



ANNUAL REPORT
2012 - 2013



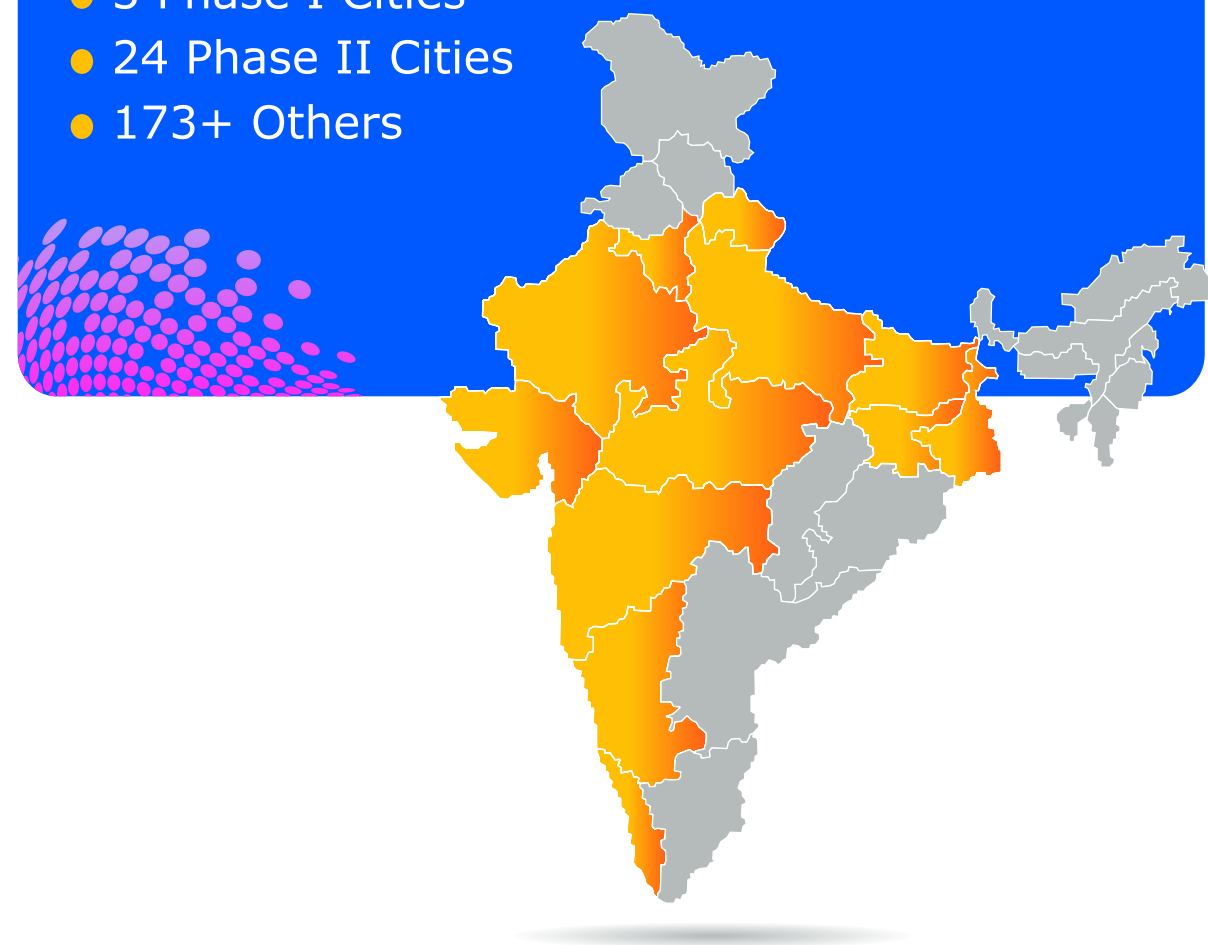
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DEN NETWORKS: INDIA'S LEADING CABLE TV DISTRIBUTION COMPANY

**STRONG NATIONWIDE PRESENCE:
200+ CITIES ACROSS 13 STATES**

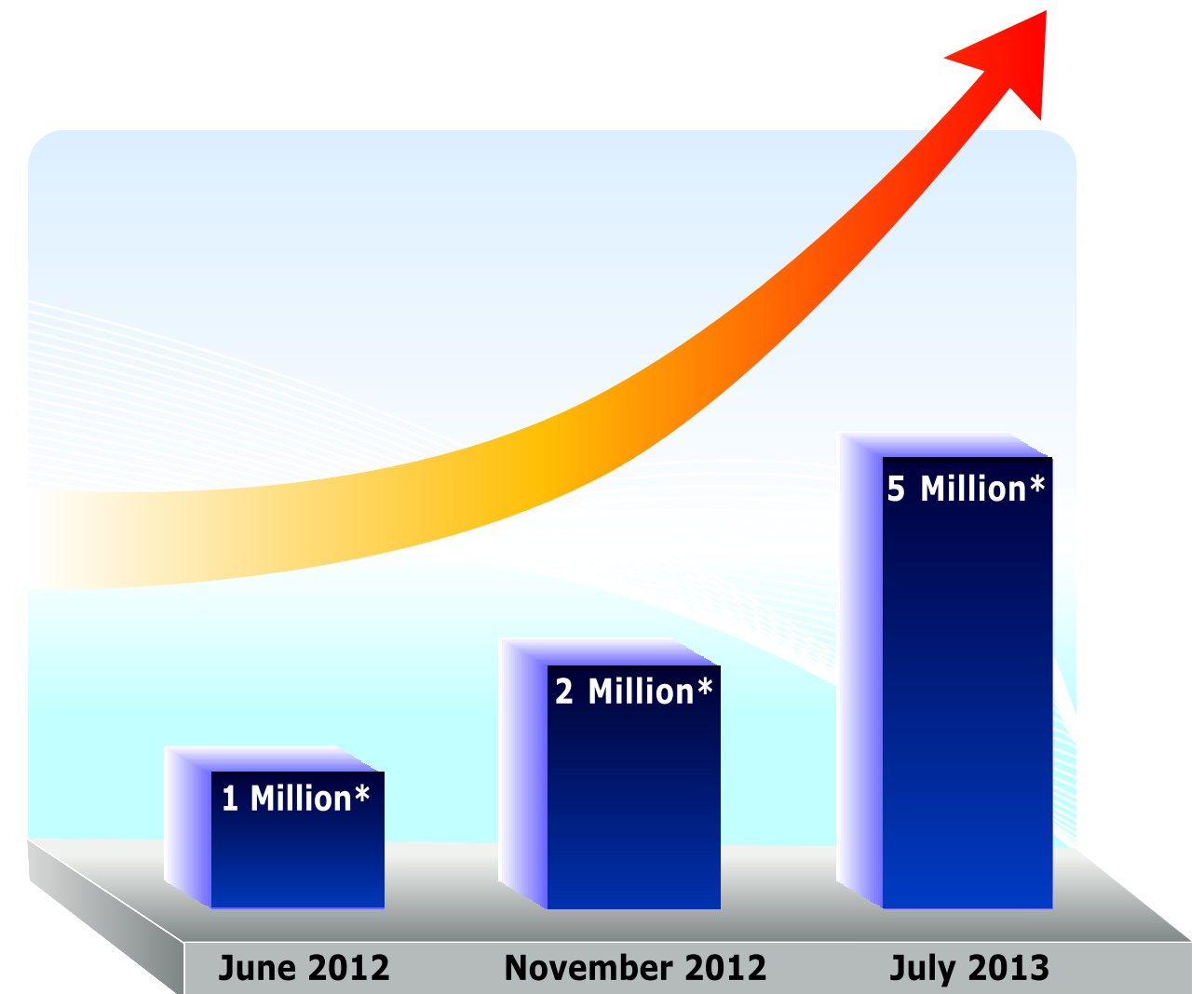
- 3 Phase I Cities
- 24 Phase II Cities
- 173+ Others



SERVING 11 MILLION HOMES ACROSS INDIA*

**Source: MPA Report 2013*

DEN DIGITAL: CAPITALISING ON THE DIGITAL OPPORTUNITY



**5 MILLION SET TOP BOXES INSTALLED IN
DAS PHASE 1 AND 2**



**Approximate Figures for Total DEN Digital STBs Installed*

DAS-Digital Addressable Systems

DEN DIGITAL...



DEN Digital

Cutting edge digital cable service with all channels in DVD- like picture & stereophonic sound.



DEN Excite! Value Added Services

Varied range of value added services*
- multi-genre digital music service, blog.telly, a micro-blogging app on TV, City Bytes restaurants & events search guide, and games.



Interactive & Feature-Rich EPG

State-of-the-art Electronic Programming Guide with genre-wise channel listings, programme type search, parental control and reminder functionalities.

**DEN Excite ! is available in selective areas.*

...DELIVERING A WORLD OF ENTERTAINMENT

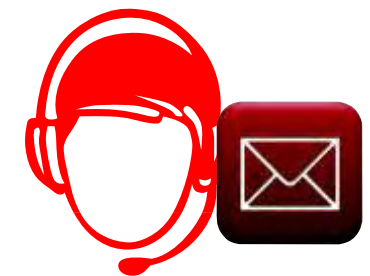
DEN HD

Premiere high definition cable service with 1080i video resolution & Dolby Digital (5.1 surround sound).



Personalised Customer Care

Multi lingual support through all-India toll free helpline (1800-419-2020), personalized and online help through the website.



More channels

Hundreds of TV Channels across different languages and genres.



Director's Report

Dear Shareholders,

Your Directors have the pleasure in presenting the sixth annual report on the business & operations of your Company along with the Consolidated & Standalone audited financial statements for the year ended March 31, 2013.

Financial Performance

The key financial figures on standalone and consolidated basis of your Company for the year ended March 31, 2013 are as follows:

Particulars	Consolidated		Standalone	
	Financial year ended March 31, 2013	Financial year ended March 31, 2012	Financial year ended March 31, 2013	Financial year ended March 31, 2012
Net Revenue	9,346.44	11,565.95	7,268.16	4,523.38
Operating profit/(loss) before interest and depreciation	2,355.69	1,093.17	1,580.73	647.06
Interest	470.88	269.24	446.84	255.88
Depreciation	811.22	538.11	496.15	305.41
Net Profit/(loss) before Tax	1,073.59	285.82	637.74	85.77
Provision for taxes/ deferred tax	294.24	100.20	188.12	7.10
Profit/(loss) after tax	623.01	142.80	449.62	78.67

(₹ in millions)

During the year under review, the total revenue of your Company was ₹ 7,268.16 million on standalone basis and ₹ 9,346.44 million on consolidated basis as compared to last year's revenue of ₹ 4,523.38 million on standalone basis and ₹ 11,565.95 million on consolidated basis. The Profit After Tax of your Company was ₹ 449.62 million on standalone basis and ₹ 623.01 millions on consolidated basis as compared to last year's Profit After Tax of ₹ 78.67 million on standalone basis and ₹ 142.80 million on consolidated basis respectively.

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.

Utilisation of IPO Proceeds

During the financial year 2009-10, your Company had successfully completed its Initial Public Offer (IPO). As regards to the utilization of the IPO proceeds, the

company had obtained members approval vide resolution passed by way of Postal Ballot on February 28, 2013 to authorise the Board of Directors of the Company to decide, alter, vary, revise and finalise the IPO proceeds apart from the objects mentioned in the Prospectus. The details of utilisation of issue proceeds as on March 31, 2013 were placed before the members of Audit Committee at the meeting dated May 30, 2013 and the same has also been taken on record by the Board of Directors of the Company.

Dividend

Your Directors do not recommend any Dividend for the financial year ended March 31, 2013.

Transfer To Reserves

Your Company has not made any transfer to Reserves during the financial year 2012-13.

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.

Operations

Your Company is the largest cable television distribution company in India in terms of homes served*. It serves an estimated 11 million homes in 200+ cities & towns across 13 states in India including Delhi, Uttar Pradesh, Haryana, Rajasthan, Gujarat, Maharashtra, Karnataka, Kerala, West Bengal, Bihar, Jharkhand, Madhya Pradesh and Uttarakhand.

DEN Digital - Your Company's cutting edge digital cable TV service offers subscribers a wide choice of channels and state of the art value added services. With

***Source:** Asia Pacific Pay-TV & Broadband Markets Report 2013, Media Partners Asia (MPA)

approximately 5 million set top boxes installed, DEN Digital is one of India's largest digital television platforms. During the year gone by, your company witnessed robust growth in profitability. Your company is continually investing in its digital cable TV operations and rapidly converting its analog subscriber base into digital in accordance with the law on Digital Addressable Systems (DAS).

Digitisation

The year gone by witnessed an unparalleled change in the Indian television landscape with the onset of the mandatory phase-wise digitisation of analogue cable TV homes across India. All stakeholders of the Indian cable TV value chain including broadcasters, MSOs and LCOs under the stewardship of the Indian Government committed their efforts in making DAS a success.

Your Company expects that the future growth of the cable television distribution industry in India in the near-term will primarily be dependent on the conversion of analog cable subscribers to digital cable subscribers. Conversion to Digital Addressable Systems (DAS) is expected to create a seamless cable TV value chain and curb the current industry-wide problems such as under declaration and piracy.

Employee Stock Option Scheme (ESOS)

During the financial year 2010-11, the Company had granted 5,000,000 Equity shares of ₹ 10/- each to the Employees of the Company and Subsidiary Companies under the DEN Employee Stock Options Scheme 2010, out of which 1,465,874 options were surrendered by the employees of the Company. As on March 31, 2013, the total number of options granted by the Company to purchase Equity Shares pursuant to the DEN ESOP is 3,534,126, of which 3,534,126 have vested and 1,252,776 are yet to be exercised. During the financial year 2012-13, the period of vesting of ESOP options which was to be vested in 30 months earlier was reduced to 20 months. Disclosures in the accordance with clauses 12 & 19 of ESOP guidelines of SEBI are detailed in Annexure 'A' to this report.

A Certificate from the Statutory Auditor of the Company of implementation of the 'DEN ESOS 2010' in accordance with 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 (AGM) of the Company.

Management's Discussion and Analysis Report

In accordance with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Management's Discussion and Analysis Report (MD&A) disclosing the operations of the Company in detail is provided as a part of the Directors' Report.

Directors

Mr. Ajaya Chand, Non Executive Independent Director of your 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:

- that in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards have been followed;
- 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;
- 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;
- that the Directors have prepared the accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

Details of Unclaimed Shares as per Clause 5A of the Listing Agreement

In the year 2009, your Company made Initial Public Offering (the Issue) of its equity shares in dematerialization mode and had credited the dematerialization accounts of allottees with respective shares allotted under the Issue. However dematerialization credit of 309 equity shares of ₹ 10 each for four allottees could not happen till date due to incorrect particulars of account holders. The Company through its

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1st April, 2012 / transferred to Account during the year ended 31st March, 2013	5	459
Number of shareholders who approached to the Company / RTA for transfer of shares from Unclaimed Suspense Account during the year ended 31st March, 2013	1	150
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2013	1	150
Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. as on 31st March, 2013.	4	309

Registrar and Share Transfer Agent M/s Karvy Computershare Private Limited had sent several reminders to these allottees and in the absence of any response from any of them had finally transferred the aforesaid equity shares to 'Den Networks Limited - Unclaimed Securities Suspense Account'. As required under clause 5A of the Listing Agreement, the status of outstanding shares lying in the aforesaid account as on March 31, 2013 is mentioned in the table above.

The voting rights on these shares are frozen till the rightful owner of these shares claims the shares.

Subsidiary Companies

The Ministry of Corporate Affairs vide its Circular No. 51/12/2007-CL-III dated February 8, 2011 has given a general exemption to Companies to attach their subsidiary Companies' financial statements in the Directors' Report as per section 212(8) of the Companies Act, 1956 in 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 has been annexed and forms 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 the respective Subsidiary Company on receipt of request in this regard.

Auditor & 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 Auditors of the Company on the Accounts for the financial year ended March 31, 2013. 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.

Cost Auditors

Your Company has re-appointed M/s Ajay Kumar Singh & Co., Cost Accountants, as Cost Auditors under Section 233B of the Companies Act, 1956 for Cost Audit for the financial year 2013-14.

Corporate Governance and 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 a Certificate from the Practicing 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.

Particulars of Employees

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with

Companies (Particulars of Employees) Rules, 1975, forms part of this Directors' Report. However, as per the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company and the same will also be available for inspection by Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM.

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 the company's headends, warehouses, offices and other facilities.

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 and discussion sessions to ensure 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 :- ₹ 20.86 Millions

Acknowledgement

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions and its business partners/ associates for their constant 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 leading player in the Cable TV Industry.

For and on behalf of the Board of Directors

Sd/-
Chairman

Place: New Delhi

Date : 14/08/2013

Annexure - A

Information regarding 'DEN ESOP Scheme 2010' as on March 31, 2013 in terms of Regulation 12 of SEBI (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 is as under:

S. No.	Particulars	Details
1	Options Granted during the year 2012-13	Nil
2	Exercise price	Rs 30/- Per Share
3	Options Vested	3,534,126
4	Options Exercised	2,281,350
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	3,534,126
10	Employee wise details of Options granted during the Financial Year 2012- 13 to	
	(i) Senior Management Personnel	Nil
	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	Nil
	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	Nil
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'.	3.38
12	Computation of employee compensation cost and effect on profit and EPS	
	a) Method of calculation of employee compensation cost	Intrinsic value as per SEBI ESOP Guidelines
	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	Difference= ₹ 21.41 millions
13	The impact of this difference on the profits and EPS of the Company:	
	Profit after tax	449.62
	Less: Additional employees compensation cost based on the aforesaid difference	21.41
	Adjusted PAT	471.03
	Adjusted Basic EPS	3.38
	Adjusted Diluted EPS	3.38

S. No.	Particulars	Details	
14	Weighted average price and fair value of the stock Options granted at price below the market price:		
	Total Options granted during the year	35,34,126	
	Weighted average exercise price (₹)	₹ 30.00 Per Share	
	Weighted average fair value (₹)	₹ 62.74 Per Share	
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 (%)	7.67%	7.74%
	Expected life of the option from the date of grant (in years)	2.00	3.00
	Expected volatility (%)	42.51%	42.51%
	Dividend yield (%)	Nil	Nil
	The price of the underlying share in market at the time of option grant		

Management Discussion & Analysis

Economic Overview

Global Economy

The year 2012 was characterised by a slowing global economy weighed down by the continued crisis in the Euro Zone and uncertainty in the US fiscal policy. There was a noticeable slowdown in the emerging markets and developing economies that can be attributed to the sharp deceleration in demand from key advanced economies, domestic policy tightening and the end of investment booms in some of the major emerging economies. According to IMF's World Economic Outlook (April 2013 update), the global economy is projected to grow around 3.3 % in 2013 as opposed to a 3.2% growth in 2012. The growth rate for emerging economies is also expected to remain constant from 5.1% in 2012 to around 5.3% in 2013.

Indian Economic Overview:

The recent slowdown in the Indian economy is partly rooted in external causes, with domestic factors also playing a significant role. Domestically, the monetary and fiscal stimulus provided by the Government of India post financial-crisis led to strong growth in demand and consumption in 2009-10 and 2010-11. However, this resulted in higher inflation and a prevailing monetary response that slowed consumption demand. Moreover, corporate and infrastructure investment were also pulled down by the tightened monetary policy as well as the policy bottlenecks.

According to the Central Statistical Organisation (CSO), the estimated growth in real GDP for the year 2012-13 will be 5% as compared to 6.2% posted in 2011-12.

With an anticipated mild recovery in the global growth rates, the Indian economy is expected to grow in the range of 6.1 - 6.7% in 2013-14, as estimated by the Indian Economic Survey 2012-13.

Indian Media and Entertainment Industry

The Indian M&E Industry - Significant potential to grow reach in a country of one billion

- 730 million TV Viewers
- 159 million Radio listeners
- 176 million Internet users

Source: FICCI KPMG Report 2013

Overview: Even in the face of bleak global and domestic economic conditions, the Indian M&E Industry grew rapidly on the back of the ongoing Digitisation of Cable TV, continued growth of regional media, strength in the film sector, upcoming elections and the fast increasing new media businesses.

Television continued to be the dominant segment even as other media sectors like animation, films and music posted strong growth. The successful implementation of

digital addressable systems (DAS) in Phase 1 and the continued Phase 2 rollout is expected to contribute significantly to strong sustained growth in the TV sector revenues and its ability to invest in and monetize content.

India M&E Market Size (FICCI KPMG) (INR Billion)



Indian Media & Entertainment Industry Continued on its Rapid Growth Curve despite the Bleak face of Global & Indian Economy

Growth: According to FICCI KPMG estimates for 2012, the Indian media industry demonstrated an overall growth rate of 12.6% in 2012 growing from INR 728 billion in 2011 to INR 821 billion in 2012. The industry is estimated to achieve a growth rate of 11.8% in 2013 to touch INR 917 billion.

The M&E sector is projected to reach INR 1,661 billion in 2017, growing at a healthy CAGR of 15.2% over the period of 2012-2017.

Emerging Trends in Indian Media

• Digitisation of TV distribution:

The year 2012 heralded the much awaited start to the digitisation of analog cable TV households. Phase 1 saw significant progress in implementation of mandatory digital addressable systems (DAS) across the four metros. The same momentum has been visible in Phase 2 which covers the next 38 cities whose population exceeds 1 million with concerted efforts from all stakeholders in the value chain.

The benefits of digitisation such as enhanced ability to monetize content, greater transparency and equitable revenue shares across the value chain led to an increased ability to invest in differentiated content.

• Revenue models still advertising dependent:

M&E is still an advertising dependent industry in India. In the TV sector, digitisation has the potential

to increase ARPUs (Average Revenue per User) and improve the share of subscription revenues to the broadcasters.

• Regional markets remain key centres of growth:

Key media players are focusing on selectively expanding their presence in regional markets that are seeing higher rates of advertising revenue growth and better insulation from slowdown than metros. Going beyond regional GECs (general entertainment channels), broadcasters launched several sub-genre channels in regional markets.

• New Media Businesses:

The growth in mobile and wireless connections continued to drive the growth of internet penetration in India. With better access through cheaper and smarter devices, audiences (especially youth) are consuming more content online. Going forward, better uptake of 3G connections, the launch of 4G and the growth of cable broadband are expected to spur this growth further.

• Growth in the "Niche" segment:

The content sector has traditionally been inhibited by challenges of lack of transparency, niche audience measurement and broadcast economics not supportive of investing in targeted content. But, a key outcome of the push in digitisation will be the ability to increase production budgets and invest in differentiated genres and multilingual content.

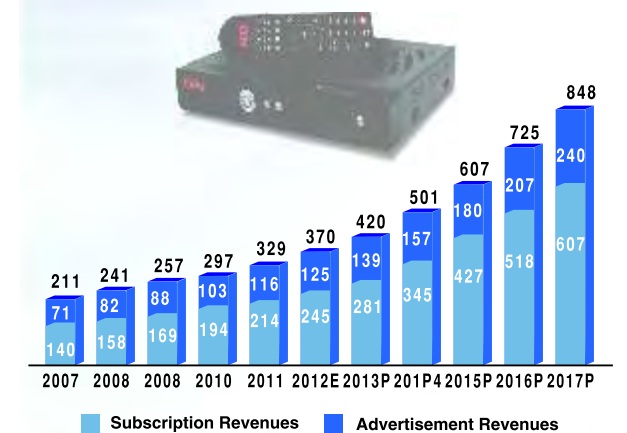
Indian Television Industry

Overview: India is the second largest TV market in the world with approximately 162 million TV households, second only to China. In 2012, the television industry commenced its journey down a game changing path, with the seeds planted for sweeping changes that would significantly change the industry. Digitisation of cable TV is expected to bring in transparency and increase subscription revenues for stakeholders in the broadcasting value chain.

Industry Size & Growth: The television industry in India is estimated at INR 370 billion in 2012 and is expected to grow at a CAGR of 18% over 2012-17, to reach INR 848 billion in 2017. Aided by digitisation and the consequent increase in ARPUs, the share of subscription revenue to the total industry revenue is expected to increase from 66% in 2012 to 72% in 2017. However, it is the transparency brought on by digitisation which is likely to bring revolutionary change in the industry by allowing all stakeholders to receive their legitimate share in subscription revenues.

Strong growth in TV sales continues: Approximately 14 million television sets were sold in India in 2012 (a large proportion of these television sales represent

TV Industry Size (INR Billion)

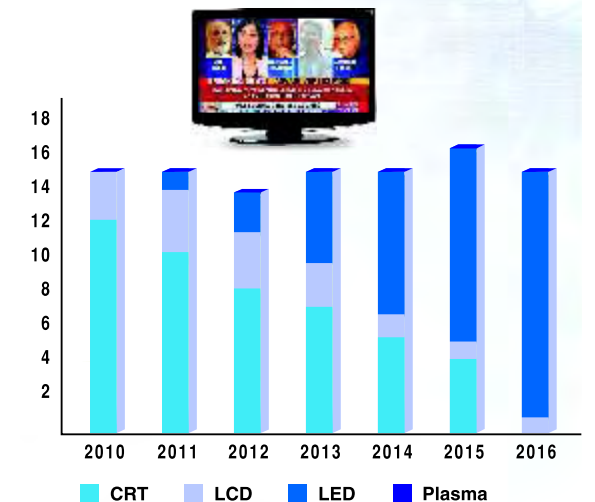


Source: KPMG in India Analysis, Industry discussions conducted by KPMG in India.

Note: Figures are rounded to nearest integers and may not add up to exactly to column totals

replacement of old television sets, institutional TV sales, and a second or third TV set entering a household.). As per the Ministry of Information and Broadcasting (MIB) estimates, institutional and multi TVs account for approximately 17% of television sets in metro cities. The ministry factored in a 20% incidence of multiple TVs in its digitisation estimates.

Television Sales (In Million)

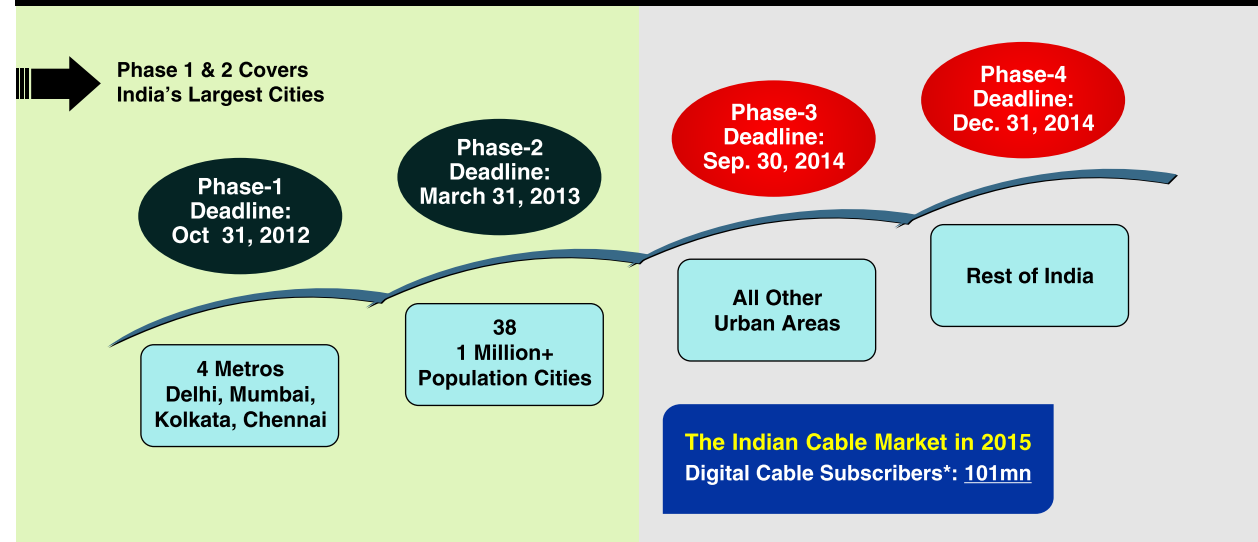


Source: Industry discussions conducted by KPMG in India.

Note: 1. Year indicate year ended 31 March.
2. TV sales reported in last year's report have been revised basis Industry discussions conducted by KPMG in India.

Paid C&S penetration of TV households expected to increase to approx. 90% by 2018: The number of Cable & Satellite households in India increased by 6.8 million in 2012, to reach 135 million. This paid C&S base is expected to grow to 173 million by 2017, representing 89.6% of TV households.

THE INDIAN CABLE DIGITISATION LAW A Four Phase Conversion of Analog to Digital



Digital Addressable System (DAS) - Unprecedented Change in Television Distribution:

Last year brought about an unparalleled change in the Indian cable television industry with the implementation of the mandatory pan-India phase-wise digitisation law by the government.

The implementation of DAS saw the coming together of all stakeholders of the Indian television industry for the first time. Everyone from MSOs to broadcasters and the Government committed themselves wholly to the digitisation effort despite the issues of such a large-scale change.

Major Indian MSOs successfully deployed digital set top boxes in their analog markets across a mammoth total of 42 DAS Phase 1 & 2 cities including 4 major metros - Delhi, Mumbai, Kolkata & Chennai and 38 cities with a population of over one million ("one million plus cities").

DAS Implementation Highlights:

November 1, 2012 marked the switch off date of analog cable TV signals in Phase 1 cities of Delhi, Mumbai, Kolkata and Chennai as per the DAS roadmap. DAS roll-out was successfully completed in Delhi, Mumbai and Kolkata and these cities are now assumed to be fully digitised with no incidence of analog signals.

Stakeholder efforts make Digitisation a success

- Government Initiatives**
The government and regulatory authorities are taking an active part in all steps of the digitisation process to ensure timely implementation of DAS. In this regard, the Telecom Regulatory Authority of India (TRAI) and the Ministry of Information and Broadcasting (MIB) have taken the following steps:
- Special Digitisation Task Force**
Periodic meetings of the Digitisation Task Force consisting of various stakeholders to track the implementation of DAS and closely monitor the progress made by these stakeholders

- Collecting Data from Platforms**
Dedicated website for real time updation of data from various MSOs and DTH operators
- Prosecution for Non-Compliance**
The regulatory authorities have also resorted to prosecution against non-compliance & cancellation of DAS licenses.
- Spreading Public Awareness:**
 - TV Ad Campaign:** The 'Blackout Advertisement' carried out by the Ministry on all major television channels created massive public awareness about digitisation and underscored the urgency to install set top boxes.
 - Text Message (SMS) Campaign:** An intensive mass SMS campaign has been carried out in various cities reminding consumers to go digital by contacting their LCOs.
 - Radio:** Public Awareness ads and jingles were aired on all major Radio channels highlighting the benefits of going digital and encouraging consumers to get their STB at the earliest.
 - Outdoor and Other:** Ads on outdoor media such as hoardings and bus shelters and ads in movie halls also created awareness about digitisation.
 - Social Media presence** in the form of an official MIB Facebook page to spread awareness about Digitisation amongst consumers

Joint Initiatives by National MSOs

[31ST OCTOBER, 2012]
[DELHI, MUMBAI, KOLKATA, CHENNAI]

**GO DIGITAL
OR
GO BLACK**

The major national MSOs undertook joint consumer awareness campaigns through the release of advertisements on the front pages of major national dailies educating consumers about the benefits of Digital Cable. MSOs advertised promotional schemes for STBs for consumers in Phase 1 cities.

- Cable emerges as the Market Leader:** The figures released by the MIB indicate that 18 million Set Top Boxes (STBs) were installed in these cities till August 12, 2013. Of these, 13 million STBs were installed by cable TV MSOs representing 72% of the total market.

Cable & DTH in Phase 1 & 2 Cities Cable Becomes Largest Digital Platform

Government Data on Digitisation in Phase 1 & 2 Cities

Phase	Total Digital Cable & DTH STBs Seeded	DTH Subscribers	Digital Cable STBs installed	Digital Cable Market Share (%)*
Phase 1**	8.7 mn	2.2 mn	6.5 mn	75%
Phase 2	18.0 mn	5.0 mn	13.0 mn	72%
Total	26.7 mn	7.2 mn	19.5 mn	73%

* Digital cable market=Digital cable SBT -Sum Digital cable & DTH subscribers

** Phase 1 data corresponds to Delhi, Mumbai & Kolkata. Excludes Chennai

Source: Phase 1 data as per MIB Press Release (Nov 1, 2012); Phase 2 data as per MIB

Digitisation Driving Transformation of the Indian Television Industry

a) All Stakeholders Benefiting from Full Transparency and Legitimate Sharing of Subscription Revenues

Digitisation is leading to full transparency of the cable TV subscriber base. All stakeholders including MSOs, broadcasters and the Government stand to gain from the legitimate sharing of subscription revenues and applicable taxes being collected from subscriber homes.

b) Transition to the DAS Era Seeing Concerted Efforts from All Stakeholders

Implementation of DAS across India is a massive transition for the entire television value chain. All stakeholders are making concerted efforts to make DAS a success. The ongoing process of KYC data collection and channel package selection is a key step in this direction. Regulatory action to ensure that this process remains on track has already started yielding results.

c) Dramatic Changes in Consumer Value Proposition of Cable with Implementation of DAS

- Increase in Channel Offering:**
Digitisation and the freeing up of analog bandwidth has resulted in cable TV platforms offering hundreds of channels to their subscribers.
- Increase in Time Spent on TV**
Viewership data post- DAS implementation indicated an increase in time spent on television driven by digital quality picture and sound and effective clustering and packaging of channels.

d) New Channel Launches

With the implementation of Phase 1 of Digitisation, new channels from broadcasters like Discovery,

Disney, Star and Zee are expanding the choice of content for consumers and introducing more targeted content for kids and regional languages. HBO has also launched two ad free channels.

New channels increase choice for consumers who can now select and pay for content that they want to watch. Such offerings are likely to boost ARPU and become revenue accretive for both broadcasters and platforms.

Other services like Pay per View (PPV), Video on Demand (VOD) and Value Added Services are set to enhance the user experience with more content and choice, offering growth opportunities for content producers, broadcasters and platforms

e) Improving Pricing Environment

With the implementation of DAS, digital cable & DTH service providers are also increasing their consumer offerings by adding more digital channels and services creating an improved pricing environment.

f) Large Consolidation Opportunity in Phases 3&4

Phases 3 and 4 markets are mostly served by smaller fragmented MSOs. This presents a large consolidation opportunity for the cable TV industry. As the focus of digitisation shifts to these cities, larger, national MSOs are expected to consolidate these markets through inorganic and organic routes.

g) Stage set for Growth of Cable Broadband

According to the TRAI's Telecom Services Performance Indicators Report March 2013, India has only 15.05 million broadband subscribers. Digitisation with addressability has set the stage for rapid and scalable growth of cable broadband which can offer high speed data connections to India's bandwidth starved households.

Cable TV MSOs are expected to offer bundled broadband and video services giving superior value

to consumers through a single connection. This is likely to become one of the major growth drivers of the industry over the next few years.

Legal and Regulatory Developments

- FDI limit for TV distribution increased to 74%**
 The government increased the FDI limit in Cable TV MSOs and DTH operators to 74% from 49% in September 2012. Besides supplementing the funding requirement, partnerships with global strategic players will also help MSOs tap strategic expertise, especially in broadband.
- TRAI Tariff Orders on Standard STBs/CPEs Tariff Packages**
 The TRAI issued two new tariff orders prescribing standard tariff packages for Set Top Boxes (STBs) & Consumer Premises Equipment (CPEs) for Digital Addressable Service (DAS) and DTH services. The prime objective of the order is to facilitate digitisation of DAS phases 3 & 4 and ensure recognition and recovery of investments for the platform operators. The order provides consumers a choice between rental and security deposit plans.

Company Overview

DEN Networks Limited is India's leading cable TV distribution company reaching an estimated 11 million households in over 200 cities across India. The company

has been one of the frontrunners in the digitisation process and has approx. 5 million digital cable subscribers (as on July 2013).

DEN is present in 13 key states across India including Delhi, Uttar Pradesh, Karnataka, Maharashtra, Gujarat, Rajasthan, Haryana, Kerala, West Bengal, Jharkhand, Bihar, Madhya Pradesh and Uttarakhand. The company has a leading presence in the economically important Hindi Speaking Markets (HSM) belt.

DEN Digital - DEN's digital cable services brand, is one of the market leaders in India's digital television space. DEN Digital has a wide choice of channels and services spanning all major genres and languages along with cutting edge value added services (VAS) and TV applications. The service also has an easy to use and feature rich 'Electronic Programming Guide' (EPG).

DEN's VAS and TV applications portfolio - DEN Excite! Includes a multi-genre digital music service, City Bytes - a restaurant and events search application, blog.telly - India's first micro blogging service on TV and interactive TV games.

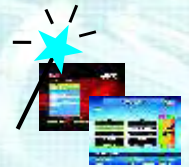
DEN Networks has a strategic content distribution JV with Star, Zee and Turner. The company formed a 50-50 JV with Star TV Group called Star DEN in 2008. Star DEN formed a 50-50 J-V with Zee Turner in May 2011 named Media Pro, which combined the Pay TV distribution assets of the Star, Zee and Turner groups in India. Media Pro is the exclusive distribution house of over 70 leading pay TV channels in India.

DEN SERVICE OFFERING



DEN Digital

Cutting edge digital cable service with all channels in DVD-like picture & stereophonic sound.



DEN Excite! Value Added Services

Varied range of Value Added Services* - multi-genre digital music service, blog.telly a micro-blogging app on TV, City Bytes restaurants & events search guide, and games.



Weather Proof Service

Weather proof service unaffected by rain interruptions ensuring an uninterrupted viewing experience.



More Channels

250+ TV channels** across different genres and languages.



Personalised Customer Care

Multi lingual support through all-India Toll-free Helpline (1800-419-2020), personalised attention from your cable operator and Online Help through the Website.



DEN HD

Premiere high definition cable service with 1080i video resolution & Dolby Digital (5.1 surround sound).



Interactive & Feature-Rich EPG

State-of-the-Art Electronic Programming Guide with genre wise channel listings, programme type search, parental control and reminder functionalities.



Value for Money

A world-class service with more channels, interactive features & value added services at reasonable prices.

*DEN Excite! Is available in selective areas

**DEN DAS areas offer 250+ channels in SD and HD including local cable channels.

DEN Channel Packages

DEN launched its channel packages which have been designed and customised for local markets to cater to the specific tastes of audiences in these markets while offering the best value for money for the price conscious Indian consumer. DEN's Channel Packages have been designed keeping in mind the diverse interests of the entire family and include a varied mix of all popular channels across genres.

• DEN Basic	100/-
• DEN Intro	180/-
• DEN Family	225/-
• DEN Platinum	270/-

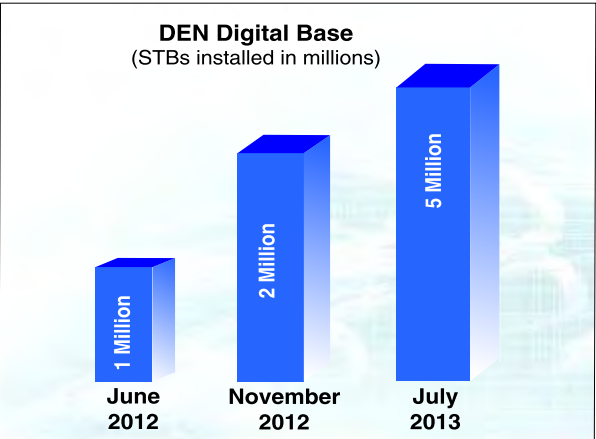
DEN Networks Raises US\$ 160 million in fresh equity in May 2013 to Fund Growth Opportunities

- DEN announces an investment of US\$ 110 million from Goldman Sachs**
 DEN secured an investment of US\$ 110 million (Rs 600 crores approx.) from Goldman Sachs, a leading global investment bank and an active investor in cable and broadband companies across the world. The investment will be utilized for funding DEN's growth plans. This investment is subject to regulatory and customary approvals.
- DEN Raises US\$ 50 million through a Qualified Institutional Placement (QIP)**
 The company also raised US\$ 50 million (₹270 crore approx.) through a qualified institutional placement (QIP) of shares to domestic and foreign institutional buyers. Leading FIs & domestic institutions participated in the issue.

DEN Rapidly Digitises its Massive Subscriber Base Across DAS Phase 1 and 2 Markets

2 million STBs seeded in the Phase 1 cities

DEN digitised the vast majority of its homes served across the three Phase 1 cities that it is present in, namely Delhi, Mumbai and Kolkata. DEN and its affiliates seeded 2 million STBs in these 3 cities.



Phase 2 :

DEN's Phase 2 presence currently spans 24 of the 38 Phase 2 cities (60% of all Phase 2 towns) including all 7

Phase 2 cities of UP besides 6 towns in Maharashtra, 3 in Gujarat, 2 each in Rajasthan and Karnataka, and 1 each in Bihar, Jharkhand, West Bengal and Haryana. With a strong presence across these markets, DEN has seeded approx. 3 million STBs.

Put together with steady conversions of subscribers in other parts of the country, DEN is poised to become a leading Digital TV platform in the country as digitisation progresses.

Growth Opportunities with Digitisation

DEN considers successful digitisation as the first step leading to newer opportunities for diversification of its service offerings and sustainable revenue growth. Digitisation offers tremendous growth opportunities for the company through expansion & consolidation, launch of broadband and ARPU enhancement by offering more channels and services.

a) DAS Phases 3 & 4 Opportunity

- Digitising DEN's existing subscriber base**
 DEN's estimated subscriber base of over 6 million homes in DAS Phase 3 & 4 cities is a huge potential market to be digitised and is sure to bolster the company's position as India's leading digital cable TV platform.
- Further consolidation**
 DEN is planning to increase its presence in Phase 3 & 4 cities through further consolidation in its current markets and also by selectively entering strategic new markets.

b) Broadband

DEN intends to roll out its high speed broadband internet service and offer bundled cable TV and broadband services to consumers in markets that have been fully digitised. The existing presence in millions of subscriber homes creates a ready market for the company to push its broadband services into the home.

DEN is in the process of building an industry experienced team to spearhead the broadband operations and expects to roll out its services during the first few months of 2014.

c) Enhanced Consumer Offering:

Digital channels require far lesser bandwidth than analog. Following digitisation, the vacated analog bandwidth is being used to accommodate more and more channels and services for DEN consumers.

DEN: Redefining The Digital Local Channels Space

DEN Movies & DEN Classic : State of the art Digital Cable Movie Channels launched by DEN

DEN recently launched 2 new state of the art digital cable channels - DEN Movies and DEN Classic that are available to subscribers in selective areas. DEN Movies is a contemporary Hindi Movies Channel showcasing recent popular Bollywood movies while DEN Classic showcases vintage Bollywood movies.