 9,561 |
| Interest cost | 1,762 | 741 |
| Actuarial (gain)/loss on obligation | (1,009) | (1,891) |
| Benefits paid | (91) | (96) |
| Gratuity acquired due to acquisition | - | 301 |
| Present value of obligations as on 31.03.11 | <u>28,982</u> | <u>18,927</u> |

ii. Expenses recognised in the profit and loss account:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|----------------------------------|--------------------------|--------------------------|
| Current service cost | 9,393 | 9,561 |
| Interest cost | 1,762 | 741 |
| Actuarial (gain)/loss recognized | (1,009) | (1,891) |
| Net cost | <u>10,146</u> | <u>8,411</u> |

iii. Principal actuarial assumptions:

Rs. in '(000)

| Particulars | Refer Note Below | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|---------------------|--------------------------------|--------------------------------|
| i. Economic Assumptions | | 7.00 -8.25% | 7.00 -7.75% |
| a. Discount rate (per annum) | 1 | 5.00 - 8.00% | 5.00 - 8.00% |
| b. Estimated salary escalation rate (per annum) | 2 | | |
| ii. Demographic Assumptions | | 58 | 58 |
| a. Retirement age (years) | | LIC 1994-96 | (duly modified) |
| b. Mortality Table | | | |
| c. Withdrawal Rates | | | |
| Ages | | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Upto 30 years | | 3% | 3% |
| From 31 years to 44 years | | 2% | 2% |
| Above 44 years | | 1% | 1% |

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iii. Experience Adjustment:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 | Year Ended 31-03-2009 | Year Ended 31-03-2008 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| On plan liabilities | 1,258 | 542 | 12 | - |
| On plan assets | 58 | 67 | - | - |
| Present value of benefit obligation | 18,278 | 11,835 | 6,373 | 704 |
| Fair value of plan assets | 324 | 293 | 273 | - |
| Excess of (obligation over plan assets)/plan assets over obligation | (17,954) | (11,542) | (6,100) | (704) |

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2011. The company is expected to contribute Rs. '(000) 6,637 to gratuity funds for the year ended March 31, 2012.

Notes:

1. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
2. The salary growth rate takes account of inflation, seniority, promotion and other relevant factors on a long term basis

9. Employee Stock Option Plan 2010 ("ESOP 2010")

a. The Company had established an Employee Stock Option Plan (ESOP 2010) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 which have been approved by the Board of Directors and the shareholders. A remuneration/ compensation committee comprising majority of independent, non executive members of the Board of Directors administers the ESOPs. All option under the ESOPs are exercisable for equity shares. The Company has granted 5,000,000 equity options to eligible employees of the Company & directors of the subsidiary Companies.

b. There shall be a minimum period of one year between the grant of options and vesting of options. The vesting period may extend up to three years. The vesting shall happen in one or more tranches as may be decided by the Compensation/Remuneration Committee. The exercise period of the options is a period of one year after the vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price (as determined by the remuneration/ compensation committee) of share determined with respect to the date of grant. The Company has granted 5,000,000 options up to 31 March, 2011.

c. The movement in the scheme is set out as under:

| Particulars | ESOP 2010 Year Ended 31-03-2011 | |
|---|------------------------------------|---------------------------------|
| | Option (Numbers) | Weighted Average Price (Rs.) |
| a. Outstanding at the beginning of the year | - | - |
| b. Granted during the year | 5,000,000 | 30.00 |
| c. Exercised during the year | - | - |
| d. Forfeited during the year | - | - |

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| | | |
|--|-----------|-------|
| e. Expired during the year | - | - |
| f. Outstanding at the end of the year | 5,000,000 | 30.00 |
| g. Exercisable at the end of the year | NA | NA |
| h. Number of equity shares of Rs. 10 each fully paid up to be issued on exercise of option | 5,000,000 | NA |
| i. Weighted average share price at the date of exercise | NA | NA |
| j. Weighted average remaining contractual life (years) | 2.38 | NA |

d. Pro forma Accounting for Stock Option Grants

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach the Company's net income and basic and diluted earning per share as reported would have reduced to the pro forma amounts as indicated:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 |
|---|--------------------------|
| Net Profit/ (Loss) as reported (a) | 69,596 |
| Add: Stock based employee compensation expense debited to Profit and Loss account (i) | 1,946 |
| Less: Stock based employee compensation expense based on fair value (ii) | 2,127 |
| Difference between (i) and (ii) | (181) |
| Adjusted pro forma Profit/(Loss) (b) | 69,415 |
| Difference between (a) and (b) | (181) |
| Basic earnings per share as reported | 0.53 |
| Pro forma basic earnings per share | 0.53 |
| Diluted earnings per share as reported | 0.53 |
| Pro forma diluted earnings per share | 0.53 |

e. The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions

| Particulars | 3,416,750 Options (Vesting Period- 1 Year) | 854,750 Options (Vesting Period- 2 Year) | 728,500 Options (Vesting Period- 2.5 Year) |
|---------------------------------|---|---|---|
| Risk free interest rates (in %) | 7.67% | 7.74% | 7.77% |
| Expected life (in years) | 2.00 | 3.00 | 3.50 |
| Volatility (in %) | 42.51% | 42.51% | 42.51% |
| Dividend yield (in %) | NIL | NIL | NIL |

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The volatility of the options is based on the historical volatility of the share price since the Company's equity shares are publicly traded, which may be shorter than the term of the options.

f. Details of weighted average exercise price and fair value of the stock options granted at price below market price

| Particulars | Year Ended 31-03-2011 |
|--|--------------------------|
| Total options granted | 5,000,000 |
| Weighted average exercise price (in Rs.) | 30.00 |
| Weighted average fair value (in Rs.) | 62.74 |

10. Earnings per Equity Share (EPS)

Basic earnings per share have been computed by dividing net profit after tax and after dividend on cumulative convertible preference shares by the weighted average number of equity shares outstanding during the year. Convertible preference shares have been considered in Diluted Earnings per Share computation.

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|--|--------------------------|--------------------------|
| a. Net profit / (loss) attributable to equity shareholders | 375,303 | 301,114 |
| b. Weighted average number of equity shares outstanding in computation of basic EPS | 130,489,975 | 112,062,269 |
| c. Dilutive effect of preference shares outstanding | - | 1 |
| d. Weighted average number of equity shares and equity equivalent shares outstanding used in computing diluted EPS | 130,516,965 | 116,345,226 |
| e. Basic earnings/ (Loss) per equity share of Rs. 10 each (in Rs) | 2.88 | 2.69 |
| f. Diluted earnings/ (Loss) per equity share of Rs. 10 each (in Rs) | 2.88 | 2.59 |

11. Minority Interest

The break-up of the minority interest balance of Rs. '(000) 365,026 (Previous Year '(000) 211,516) as at 31 March, 2011 is as follows:

Rs. in '(000)

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|---|--------------------------|--------------------------|
| Opening balance | 211,516 | 143,797 |
| Add/(less): Minority's share of accumulated profit/(loss) | 85,446 | 39,726 |
| Add/(less): Minority's share related to preference share premium | - | - |
| Add/(less): Share in profit/loss | 68,197 | 63,124 |
| Add/(less): Decrease in Minority's share due to acquisition by Parent Company | (133) | (35,131) |
| Closing balance | 365,026 | 211,516 |

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12. Auditors Remunerations*

Legal, professional and consultancy charges include auditors' remuneration as follows:

| Particulars | Year Ended 31-03-2011 | Year Ended 31-03-2010 |
|------------------|--------------------------|--------------------------|
| Statutory audit | 6,300 | 5,200 |
| Other Services** | - | 5,000 |
| Total | 6,300 | 10,200 |

*Exclusive of service tax

** Pertaining to IPO related services adjusted from Securities Premium Account

13. The Company has not used the foreign currency forward contracts during the year to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments.

At the year end, foreign currency exposures are as follows:

| Particulars | Year Ended 31-03-2011 Rs. in '(000) | | Year Ended 31-03-2010 Rs. in '(000) | |
|-------------|---|--------|---|--------|
| | In INR | In USD | In INR | In USD |
| Payables | 126,326 | 2,829 | 101,263 | 2,243 |
| Receivable | 2,610 | 57 | 1,856 | 40 |

14. Segment Reporting

a. Business Segment

The Group is engaged in the distribution & promotion of television channels and related services which is considered as the only reportable segment.

b. Geographical Segment

Since the operations of the Group are mainly conducted in India, no geographical segmentation is required to be disclosed.

15. Previous year's figures have been regrouped/ reclassified, wherever necessary to conform to the current year's presentation

For and on behalf of the Board
DEN NETWORKS LIMITED

Sd/-
SAMEER MANCHANDA
Chairman & Managing Director

Sd/-
AJAYA CHAND
Director

Sd/-
RAJESH KAUSHALL
Chief Financial Officer

Sd/-
JATIN MAHAJAN
Company Secretary

New Delhi
September 01, 2011

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the members of DEN Networks Limited will be held on Tuesday, the 27th Day of September 2011 at 3.00 P.M at Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi -110003 to transact the following businesses: -

ORDINARY BUSINESS

1. To receive, consider & adopt the audited Balance Sheet of the Company as on March 31, 2011 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors & Auditors thereon.
2. To appoint a director in place of Mr. Robindra Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 015125N), be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

By order of the Board
FOR DEN NETWORKS LIMITED

New Delhi
September 01, 2011

Sd/
JATIN MAHAJAN
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A blank Proxy Form is enclosed with this notice and if intended to be used, the form duly completed should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of Annual General Meeting.
3. Members/ Proxies are requested to bring a copy of this notice as no copies will be made available at the meeting. Under no circumstances, photocopies of the admission slip will be allowed for admission to the meeting place. Those members who do not receive copies of annual report can collect their copies from the Registered Office of the Company.
4. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
5. Corporate Members are requested to send a duly certified copy of the Board resolution/ Power of attorney authorizing their representative to attend and vote at the Annual General Meeting.
6. Members can avail the nomination facility with respect to shares held, by submitting a request in writing to the Company or to M/s Karvy Computershare Private Limited, the Registrar and Share transfer Agent of the company.
7. Mr. Robindra Sharma, director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of the director, nature of his expertise and names of other Public Limited companies in which he holds directorship and chairmanship / membership of committees of Board as required under clause 49 of the Listing agreement entered into with the stock exchange(s), are provided in the Corporate Governance Report annexed in the annual report. On re-appointment, Mr. Robindra Sharma would be an independent director. The Board of Directors recommends his re-appointment.
8. The registers of members will be closed from Tuesday the 20th day of September to Tuesday the 27th day of September, 2011, both days inclusive. The transfer books of the Company will also remain closed for the aforesaid period.

9. All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company during working hours between 10.00 A.M to 1.00 P.M. except holidays upto the date of Annual General Meeting.

10. Members are requested to send all the correspondence concerning registration of transfer, transmission, subdivision, consolidation of shares or any other share related matters and or change in address to the Company's Registrar & Share Transfer Agent, M/s Karvy Computershare Private Limited, at Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500 034

11. The details of the stock exchanges, on which the securities of the company are listed, are given separately in this Annual Report.

12. Any query related to the accounts may be sent at the Registered Office of the Company at least 10 days before the date of the Annual General Meeting.

13. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, for consolidation into a single folio.



DEN NETWORKS LIMITED

Regd. Office Address: 236, Okhla Industrial Estate, Phase-III, New Delhi-110020

ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

| | | | |
|-----------------|--|---------------|--|
| DP ID | | Client ID | |
| Regd. Folio No* | | No. of Shares | |

Name(s) and address of the shareholder in full _____

I/we hereby record my presence at the Fourth Annual General Meeting of the Company being held on Tuesday, 27th day of September 2011 at 3:00 P. M. at Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi -110003, India.

Please () in the box
 MEMBER PROXY

*Applicable for investor holding shares in physical form.

Signature of Member/Proxy



DEN NETWORKS LIMITED

Regd. Office Address: 236, Okhla Industrial Estate, Phase-III, New Delhi-110020

PROXY FORM

| | | | |
|-----------------|--|---------------|--|
| DP ID | | Client ID | |
| Regd. Folio No* | | No. of Shares | |

I/We
Name(s) and address of the shareholder in full _____

being a member of DEN Networks Limited, hereby appoint _____ of _____ in the district of _____ Or failing _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company Scheduled to be held on Tuesday, 27th day of September 2011 at 3:00 P.M at Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi -110003 or/and at any adjournment thereof.

I/We direct my/our Proxy to vote on the Resolution in the manner as indicated below:

| S. No. | Resolutions | For | Against |
|--------|---|-----|---------|
| 1 | Adoption of Annual Financial Statements and Reports | | |
| 2 | Re-appointment of Mr. Robindra Sharma Director retiring by rotation | | |
| 3 | Re-appointment of M/s. Deloitte Haskins & sells, Chartered Accountants, Gurgaon, as the Statutory Auditors of the Company | | |

Signature of Member/Proxy

Affix the
requisite
Revenue
Stamp

* Applicable for investor holding shares in physical form.

Note:

- The proxy form duly completed and signed should be deposited at the Registered Office of the Company situated at 236, Okhla Industrial Estate, Phase-III, New Delhi-110020 not later than 48 hours before the commencement of the Annual General Meeting.
- A Proxy need not be a member of the Company.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In Case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

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DEN NETWORKS LIMITED

236, Okhla Industrial Estate, Phase-III, New Delhi-110 020 | Phone: +91 11 4052 2200 | Fax: +91 11 4052 2203 | www.dennetworks.com