

**RELIANCE**

**Broadcast Network**

**Annual Report  
2012-13**



## **Dhirubhai H. Ambani**

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

## Profile

Reliance Broadcast Network Limited (RBNL) (BSE: 533143; NSE: RBN), is a multi-media entertainment conglomerate with play across radio, television and television production. It is part of the Reliance Group and specializes in creating and executing integrated media solutions for brands. Its business verticals are as follows:



**92.7 BIG FM** – India's largest FM Radio Network with 45 Radio stations, reaching over four crore Indians each week.



**BIG MAGIC** – A regional General Entertainment Television Channel for the Hindi heartland featuring regional family dramas, crime shows, sitcoms, reality shows and weekend blockbuster movies. The Company has also launched **BIG MAGIC Bihar and Jharkhand**, with specially created programming for the market. BIG MAGIC has also expanded into the United States and Canada under the brand name **BIG MAGIC International**.



**BIG CBS Networks** – A joint venture with CBS Studios International offering English General Entertainment Television Channels – Love and Prime (available in dual feed of English and Hindi), and a regional General Entertainment Channel for the Punjab, Chandigarh, Himachal Pradesh (PCHP) region called Spark Punjabi.



**BIG RTL THRILL** – A television channel from the Company's joint venture with Europe's RTL Group, targeted at male audiences and positioned as the ultimate action destination.

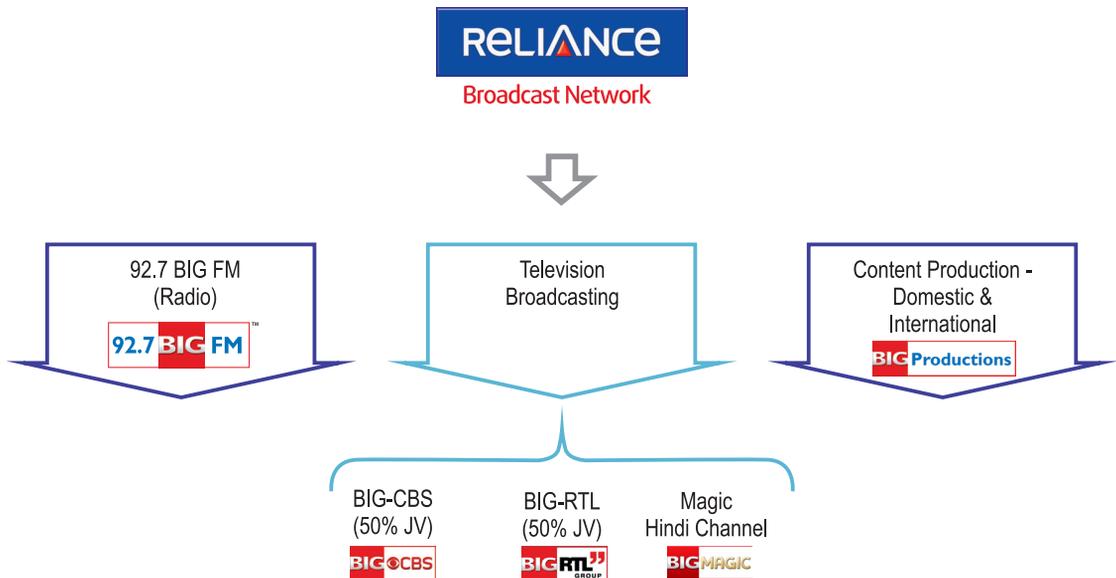


**BIG PRODUCTIONS** – The television content production division that caters to the creative needs of the diverse Indian television landscape.

Reliance Broadcast Network (through its subsidiary) also distributes **Bloomberg TV India**, the country's premier business news channel as part of its television bouquet.

Having built significant and all-inclusive media capabilities, each of these business verticals come together to offer clients a truly integrated media solution.

## Business Verticals of Reliance Broadcast Network Limited



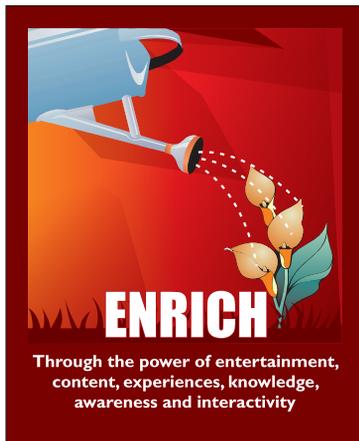
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Broadcast Network

RBNL's Vision and Values

RBNL's Vision

We reach engage and enrich consumers, through the power of relevant ideas, in the process creating ever growing value for our stakeholders



**Consumer Centric Ideas:**

Ideas that evolve from a deep understanding and appreciation of our consumers, our clients and the markets we operate in.

**Reach:**

Through our ever growing vast network and media platforms spread across the country.

**Engage:**

Through exciting consumer centric ideas delivered through multiple touch points.

**Enrich:**

Through the power of entertainment, content, experience, knowledge, awareness and interactivity.

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RBNL's Values



**Service Leadership:**

Our internal and external consumer, client and stakeholder interests are always ahead of everything else.

**Excellence in Execution:**

'Compromise' is a word that does not exist for us. When we deliver we excel.

**Sense of Urgency:**

We value the power of time and demonstrate this in our everyday functioning.

**Constant Innovation:**

We love new ideas and better ways to do things. We set new benchmarks, not chase existing ones.

**Team Work:**

We are one, else we are none.

*This Report is printed on environment friendly paper*

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Post your request : <a href="http://kcpl.karvy.com/adag">http://kcpl.karvy.com/adag</a>		

**9<sup>th</sup> Annual General Meeting on Saturday, September 28, 2013 at 10.00 a.m.  
at Auditorium, Reliance Energy Management Institute, 19 Aarey Colony,  
Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.**

*This Annual Report can be accessed at [www.reliancebroadcast.com](http://www.reliancebroadcast.com)*



Dear Shareowners,

British adventurer, writer and television presenter Edward Grylls once said, "There is little faith involved in setting out on a journey where the destination is certain and every step in between has been mapped in detail. Bravery, trust is about leaving camp when we do not know the route ahead...!"

In early 2006, we left camp and set out to launch 92.7 BIG FM with a mission to reach, engage and enrich the lives of India's vast populace and we stand today as India's largest and leading private FM Radio network. Our journey since, has been packed with many moments of adventure and discovery.

In just seven years, your Company is India's only multi-media organisation to have transformed from a FM Radio business into one with a strong presence across television and television production. Your Company is equipped with the potential to turn into a truly global multi-media brand and stand committed to being true to its consumers, clients and the industry in which it operates.

Though we value the power of time, we realize the importance of being patient and in waiting for the right moment to make investments that count and help us grow. We are here to create a strong, secure and profitable business with you by our side. As I look back at the year that has gone by, I am filled with pride when I think about what we have achieved and a sense of excitement looking at the opportunities that await us.

2012-13 has been a significant financial year for us in many ways. We have experienced impressive growth at both ends of the spectrum in the radio and television business.

Our radio network **92.7 BIG FM** is a leading national FM network which continues to dominate key markets across India. Other than being the quickest to become profitable, the latest round of Indian Readership Survey (IRS) has placed 92.7 BIG FM as No.1 FM broadcasting radio station in the key Hindi speaking markets of Uttar Pradesh, Madhya Pradesh, Jharkhand, Rajasthan, Haryana, Punjab and New Delhi. In July 2013, our Delhi FM Radio Station clinched the No. 1 spot in the capital with an incredible rise in listenership base. Being the leading radio network in the city further fortifies our position and offerings enabling us to provide an extensive platform to our advertisers to increase their consumer base and visibility in the market. The business also achieved the highest ever numbers in a quarter since the inception of the brand.

We were India's first private FM station to host programming in local dialects, which has become a case study in garnering loyal audiences. The brand, today, stands as the premier choice for marketers looking to reach out to a relevant audience base.

The radio network continues to service over 2000 brands each month.

While audience ownership is its biggest reward, 92.7 BIG FM has also been honoured with both national and international recognitions by the radio fraternity viz. maximum awards at the prestigious New York Festival, three years in a row and the Golden Mikes Award for the 2nd year in a row.

The radio business has broken even at the stand alone level and will gain from the impending Phase III FM Radio auctions, which will see private FM radio service expand to 294 additional cities. This will augment reach and unleash the true potential of 92.7 BIG FM, already India's largest and leading private FM network.

Similarly, on the television front, Phase II of digitization has changed the Indian broadcast environment. As distribution led advantages collapse and ratings begin to reflect true audience preferences and tastes, content is emerging as 'king'. Optimizing from digitization, we have expanded our reach to monetize untapped market segments and offer new and high quality innovative content.

The television business is very young and we remain committed to entertaining viewers with a fantastic array of specially created programming offerings. Our flagship channel BIG Magic has performed excellently in Central India, beating long standing players and has now expanded reach across Hindi speaking markets of India. On the Regional front, the Channel has further expanded to launch BIG Magic Bihar and Jharkhand for the region, while International inroads have been made to the United States and Canada with BIG Magic International. The BIG CBS Networks' channels have been performing superbly with BIG CBS Prime now available in dual feeds of English and Hindi and BIG CBS Love targeted at the urban English speaking audiences. BIG RTL Thrill, our joint venture channel with Europe's RTL Group, is delighting viewers with 'edge of the seat' entertainment with handpicked reality shows, action series, wrestling, extreme sports, game shows and movies from across the world.

TRAI's mandate to regulate commercial advertisement inventory to 10 minutes per clock hour will translate into more equitable distribution of advertisement inventory across television channels, resulting in increased advertisement flow to both radio and emerging channels like BIG Magic, BIG CBS and BIG RTL Thrill.

Though the coming year might prove to be challenging for markets around the World, I believe we will continue to create ever-growing value for you and everyone associated with RBNL while focusing / driving profitable growth, which is key. Our biggest priority now is creating / increasing shareholders value.

RBNL is continuing to transform itself into an all-inclusive multi-media conglomerate believing we have what it takes to become the best in the World. I thank you for your unwavering belief in this dream and hope to have you by our side in the exciting journey ahead!

**Tarun Katial**

Chief Executive Officer

## Highlights - at a glance

### Radio-92.7 BIG FM

- As per IRS Q4 FY 2012-13, BIG FM is at #2 at All India level reaching out to 43.2 million (4.32 crore) listeners per week
- BIG FM is # 1 station in 14 cities, #2 in 8 cities, and has established leadership in Metros. (Source: IRS Q4 FY 2012-13)
- Highest Reach among all radio stations in the Hindi Speaking Markets (Source: IRS Q4 FY 2012-13)
- Closed the last quarter of FY 2012-13 with a brand count of over 1600 advertisers every month
- Won multiple awards at New York Radio Festival 2013, Golden Mikes 2012, Creative Abbys at the Goafest 2012 and Indian Radio Forum 2013
- Key shows and properties in FY 2012-13 were BIG Green Ganesha, BIG Green Durga, Total Quartz Safety Run, Avon Cyclothon, BIG Memsaab, Yaadon ka Idiot Box and Suhaana Safar

### TV – BIG MAGIC

- The regional general entertainment Channel for the core Hindi heartland of UP, MP, Bihar and Jharkhand has cemented its position as the No. 1 Channel
- Launched a new channel – BIG Magic Bihar & Jharkhand specifically targeting this region
- Launched a number of daily shows – Police Files, Pyar Ya Dehshat, Hum Hai Bajrangji, Beta Hi Chahiye
- Key reality shows – BIG Memsaab – a talent show for house-wives, Khul Ja Sim Sim – A unique game show, Mele Ka BIG Star – show offering a platform for talent from the region and Rasoi ki Rani – A cookery show

### TV – BIG CBS

- BIG CBS Prime, BIG CBS Love and BIG CBS Spark Punjabi consolidated their positions in their respective genres
- Key shows on BIG CBS Prime and BIG CBS Love were America's Got Talent, American Idol, X Factor, Crime Scene Investigation (CSI), Sex and the City, Excused, America's Next Top Model and I Love Style
- Key shows on BIG CBS Spark Punjabi were BIG Boli Star, SP Top 20, Police Files, BIG Punjaban and Rasoi di Rani

### BIG PRODUCTIONS

- Successfully produced BIG Star Entertainment Awards in December 2012. It was the most successful New Year's Event in the last 6 years with Television Viewership Ratings (TVR) of 5.9
- Produced various shows for regional channels like Swapnachya Palikadle (Star Pravah), Vivah Bandhan (ETV Marathi), Laxmi vs Saraswati (Star Pravah) and Niharika (ETV Gujarati)

# Reliance Broadcast Network Limited

## Notice

Notice is hereby given that the 9<sup>th</sup> Annual General Meeting of the Members of **Reliance Broadcast Network Limited** will be held on Saturday, September 28, 2013 at 10.00 a.m at Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065, to transact the following business:

### Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the audited statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Gautam Doshi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajesh Sawhney who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors 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. Chaturvedi and Shah, Chartered Accountants (Firm Registration No. 101720W), be and are hereby appointed as the 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."

### Special Business:

5. **Issue of securities to the Qualified Institutional Buyers.**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

- a. RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"),

which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not exceed ₹ 1000 Crore.

- b. RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").
- c. RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares shall rank pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d. RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion think fit in accordance with the provisions of law.
- e. RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, de-merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.
- f. RESOLVED FURTHER THAT for the purpose of giving

## Notice

effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/ trustees/ agents and similar agreements/ and to remunerate the Managers, underwriters and all other agencies/ intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

- g. RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/ charge on the Company's assets under Section 293(1)(a) of the said Act in respect of the

aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

- h. RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

**By Order of the Board of Directors**

**Gururaja Rao**  
**Company Secretary**

Registered Office:  
 401, 4th Floor, Infiniti  
 Link Road, Oshiwara  
 Andheri West, Mumbai 400 053  
 5th August, 2013

## Notes

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID number and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plan/s will be available for inspection at the Meeting.
7. The Company's Register of Members and Transfer Books will remain closed from Wednesday, September 18, 2013 to Saturday, September 28, 2013 (both days inclusive) for the purpose of Annual General Meeting.
8. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.
9. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
  - a. the change in the residential status on return to India for permanent settlement; and
  - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment of Directors: At the ensuing Meeting, Shri Gautam Doshi and Shri Rajesh Sawhney, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to Shri Gautam Doshi and Shri Rajesh Sawhney required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
11. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
12. Members are requested to fill in and send the Feedback Form provided in the 'Contact us' section on the Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com) to aid the Company in its constant endeavour to enhance the standards of service to investors.

# Reliance Broadcast Network Limited

## Notice

13. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / the Registrar and Transfer Agent.
15. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
16. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy Computershare Private Limited, for consolidation into a single folio.
17. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.

## Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated 5th August, 2013.

Item No. 5

### Issue of securities to the Qualified Institutional Buyers.

The Company, in order to enhance its global competitiveness and its ability to compete with the peer group in the domestic and international markets, may need to strengthen its financial position and net worth by augmenting its long term resources. Further the Company intends to participate and bid for more FM Radio Station Licenses as and when the Tender is rolled by Ministry of Information and Broadcasting (MIB) in Phase III FM Licensing.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted/ to be constituted by the Board), without the need for any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the special resolution at Item No. 5 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue, offer and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities, which are convertible into

or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be.

For the reasons aforesaid, an enabling special resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian Stock Exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not exceed ₹ 1000 Crore. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent if any, to which the proposed securities may be issued.

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated 5th August, 2013.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage/ hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders/ Trustees in favour of Security Holders/ Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1)(a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Security(ies) by passing of resolution at their Extraordinary General Meeting held on July 17, 2009.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to offer and issue the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to offer and issue the QIP Securities to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No.5 of the accompanying Notice for the approval of the Members.

None of the Directors and Manager of the Company is, in any way, deemed to be concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

**By Order of the Board of Directors**

**Gururaja Rao**  
**Company Secretary**

Registered Office:  
401, 4th Floor, Infiniti  
Link Road, Oshiwara  
Andheri West, Mumbai 400 053

5th August, 2013

# Reliance Broadcast Network Limited

## Directors' Report

### Dear Shareowners,

Your Directors present the 9<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2013.

### Financial Results

The standalone performance of the Company for the financial year ended March 31, 2013 is summarized below:

Particulars	Financial Year ended March 31, 2013 (₹ in Lakhs)	Financial Year ended March 31, 2012 (₹ in Lakhs)
Total income	22,737.93	29,690.58
Gross profit/ (loss) before depreciation, amortisation and exceptional items	1,412.43	1,818.25
Less:		
a. Depreciation and amortisation	3,763.83	3,770.82
b. Exceptional items and other adjustments	-	-
Profit/(Loss) before tax	(2,351.40)	(1,952.57)
Less: Provision for:		
Current tax/ Excess provision for Tax of earlier years	-	-
Profit/(Loss) after tax	(2,351.40)	(1,952.57)
Add : Balance brought forward from previous year	(23,409.87)	(21,457.30)
Profit/(Loss) available for appropriation	(25,761.27)	(23,409.87)
<b>Appropriations:</b>		
Proposed Dividend on equity shares	-	-
Dividend Tax	-	-
Transfer (from) /to General Reserve	-	-
Transfer to Debenture Redemption Reserve	-	-
Balance carried to Balance Sheet	(25,761.27)	(23,409.87)

### Financial Performance

During the year under review, your Company has earned income of ₹ 22,738 lakh against ₹ 29,691 lakh for the previous year. The Company has earned operating profit i.e. Profit before Depreciation, Interest and Tax of ₹ 4,358 lakh for the year against ₹ 3,484 lakh for the previous year. The overall net loss of the Company was ₹ 2,351 lakh primarily on account of depreciation and amortization of ₹ 3,764 lakh and finance cost of ₹ 2,945 lakh.

### Dividend

Your Directors have not recommended any dividend on equity shares for the year under review.

### Business Operations

The Radio business has strong listenership numbers with 4.3 crore listeners per week. We continued to focus on strengthening our brand, and 92.7 BIG FM stands as the No. 1 station in 14 cities, No. 2 in 8 cities, and has established leadership in metros (Source: IRS Q4 FY 2012-13). We have highest reach amongst all radio stations in the Hindi speaking markets (Source: IRS Q4 FY 2012-13) and closed the last quarter of FY 2012-13 with a brand count of over 1600 advertisers each month. Our talented team continues to receive accolades – we won various accolades at the New York Festivals 2013, three Creative Abbys at the Goafest 2012 and eight awards and "Best Radio Broadcaster of the Year 2012" at the Golden Mikes 2012. Radio revenues grew backed by higher utilisation and increase in rates.

BIG Productions continues to create best in class television programming spanning across fiction and non-fiction genres for both regional and national broadcasters. Some of the key shows include Swapnachya Palikadle (Star Pravah), Vivah Bandhan (ETV Marathi), Laxmi vs Saraswati (Star Pravah) and Niharika (ETV Gujarati).

RBNL hosted the 3rd Edition of the BIG Star Entertainment Awards in December 2012. It was the most successful New Year's Event in the last 6 years with Television Viewership Ratings (TVR) of 5.9. The show was produced by BIG Productions.

The Company has also created and executed various regional music awards, entertainment and women salute awards in the year under review.

The Company through its Wholly Owned Subsidiary i.e. Cinestar Advertising Private Limited ('CAPL') entered into a Joint Venture (JV) Agreement with Europe's leading Broadcaster RTL Group S.A., Luxembourg on 27 May 2011. This JV launched its first TV Channel 'BIG RTL Thrill' on 5 November 2012. The channel with its adrenaline pumping content targets the male audiences in the Hindi heartland.

After successfully establishing itself as a strong regional player in Central India with its channels BIG MAGIC and BIG RTL Thrill, Reliance Broadcast Network extends the BIG MAGIC lineage to strengthen its foothold in the regional markets with its new Bhojpuri Channel BIG MAGIC Bihar and Jharkhand. The Channel will reach audiences not only across the larger markets of Dhanbad, Muzaffarpur, Gaya, Bhagalpur, Arrah, Jamshedpur and

## Directors' Report

Ranchi, but will also penetrate deeper into the Tier II and Tier III towns making for unparalleled reach to the smallest towns in Bihar and Jharkhand.

The BIG CBS Networks' channels have been performing superbly with BIG CBS Prime now available in dual feeds of English and Hindi and BIG CBS Love targeted at the urban English speaking audiences.

The Company also forayed into international TV content production through its Wholly Owned Subsidiary in US namely RBN US LLC.

### Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

The Company has during the year, entered into various contracts in the areas of broadcasting and content production businesses. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

### Subsidiary Companies

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GOI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

Further, pursuant to Accounting Standard (AS)-21 prescribed under the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement, Consolidated Financial Statements presented herein by the Company include financial information of subsidiary companies, which forms part of this Annual Report.

### Directors

In terms of the provisions of the Companies Act, 1956, Shri Gautam Doshi and Shri Rajesh Sawhney, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting (AGM).

A brief resume of the Directors retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and names of the companies in which they hold directorship and/or membership/ Chairmanships of Committees of the respective Boards, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section on Corporate Governance Report forming part of this Annual Report.

### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. in the preparation of the annual accounts for financial year ended March 31, 2013, the applicable Accounting

Standards had been followed along with proper explanation relating to material departures;

- ii. the Directors had 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 as at March 31, 2013 and of the loss of the Company for the year under review;
- iii. the Directors had taken proper and sufficient care for the 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; and
- iv. the Directors had prepared the annual accounts for financial year ended March 31, 2013 on a 'going concern' basis.

### Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the financial statements received from subsidiaries and joint venture, as approved by their respective Board of Directors have been prepared in accordance with AS-21 on 'Consolidated Financial Statements' and AS-27 on 'Financial Reporting of Interests in Joint Venture', notified under Section 211(3C) of the Companies Act, 1956 read with the Accounting Standards Rules as applicable. These Financial Statements form a part of the Annual Report.

### Auditors and Auditors' Report

M/s. Chaturvedi and Shah, Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

The Company has received letter from M/s. Chaturvedi and Shah, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of the Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

### Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended and the Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by

# Reliance Broadcast Network Limited

## Directors' Report

the Company and Options were granted to employees under Reliance Broadcast Network Employee Stock Option Scheme Plan - 2010 (ESOS Plan- A) in accordance with the Securities

and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines').

The particulars as required under Clause 12 of the SEBI Guidelines are as follows:

Particulars	ESOS Plan- A
a. Total Options granted	20,18,000
b. No. of Options surrendered	Nil
c. Pricing formula decided by ESOS, Remuneration and Compensation Committee	Decided by the ESOS Compensation committee and/or by the Board of Directors
d. Options vested	379,250
e. Options exercised	Nil
f. Total number of equity shares arising as a result of exercise of Options	Nil
g. Options lapsed during the year	406000
h. Variation of terms of Options	None
i. Money realized by exercise of Options during the year	Nil
j. Total number of Options in force at the end of the year	1111000
k. Employee wise details of Options granted to:	
i. Senior Managerial Personnel i.e. (Managing Director/ Whole time director / Manager)	Shri Gururaja Rao, Company Secretary and Manager – 25000 options
ii. Employee who receives grant in any one year of Option amounting to 5 percent or more of the Option granted during the year.	Shri Tarun Katial, Chief Executive Officer – 460000 Options Shri Soumen Ghosh Choudhury, Business Head – FM Radio – 150000 Options Shri Praveen Malhotra – Senior Vice President – Sales – 100000 Options
iii. Identified employees who were granted Options during any one year equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard – 20.	N.A.
m. The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on:	
Profits	Net Profit would be lower by ₹ 52,66,155
EPS of the Company	EPS would be lower by ₹ 0.07
n. Weighted – average exercise prices of Options granted during the year where exercise price is less than, equals or exceeds market price.	N.A
o. Weighted – average fair values of Options granted during the year where exercise price is less than, equals or exceeds market price.	N.A.
p. Significant assumptions made in computation of the fair value.	
i. risk-free interest rate	6.65 % to 7.39 %
ii. expected life	3.5 years to 6.5 years
iii. expected volatility	55%
iv. expected dividends (yield), and	4%
v. the price of the underlying shares in market at the time of Options grant.	₹ 68.50

## Directors' Report

The Company has received a certificate from the auditors of the Company that the ESOS Plan – A have been implemented in accordance with the SEBI Guidelines and as per the resolution passed by the members of the Company through postal ballot on June 14, 2010 authorising issuance of the said ESOS.

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

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure – A forming part of this Report.

### Corporate Governance

The Company has adopted "Reliance Group–Corporate Governance Policies and Code of Conduct" which has set out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

A Certificate from the Practising Company Secretary, M/s. Ashita Kaul and Associates, Company Secretaries conforming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

### Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

**For and on behalf of the Board of Directors**

**Gautam Doshi**  
Director

**Anil Sekhri**  
Director

Mumbai

May 11, 2013

## Annexure – A

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

Your Company being a multi-media entertainment Company, does not involve in any manufacturing activity and hence the provisions of the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable. However, the information as applicable is given hereunder:

- a. **Conservation of Energy:** The Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance/ installation/ upgradation of energy saving devices.
- b. **Technology Absorption, Adoption and innovation:** The Company has focused research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.
- c. **Foreign Exchange Earnings and Outgo:** Total foreign exchange earnings and outgo for the financial year is as follows:
  - i. Total Foreign Exchange earned : Nil
  - ii. Total Foreign Exchange outgo: ₹ 114.74 lakhs

# Reliance Broadcast Network Limited

## Management Discussion and Analysis

### Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006. The management of Reliance Broadcast Network Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and loss for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RBNL" or "Reliance Broadcast" are to Reliance Broadcast Network Limited and its subsidiaries.

### Industry Structure and Developments

#### Economic Overview:

The slowdown in the Indian economy persisted, with growth hobbled by structural bottlenecks and adverse global conditions. The overall Indian economy slowed down in 2012 due to both domestic and external factors. 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 powerful 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. Externally, a slowing global economy weighed down by the continued crisis in the Euro area and uncertainty in the US fiscal policy also increased risks to growth. The Central Statistical Organization's (CSO's) estimates indicate a 5 percent growth in real GDP in 2012-13, as compared to a growth of 6.2 percent posted in 2011-12. These factors resulted in a challenging year for the M&E industry, with reductions in advertising budgets across sectors.

#### Indian Media and Entertainment Industry overview:

The Indian M&E industry grew from INR 728 billion in 2011 to INR 821 billion in 2012, registering an overall growth of 12.6 percent. Recent policy measures taken by the government can pave the way for gradual recovery for the Indian economy. With some improvement also likely in the global economy in 2013, the prognosis for the Indian economy looks somewhat better and real GDP growth is expected to be in the range of 6.1 to 6.7 percent in 2013-14. Given the impetus introduced by digitization, continued growth of regional media, upcoming elections, strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth rate of 11.8 percent in 2013 to touch INR 917 billion. The sector is projected to grow at a healthy CAGR of 15.2 percent to reach INR 1661 billion by 2017.

Television clearly continues to be the dominant segment, however we have seen strong growth posted by new media sectors, animation/ VFX and a comeback in the Films (21 percent growth in 2012 over 2011 vis a vis 11 percent per growth in 2011 over 2010) and Music sectors (18 percent growth in 2012 over 2011 vs. 4.7 percent growth in 2011 over 2010) on the back of strong content and the benefits of digitization.

Radio is anticipated to see a spurt in growth post rollout of Phase 3 FM Radio licensing. The benefits of Phase 1 cable digital access system (DAS) rollout, and continued Phase 2 rollout are expected to contribute significantly to strong continued growth in the TV sector revenues and its ability to invest in and monetize content. The sector is expected to grow at a CAGR of 18 percent over the period 2012-2017.

#### Overall industry size and projection

Overall industry size (INR Billion) (For Calendar Years)	2008	2009	2010	2011	2012	Growth in 2012 over 2011	2013p	2014p	2015p	2016p	2017p	CAGR (2012-17)
TV	241.0	257.0	297.0	329.0	370.1	12.5%	419.9	501.4	607.4	725.0	847.6	18.0%
Print	172.0	175.2	192.9	208.8	224.1	7.3%	241.1	261.4	285.6	311.2	340.2	8.7%
Films	104.4	89.3	83.3	92.9	112.4	21.0%	122.4	138.3	153.6	171.7	193.3	11.5%
Radio	8.4	8.3	10.0	11.5	12.7	10.4%	14.0	15.4	18.7	22.7	27.4	16.6%
Music	7.4	7.8	8.6	9.0	10.6	18.1%	11.6	13.1	15.3	18.3	22.5	16.2%
OOH	16.1	13.7	16.5	17.8	18.2	2.4%	19.3	21.1	23.0	25.0	27.3	8.4%
Animation and VFX	17.5	20.1	23.7	31.0	35.3	13.9%	40.5	46.8	54.3	63.1	73.4	15.8%
Gaming	7.0	8.0	10.0	13.0	15.3	17.7%	20.1	23.8	30.9	36.2	42.1	22.4%
Digital Advertising	6.0	8.0	10.0	15.4	21.7	40.9%	28.3	37.1	48.9	65.1	87.2	32.1%
<b>Total</b>	<b>580</b>	<b>587</b>	<b>652</b>	<b>728</b>	<b>821</b>	<b>12.6%</b>	<b>917</b>	<b>1059</b>	<b>1238</b>	<b>1438</b>	<b>1661</b>	<b>15.2%</b>

Source: KPMG in India analysis and industry discussions

Media and Entertainment Industry past revenues and projected growth as per FICCI KPMG 2013 Report

(Source: Indian Media and Entertainment Industry to touch FICCI-KPMG report)

## Management Discussion and Analysis

### Media and Entertainment Industry past revenues and projected growth as per FICCI KPMG 2013 Report

(Source: Indian Media and Entertainment Industry to touch FICCI-KPMG report)

#### Key trends and industry drivers:

##### Regional markets remain key centres of growth

Advertisers continue to see higher growth in consumption from key regional markets. Hence regional media continues on a strong growth trajectory especially in the print and television sectors. 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, which may be close to saturation in many cases.

##### Revenue models still advertising dependent

M&E is still an advertising dependent industry in India. Hence it remains sensitive to the impact of business cycles. Established practices, competitive pressures from within the sector and from TV, and the threat of digital migration, are likely to keep prices under pressure. In the TV sector, digitization has the potential to increase ARPU and improve the share of subscription revenues to the broadcasters. Early indicators suggest that carriage costs have already dropped in Metros after Phase 1 digitization & in 1 Mn+ towns post Phase II digitization.

Most companies are yet to see significant revenues from digital content. Dampeners include limitations in measurement systems; decline in on deck revenues, and under investments in distribution platforms. There is a need for innovative or hybrid pricing models to cause a shift overall, engaging consumers through more targeted offerings, innovative pricing and packaging models, and better quality of production, should enable players to get better realization for content.

##### Growth in new media

The rapid increase 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 and are getting increasingly engaged. Key beneficiaries are the emerging new media segments, which include internet advertising, online classifieds, and gaming, all of which are on a rapid growth path.

Going forward, better uptake of 3G connections and the beginnings of the 4G rollout are expected to spur growth further. 4G technology will enable greater uptake in services including Live TV, HD video/ audio streaming, real time online gaming, high speed data downloads and uploads and could enable introduction of new innovative offerings. The industry looks forward with great hope to an aggressive rollout of this technology by the telcos.

##### Regulatory and policy support

Regulatory interventions have been a key enabler of growth for the sector. Anticipated developments in 2013 such as continued cable DAS rollout, Phase 3 licensing for Radio, and 4G rollout, will spur growth from the medium term. However, continued and unflinching government support is needed. There is a need for measures to aid curtailment of piracy and encourage investments to support further growth.

##### About Reliance Broadcast Network Limited:

Reliance Broadcast Network Limited (RBNL) (BSE: 533143;

NSE: RBN), is a multi-media entertainment conglomerate with play across radio, television and television production. It is part of the Reliance Group and specializes in creating and executing integrated media solutions for brands. Its business verticals are as follows:

**92.7 BIG FM** – India's largest FM Radio Network with 45 Radio stations, reaching 4.3 Crore Indians each week.

**BIG CBS** – A joint venture with CBS Studios International, USA's No.1 TV broadcaster which has launched the Channels – BIG CBS Prime, BIG CBS Love and BIG CBS Spark Punjabi.

**BIG MAGIC** – A regional General Entertainment Television Channel for the Hindi heartland featuring regional family dramas, crime shows, sitcoms, reality shows and weekend blockbuster movies. The Company has also launched BIG MAGIC Bihar and Jharkhand, with specially created programming for the market. BIG MAGIC has also expanded into the United States and Canada under the brand name BIG MAGIC International.

**BIG RTL THRILL** – A television channel from the Company's joint venture with Europe's RTL Group, targeted at male audiences and positioned as the ultimate action destination.

**BIG PRODUCTIONS** – This division functions as a television content production house catering to the diverse creative needs of the Indian television landscape.

Each of these business verticals come together to offer a truly integrated solution to clients, having built significant multi-media capabilities.

The reach and spread of the Reliance Group is known to all. With business interests that permeate almost every single aspect of consumer's lives, the Group offers multiple business and consumer touch points across communications, infrastructure, power and entertainment. The presence of Reliance Group media assets across various sectors like Infrastructure, Telecommunication, Retail, Broadcasting, Television Production, is an enviable portfolio of media that touch the life of millions of Indians across the country, everyday.

##### Key Performance Indicators of financial performance for year ended 31st March, 2013:

- BIG FM is at No. 2 by listenership at all India level reaching out to 4.3 crore listeners per week. (Source: IRS and RAM)
- BIG FM is No. 1 station in 14 cities, No. 2 in 8 cities, and has established leadership position in 30 cities.
- BIG MAGIC emerged as the Numero Uno Channel in Central India with a growth of 22% as per the TAM results for the period – week 41-50. With a cumulative audience base of over 1.6 crore the Channel offers reach and depth like none other, continuing to stay ahead of long established channels.
- Big MAGIC Bihar & Jharkhand has stood out as number one channel leaving behind Mahuaa & Humra M within 3 weeks of its launch and has maintained its position on a regular basis. (Source – TAM, market – Bihar & Jharkhand, TG – CS 4+, week 8 – 14. launched in week 5)
- BIG Star Entertainment Awards garnered 5.9 TVR, making it the most successful New Year's Event in the last 6 years.

# Reliance Broadcast Network Limited

## Management Discussion and Analysis

### Discussion on financial performance with respect to operational performance

RBNL reported a total income of ₹ 237.7 crore for the financial year ended 31st March, 2013. Radio generated revenues of ₹ 165.96 crore with radio EBIDTA at ₹ 43.3 crore, crediting its performance to focus on cost reduction. The Company reported a loss of ₹ 91.7 crore at the PAT level, attributed mainly to expansion in the Television Broadcasting Business.

### Business Analysis:

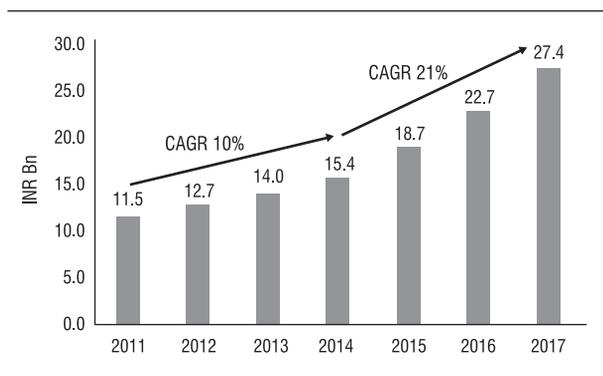
#### 1. FM Radio Broadcasting:

Radio is not only the cheapest but also the most convenient form of entertainment owing to its high mobility factor. The ability to reach a relevant consumer base makes radio a highly preferred medium. Radio reaches out to the richest and poorest strata of the country.

The radio advertising industry is projected to grow at a CAGR of 10 percent till 2014 and 21% from over 2014-17 with Phase III stations starting operations in 2014, while Radio's share in the advertising pie is expected to increase from ~4 percent currently to 8 percent in 2017, as per FICCI-KPMG 2013 report.

The Forecast of Sector Growth (Radio) is as below:

#### Projected revenue growth



Source: Industry discussions with leading industry players, annual reports of ENIL, RBNL, HT Media, and D B Corp Ltd and KPMG India Analysis

(Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2013)

#### 92.7 BIG FM

**92.7 BIG FM**, India's No. 1 FM Station, since the launch of its first Station in September 2006, has expanded at a phenomenal pace, creating history, by launching its 45 station network in record breaking time of 18 months. With a presence spanning across 45 cities, 1000 towns and 50,000 villages, a weekly reach over 4 crores Indians across the country, the brand is now looking towards expanding to more markets and geographies. The brand has taken FM as a medium of entertainment beyond the metros, to virgin markets, offering consumers and advertisers a new experience of this medium of entertainment. Within a short span of time, with distinctive content and innovative promotion, 92.7 BIG FM has established leadership in the FM space and firmly laid the foundation for an exciting future ahead.

The Brand – It's positioning: *Suno Sunao, Life Banao!* BIG FM's endeavour is to use the power of radio to not only entertain listeners but also positively impact their lives. 92.7 BIG FM enjoys leadership in cities where the Company has brought in the new wave of private FM and ranks a strong No. 2, nationally

The **Top 10 Advertisers** on BIG FM from April 2012 to March 2013 are as follows (as per FCT burnt in 6 Metros)

1. TATA Group
2. Hindustan Unilever Limited
3. Reliance Group
4. Birla Group
5. Life Insurance Corporation of India
6. Coca Cola India Private Limited
7. Vodafone Cellular Limited
8. Samsung India Electronics Private Limited
9. Microsoft Corporation India Private Limited
10. Total Oil India Private Limited

#### BIG FM: Awards and recognitions:

– **BIG FM was the most awarded Indian Station at the New York Festivals 2013.** The network won one gold, two silver, bronze medal along with three finalist certificates.

- Gold for Early Morning Jingle
- Silver in 'Station Id' for Green Ganesha and Station Id Accepella
- Bronze medal for Afternoon Jingle
- The station also bagged three finalist certificates for Vaishno Maata ki Katha, Kudiyaan Di Lodi and Raghuvir Yadav

– **BIG FM was adjudged the 'Best Radio Broadcaster of the Year 2012' at the prestigious 'Golden Mikes'**, the annual Exchange4media Radio Advertising Awards. BIG FM also brought home two Golds, three Silvers and three Bronze Awards in the following categories:

- Best Public service initiative by a radio station or a network of stations for self – Gold award – Rosy Massage Parlour
- Best first time innovation – Gold award – Rosy Massage Parlour
- Most Unique Programming Idea/ Concept – Silver Award – Yaadon ka Idiot Box with Neelesh Misra
- Best on ground promotion for a single station by a client – Silver Award – BIG Green Ganesha
- Best On-Air Promotion by a Single Radio Station for Self Sponsored by a Client – Silver Award – BIG Green Ganesha
- Best On Air Promotion by a Single Radio Station for self sponsored by a client – Bronze Award – Children's Day Twinkle
- Best Campaign – Bronze Award – Visa
- Best Public Initiative by a Radio Station – Bronze Award – Rosy Massage Parlour

## Management Discussion and Analysis

- **BIG FM was the only radio network to win Creative Abbys at Goafest 2013** for Original Music Score, Sound Design and Corporate Categories.

## 2. Television Broadcasting Business

### BIG MAGIC

This Channel marked the entry of RBNL into the regional entertainment space. It is positioned as a regional general entertainment channel for the core Hindi heartland of Uttar Pradesh, Madhya Pradesh, Bihar and Jharkhand, featuring regional family dramas, crime shows, sitcoms, reality shows and weekend blockbuster movies. Targeting the 25+ audiences in the Hindi Heartland, the channels prime time shows consistently rank amongst the top shows in the region, providing advertisers with an ideal platform to create greater impact in this region. The Channel derives huge synergies with RBNL's already well established radio brand - 92.7 BIG FM, the leading radio network in this region, operating 11 Stations in the heartland. This combined media platform offers a unique advertising platform to brands and combined with holistic properties executed in the region, BIG MAGIC delivers incomparable value to advertisers.

The Channel has also launched BIG MAGIC Bihar and Jharkhand, with programming tailored for the Bihar and Jharkhand region.

The Channel has also expanded internationally to markets like the US and Canada, which have an enormous South Asian Diaspora. Named BIG MAGIC INTERNATIONAL, the Channel has been customised to ensure it offers the perfect blend of variety entertainment, infotainment, and business news from India designed to resonate excellently with its target audiences.

### BIG CBS

BIG CBS Networks Pvt. Ltd. an equally owned joint venture of Reliance Broadcast Network Limited (through its subsidiary) and CBS Studios International marked the entry of the Reliance Group into television broadcasting and US based CBS Corporation's into India.

The themed channels are targeted at India's fast-growing, upwardly mobile population and are branded **BIG CBS Prime** - a General Entertainment Channel focused at male viewers and available in the dual feeds of English and Hindi, **BIG CBS Love** - an English GEC targeting 15+ male and female audiences offering the latest and unmatched world class entertainment in drama, reality and comedy and **BIG CBS Spark Punjabi** - Regional General Entertainment Channel for the Punjab, Chandigarh, Himachal Pradesh (PCHP) region targeting the 15+ all adults.

The Channels offer audiences immediate access to over 70,000 hours of content from CBS's vast program library, with a wide range of popular CBS content to be offered by the channels. Key shows like X Factor, America's Got Talent and American Idol were simulcast with the US. Key programs range from brand-new series such as Summerland, CSI, The Game to name a few. Ensuring offerings of local home grown shows, the Channel also conceptualizes shows like India's Prime Icon, I Love Style, BIG Boli Star and BIG Punjaban.

With the combination of Reliance Broadcast Network Limited's prolific multi-media presence and the content muscle of CBS Studios International, the BIG CBS Network has made a significant impact in the growing English language entertainment seeking audiences and stands as a leader in the English General Entertainment Network.

### BIG RTL

RBNL (through its subsidiary) and RTL Group ("RTL"), the leading European Entertainment Network, launched their first joint venture channel BIG RTL Thrill positioned as an action entertainment channel targeted at male audiences. Launched in the Hindi heartland, the channel features international content dubbed in Hindi. BIG RTL Thrill targets male viewers aged 15 to 44 promising to offer adrenaline rush, "edge of the seat" entertainment with hand-picked content from across the globe including reality shows, action series, wrestling, extreme sports, game shows and movies.

### Distribution of Bloomberg TV India

RBNL through its subsidiary also distributes Bloomberg TV - India's premier business news channel, thus offering a robust and well crafted set of 8 television channel network.

## GROWTH DRIVERS AND CONCERNS

### CABLE TV DIGITIZATION:

2013 is a landmark year for the Indian broadcast and cable TV industry. Phase II of Digitisation was rolled out across 38 cities in the year. Phase III of the rollout will contribute significantly to strong TV sector revenues and its ability to invest in and monetize content. The sector is expected to grow at a CAGR of 18% over the period of 2012-2017.

### NEW RADIO LICENCES:

2013 will witness rapid growth in FM radio space. The government is planning to conduct auction of FM radio licenses in Phase III for 839 channels and FM radio will reach to every nook and corner of India. This would bring variety in programming, as well as consolidation in the industry.

### AD GROWTH

Advertisement spends in traditional media grew at 9% in 2012 and are expected to continue at that level. At the same time digital medium is expected to grow at 40 per cent levels.

### NEW EVOLVING TOUCH MEDIUM

M&E sector will witness stupendous growth via tablets, smart phones and various handhelds. Internet users in India in all likelihood would increase by over 50% in the upcoming year. The new generation consumers will communicate via touch and touch-activated entertainment will flourish. On-demand, streaming and any screen that provide instant gratification is in for high growth.

### Risks and Concerns

- We are responsible for the broadcast content on our FM radio channels and broadcast of any content inconsistent with the license conditions could impact our business
- Technical failures and natural disasters can damage our existing set up. Uplinking and other infrastructure used for

# Reliance Broadcast Network Limited

## Management Discussion and Analysis

broadcasting are vulnerable to technological failures and also to natural disasters such as earthquakes and floods. We maintain insurance for our assets against fire, natural calamities including earthquakes and floods, burglary and special contingencies, depending upon the nature of the asset.

- Despite high growth over the past few years, radio still gets relatively less focus from advertisers. Establishing a clear proposition for advertisers and media planners hence is a pre-requisite to achieving sustained growth.
- We rely on third parties for the sound recordings we broadcast. The sound recordings that we broadcast are supplied or licensed by third parties and we pay royalties to these third parties for the right to broadcast these sound recordings. An appeal filed by PPL and some Music Labels against the landmark order of the Copyright Board capping the Music Royalty payment by Private FM Channels @ 2% of the Net Revenue is pending. The outcome of the said appeal may have an impact on the Company.
- Measuring audience composition is an additional challenge, making it difficult for stations catering to a niche audience to convince advertisers of their targeted reach. With the industry currently facing losses, willingness on the part of players to invest in an enhanced measurement system is low.
- The Company may from time to time launch new channels. Content for these channels is obtained from its existing library as well as from programmes acquired in the normal course of its business. The success of any new channel depends on various factors, including the quality of programming, price, extent of marketing, competition etc. There can be no assurance that the Company will be as successful in launching new channels as it has been in the case of its existing channels.
- Cost of programming mix might affect our bottom line. In order to compete and provide the best content to viewers, we might have to incur high expenditure to provide an impetus on our programming front from time to time. The increase in costs might not necessarily perk up revenues in the same proportion.
- TV Content Production industry is highly competitive and fragmented. It may adversely affect the bargaining power of the Company with channels.
- Macroeconomic environment can be a potential source of risk. The unpleasant trinity of moderating growth, high inflation and monetary tightening can adversely impact advertising revenues of the Company, which forms the largest component of the Company's revenues.

### Business Outlook

While 2012 was a challenging year for the industry as a whole, it was also a year of significant changes; one where value chains were rearranged and business models re-defined. These changes, while painful in the short run, will position the Indian M&E industry on a stronger footing for the future.

In 2012, the economic slowdown hit the industry hard – especially advertising revenue. Advertising budgets were cut and plans had to be modified. Most companies had to revise previously robust

projections to reflect a new macro – economic reality.

However, many seeds of positive change were sown this year.

The digital transformation of the industry, which we highlighted last year, has finally entered the implementation phase. Digitisation of cable in India was rolled out. Phase I, though somewhat delayed, is now largely complete in Mumbai and Delhi and progressing in Kolkata. Phase II is now underway.

FDI in cable and DTH was also a welcome announcement and we are likely to see significant interest from foreign strategic investors and private equity players in these sectors. The Radio industry has also requested to the Government to look into increasing the FDI for Radio.

### Internal Control System and their adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business. The business control procedures ensure efficient use and protection of Company's resources and compliance with policies, procedures and statutory requirements. Further Internal auditors are appointed to carry audit assignments and also to periodically review transactions and effectiveness of internal control systems.

The Company's financial performance is discussed in detail under the head "Review of Operations" in Director's Report to the Members.

### Human Resources and Employee Relations

We believe that people are the most valuable assets of the Company as they contribute to the achievement of business objectives. It is the Company's promise to advance a culture that enhances employee morale, facilitates effective performance through personal/professional development and challenges employee potential.

Further, the training needs of the staff at all Divisions are periodically assessed and training programs are conducted using internal resources and/or engaging external facilitators and trainers. Specific need based training and development programs are imparted so as to attain optimum contribution.

The Company strives to continue finding ways to offer creative and innovative solutions to organization wide issues. In support of the Company's principles, values and vision, we continue to collaborate with operations in meeting our goals. Our people policies helped create motivated human capital business partners in each business vertical and brought about integration of people practices globally. The Company continued to knit in the core RBNL values namely customer focus, sustained growth, total quality, people centricity, integrity, and fun in all actions and Human Resource practices. Various events and programs were held Pan India from time to time during the period under review to focus on uplifting the morale of the employees. We have a robust Reward and Recognition program, wherein we recognize functional Champs and incentivize them in creative ways. In the process creating a culture that fosters excellence through innovation and execution. We have a quarterly appraisal system that allows us to closely review and manage people performance in an objective and transparent manner.

As business opportunities increase, there would be an increased need to focus on retaining the right talent, while improving the company's cost efficiencies subsequently. While we continue our

## Management Discussion and Analysis

focus on running a lean and efficient outfit, it is imperative to keep good resources across functions and hierarchies engaged productively. The HR practices of the Company are designed towards meeting this objective and also retaining the best talent through transparent and meritocratic evaluation processes.

We have adopted a performance-linked compensation program that links compensation to individual performance, as well as our performance. The Company has implemented an Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to enable aligning the interests of the employees with those of the Company and its members and to create a common sense of ownership among them. ESOS will also act as an effective tool to attract, reward, motivate and retain the best talent in the industry.

### Corporate Social Responsibility

The Company launched its FM Radio business - 92.7 BIG FM in the year 2006. Its Corporate Social Responsibility initiatives stemmed from its very brand-line "Sunao, Life Banao!" With the endeavor to positively impact listener's lives through its

initiatives both on air and on ground, the Company since launch, has undertaken social initiatives across its 45 city network where it reaches out to over 1000 towns and 50,000 villages touching over 200 million Indians across the country. Utilizing the power of radio effectively and backed with its spread across the length and breadth of India, the Company takes on initiatives that impact the local populace while creating a difference at the local level. With global warming looming large and increasing concerns about climate change, the Company is committed to improving 'green' awareness both internally and externally. The company undertakes numerous internal communication initiatives, involving employees and providing direction for participation in addition to the office environment. For its external audiences, the Company uses its media communication platforms effectively for public interest messages, innovative entertainment properties / programs through its radio network which not only entertains but also educates the audiences, alliances with local authorities and NGO's working for the environment. The Company acknowledges the power of its mediums and uses it optimally to highlight the sensitivity of the issues and arrange for easy participation.

### Corporate Governance Report

#### Our corporate governance philosophy

Reliance Broadcast follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

#### Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policies and introduced the following set of governance practices:

##### A. Values and commitments

We have set out and adopted a policy document on 'values and commitments' of Reliance Broadcast. We believe that any business conduct can be ethical only when it rests on the nine core values viz; honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

##### B. Code of ethics

Our policy document on 'code of ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

##### C. Business policies

Our 'business policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

##### D. Separation of the Board's supervisory role from the executive management

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management.

##### E. Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

##### F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

##### G. Whistle blower policy

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

##### H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

##### I. Risk management

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

##### J. Boardroom practices

###### a. Board charter

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board committees etc.

###### b. Board committees

The Board constituted Audit Committee, ESOS Remuneration and Compensation Committee, Nomination Committee and Shareholders/ Investors Grievance Committee.

###### c. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

###### d. Independent director's interaction with shareholders

Member(s) of the Shareholders/ Investors Grievance Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

###### e. Lead independent director

Recognising the need for a representative and spokesperson for the independent directors, the Board has designated Shri Anil Sekhri, an independent director as the lead independent director. The position of the lead independent director is rotated.

###### f. Training of Board Members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic updates and training programs for Board

## Corporate Governance

members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

### g. Meeting of independent directors with operating team

The independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as, operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

### h. Commitment of directors

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at the meetings of the Board and its committees.

### K. Governance practices being followed to promote the interests of our stakeholders

We have introduced several trend setting governance practices to improve stakeholders satisfaction. Some of the major ones among them are:

#### 1. Customers

We have taken various customer caring initiatives towards our customer by providing comprehensive online support across businesses.

#### 2. Employees

We regularly conduct an employee assessment survey and the results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, we have programs of assessment centers, wherein employees who have a proven track record are assessed for higher role. Also we identify high potential talent on a periodic basis and provide necessary learning interventions to help them take on larger responsibilities and roles.

#### 3. Shareholders

The Company recognises the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website, [www.reliancebroadcast.com](http://www.reliancebroadcast.com) has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also

have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the Company via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrar and Transfer Agent spread in more than 80 cities across India, details of which are available on the Company's website.

### 4. Society

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

### L. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

### M. Independent Statutory Auditor

The company's accounts are audited by leading independent auditor firm i.e. M/s Chaturvedi and Shah, Chartered Accountants.

### Compliance with Clause 49 of the listing agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India.

We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

### I. Board of Directors

#### 1. Board composition – Board strength and representation

As on March 31, 2013, the Board consisted of six members. The composition of and the category of directors on the Board of the Company were as under:

Category	Names of directors
Non Executive – Non Independent Directors	Shri Gautam Doshi Shri Rajesh Sawhney
Independent Non- Executive Directors	Shri Anil Sekhri Shri Pradeep Shah Shri Darius Kakalia Shri Prasoon Joshi

#### Notes:

- None of the directors is related to any other director.
- None of the directors has any business relationship with the Company.
- None of the directors has received any loans and advances from the Company during the year.

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All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

### 2. Conduct of Board proceedings

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

1. review, monitor and approve major financial and business strategies and corporate actions;
2. assess critical risks facing by the Company – review options for their mitigation;
3. provide counsel on the selection, evaluation, development and compensation of senior management;
4. ensure that processes are in place for maintaining the integrity of:
  - a. the Company
  - b. the financial statements
  - c. compliance with law
  - d. relationship with all the stakeholders

5. delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

### 3. Board meetings

The Board held four meetings during the financial year 2012-13 on May 30, 2012, August 9, 2012, November 12, 2012 and February 9, 2013. The maximum time gap between two meetings was of 94 days and the minimum gap was 70 days. The meetings are normally held at Mumbai.

The Board periodically reviews compliance reports of all the laws applicable to the Company.

### 4. Standards issued by ICSI

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report.

Although these standards are not mandatory, the Company adheres to them voluntarily.

### 5. Attendance of Directors

Attendance of Directors at the Board meetings held during financial year 2012-13 and the last Annual General Meeting held on September 27, 2012 and the details of directorships (calculated as per the provisions of section 275 and 278 of the Companies Act 1956), Committee Chairmanship and Committee Membership held by the Directors as on March 31, 2013 are as under:

Name of the Director	Number of Board meetings attended during the financial year	Attendance at the last AGM held on 27.09.2012	Number of public directorship (including RBNL)	Committee(s) <sup>a</sup> membership <sup>b</sup> (including RBNL)	
				Membership	Chairmanship
Shri Gautam Doshi	1	Absent	11	8	4
Shri Rajesh Sawhney	2	Present	2	3	-
Shri Anil Sekhri	4	Present	5	3	2
Shri Pradeep Shah	4	Absent	1	1	-
Shri Darius Kakalia	3	Present	3	3	-
Shri Prasoon Joshi	2	Absent	2	1	-

- a. The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee, and (ii) Shareholders/ Investors Grievance Committee.

- b. Membership of Committees includes chairmanship, if any.

### 6. Other Directorships

None of the Directors holds directorships in more than 15 public limited companies.

### 7. Membership of Board Committees:

No director holds membership of more than 10 committees of Board nor is any director a Chairman of more than 5 committees of Board.

### 8. Details of Directors

The abbreviated resumes of all the Directors are furnished hereunder:

#### Shri Gautam Doshi

Shri Gautam Doshi, 60, is a Fellow Chartered Accountant. He has experience in the areas of mergers and acquisition, income tax, international taxation,

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accounting, auditing, finance, banking, legal and general management.

Prior to his current position with Reliance Anil Dhirubhai Ambani Group, he was a Senior Partner of RSM & Co., a well-known firm of Chartered Accountants, and a founder director of Ambit Corporate Finance Private Limited, a leading investment banker.

Shri Doshi is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group. Shri Doshi is also on the Board of Piramal Life Sciences Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance MediaWorks Limited, Reliance Big TV Limited, Reliance Communications Infrastructure Limited, Reliance Life Insurance Company Limited, Reliance Telecom Limited, REL Utility Engineers Limited, Sterlite Industries (India) Limited, Digital Bridge Foundation, Reliance Home Finance Private Limited, Telecom Infrastructure Finance Private Limited and Connect Infotain Private Limited.

Shri Doshi is a Chairman of Audit Committee of Sterlite Industries (India) Limited, REL Utility Engineers Limited and Piramal Life Sciences Limited. He is the member of Audit Committee of Reliance Communications Infrastructure Limited, Reliance Big TV Limited, Reliance MediaWorks Limited and Reliance Telecom Limited. He is the Chairman of Shareholders'/Investors' Grievance Committee of Reliance MediaWorks Limited.

He does not hold any shares in the Company as of March 31, 2013.

### Shri Rajesh Sawhney

Shri Rajesh Sawhney, Director, 47, is an alumnus of Harvard Business School [AMP], and has received a fellowship from the London School of Economics. He has vast experience in entertainment, media and communication sector. Previously, he has worked with The Times of India Group in different leadership roles. Currently, Shri Sawhney heads Reliance Group's foray into entertainment and media sectors and online businesses. Shri Sawhney is on the Board of Indiamart InterMesh Limited and is also a member of Audit Committee of Indiamart InterMesh Limited.

He is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. He held 955 equity shares of the Company as of March 31, 2013.

### Shri Anil Sekhri

Shri Anil Sekhri, Director, 54, is a Chartered Accountant and Company Secretary with over 25 years experience. He founded Anil Sekhri and Co., a well known Chartered Accountant practitioner firm. He specialises in accounting, taxation and legal matters with focus on the Media and Entertainment sector. Shri Sekhri is also on the Board of Reliance MediaWorks Limited, Reliance MediaWorks Theatres Limited, Reliance MediaWorks Entertainment Services Limited, Big Synergy Media Limited, Sprint Tours and Travels Private Limited and ND's Art World Private Limited.

He is a Chairman of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company.

He is the member of Audit Committee and Chairman of Remuneration/ Nomination Committee of Reliance MediaWorks Limited. He does not hold any share in the Company as of March 31, 2013.

### Shri Pradeep Shah

Shri Pradeep Shah, Director, 58, is an eminent Practising Chartered Accountant and also a partner with M/s. Chandrakant and Sevantilal, Chartered Accountants and also three other Associate firms. He specializes and has authored various Commentaries and articles on the Indian Taxation both direct taxation and indirect taxation, including income tax, sales tax, VAT etc. Shri Shah is also on the Board of Navketan Telecom Private Limited, Akola Rubber and Tyre Industries Private Limited, Abhay Telecom Services Private Limited, Swan Finance Management Private Limited and Reliance Alternative Investments Services Private Limited.

He is the member of Audit Committee and Remuneration Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

### Shri Darius Jehangir Kakalia

Shri Darius Jehangir Kakalia, Director, 64, is Partner of Mulla and Mulla and Craigie Blunt and Caroe (Advocates, Solicitors and Notaries) since 1992. He is an Advocate and Solicitor of the Bombay High Court and Supreme Court of India, since 1976 and a Solicitor of the Supreme Court of England and Wales and Solicitor of the Supreme Court of Hong Kong. He specializes in civil litigation, including arbitration and electricity laws, documentation relating to infrastructure projects, joint ventures and collaborations, capital market transactions, mergers and amalgamations, power projects and real estate sectors. Shri Kakalia is also on the Board of Aditya Birla Finance Limited and Brics Securities Limited.

He is a member of Audit Committee of Brics Securities Limited. He is also a member of Shareholders' / Investors' Grievance Committee and Remuneration Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

### Shri Praseon Joshi

Shri Praseon Joshi, Director, 46, an MSc (Physics) and MBA graduate is a well known writer, poet, songwriter, advertising and communication professional. His achievements are reflected by over 400 national and international awards and honors including the prestigious International Award Cannes Lions (twice), Writer of the Year for 5 consecutive years, Creative Person of the Year 2005/2006, Ideater of the Year – Business Today 2004. Shri Joshi was invited to chair the Jury at the prestigious Cannes Festival of Advertising in 2008-09. He was seeded as the No.1 Creative Director in Asia Pacific in 2007- 2008. The World

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Economic Forum designated him as the Young Global Leader. His other awards include Film Fare Awards (2006 and 2008), Screen 2005 and 2008, GIFA, IIFA, Zee Cine, Shailendra Samman 2009 for Literary and Social relevant song writing, BAFTA nomination, Oscar shortlist for the song Rang de Basanti and NDTV Indian of the Year Special Award for Entertainment-2008. He has also published books of poetry and prose. Currently, Shri Joshi is the Executive Chairman McCann Worldgroup, India.

Shri Joshi is also on the Board of Reliance MediaWorks Limited.

He is a member of shareholders' / Investors' Grievance Committee of Reliance MediaWorks Limited. He does not hold any share in the Company as of March 31, 2013.

## II. Audit Committee

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956, the Board has constituted the Audit committee of the Board of Directors at its meeting held on June 30, 2009. At present, the Audit Committee comprises of two Independent Non-executive Directors viz., Shri Anil Sekhri, Chairman and Shri Pradeep Shah, and one non executive Director i.e. Shri Rajesh Sawhney, as its members. Shri Anil Sekhri is an eminent Chartered Accountant and has accounting and related financial management expertise. All other members of the committee are financially literate.

The Audit Committee, inter-alia advises the management on the areas where systems, process measures for controlling, monitoring revenue assurance, internal audit can be improved.

The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II) of the listing agreement as follows:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- ii. Recommending the appointment, reappointment and replacement/removal of statutory auditors and fixation of audit fee;
- iii. Approving payment to statutory auditors for any other services by statutory auditors;
- iv. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - a. Matters required to be included in the Directors' Responsibility Statement included in the report of the Board of Directors.
  - b. Any changes in accounting policies and practices and reasons thereof.
  - c. Major accounting entries based on exercise of judgment by management.
  - d. Qualifications in draft audit report, if any.
  - e. Significant adjustments arising out of audit.
  - f. Compliance with listing and other legal requirements concerning financial statements.
  - g. Disclosure of related party transactions.
- v. Reviewing with the management the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with the management statement of uses /application of funds raised through an issue (public issue, right issue, preferential issue etc) The statements of funds utilized for purposes other than those stated in offer document/ prospectus /notice and the report submitted by monitoring agencies, monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendation to the board to take up steps in this matter;
- vii. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems;
- viii. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ix. Discussion with internal auditors on any significant findings and follow up thereon;
- x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xi. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
- xiii. To review financial statements of subsidiary companies, in particular its investments;
- xiv. To review the functioning of the Whistle Blower mechanism;
- xv. To approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc.;
- xvi. Carrying out all other functions as is mentioned in the terms of reference of the audit committee;
- xvii. Review the following information:
  - a. Management Discussion and Analysis of Financial Condition and Results of Operations.
  - b. Internal audit reports relating to internal control weaknesses.
  - c. Management letters/ letters of internal control weaknesses issued by Statutory Auditors.

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- d. Statement of significant related party transactions, and
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference;
- ii. to seek any information from any employee;
- iii. to obtain outside legal and professional advice;
- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

### Attendance at the meetings of the Audit Committee held during 2012-2013

The Audit Committee held its meetings on May 30, 2012, August 9, 2012, November 12, 2012 and February 9, 2013. The maximum time gap between any two meetings was 94 days and the minimum gap was 70 days.

Members	Number of Meetings held during the tenure	Number of Meetings attended
Shri Rajesh Sawhney	4	2
Shri Anil Sekhri	4	4
Shri Pradeep Shah	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The meeting considered all the points in terms of its reference at periodic intervals.

Shri Gururaja Rao Company Secretary and Manager acts as the Secretary to the Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit. The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations, material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal and the statutory auditors.

Based on the Committee's discussion with the Management and the auditors and the Committee's review of the representations of the Management, the Committee has recommended the

following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statements of the financial status of the Company.
2. The audited consolidated financial statements of the Company and its subsidiaries for the year ended March 31, 2013, be accepted by the Board as a true and fair statements of the financial status.

### III. ESOS, Remuneration and Compensation Committee

The ESOS, Remuneration and Compensation Committee of the Board is constituted to recommend to the Board time to time a compensation structure for directors and the managers and formulate, approve, decide and modify one or more plans under the ESOS scheme and to determine the terms and conditions thereof for such number of eligible employees and directors in India or abroad of the Company and its subsidiaries within the framework of Securities and Exchange Board of India (Employee Stock Option Scheme, And Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time. Presently, the Company has no executive director.

The ESOS, Remuneration and Compensation Committee of the board comprises of four directors i.e. Shri Anil Sekhri, Chairman, Shri Rajesh Sawhney, Shri Pradeep Shah and Shri Darius Kakalia as members.

During the year under review no meeting was conducted by the ESOS Remuneration and Compensation Committee.

Shri Gururaja Rao, Company Secretary, acts as the Secretary of the ESOS Remuneration and Compensation Committee.

In order to enable aligning the interest of the employees with those of the company and its members and to create a common sense of ownership among them, Employee Stock Option Scheme (ESOS) has been implemented by the company to its eligible employees based on specified criteria, under the employee option plan -A. The ESOS implemented by the company will also act as an effective tool to attract, reward, motivate and retain the best talent in the industry.

The plan A is prepared in due compliance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 and other applicable laws.

### Managerial remuneration policy

ESOS, Remuneration and Compensation Committee determines and recommends to the Board, the compensation of the Directors and the Manager. The key components of the Company's Remuneration Policy are:

- a. Compensation will be a major driver of performance.
- b. Compensation will be competitive and benchmarked with a select group of companies from the service sector.
- c. Compensation will be transparent, fair and simple to administer.
- d. Compensation will be fully legal and tax compliant.

# Reliance Broadcast Network Limited

## Corporate Governance

### Criteria for making payments to non-executive directors

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales aligned to corporate goals role assumed the number of meetings attended .

### Details of sitting fees paid to the Directors during the Financial Year ended March 31, 2013.

Name of the Directors	Sitting Fee (in ₹)*
Shri Gautam Doshi	20000
Shri Rajesh Sawhney	60000
Shri Anil Sekhri	120000
Shri Pradeep Shah	120000
Shri Darius Kakalia	60000
Shri Prasoon Joshi	40000

\* sitting fees is paid at ₹ 20,000/- for each Board Meeting and ₹ 10,000 for Audit Committee Meetings held during the year.

#### Notes:

- there were no other pecuniary relationship or transactions of non executive directors with vis-a-vis the company.
- The Company has so far not issued any stock options to its Directors.

### IV. Nomination committee

The Nomination Committee consists of three Directors of the Company viz., Shri Darius Kakalia - Chairman and Shri Gautam Doshi and Shri Anil Sekhri as members.

The terms of reference of the Nomination Committee are as follows:

- Identifying, screening and reviewing candidates for Director Positions, consistent with qualifications and criteria approved by the Board (including evaluation of incumbent Directors for potential re-nomination) and making recommendations to the Board on candidates for: (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled by the Board.
- The Nomination Committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board of Directors. The Committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it seems fit and appropriate, passing on the recommendations for the nomination to the Board.
- The Nomination Committee shall play a consultative role for any appointment requiring Board approval, as stipulated by law or regulation, for top management positions such as CFO, Company Secretary. It shall provide its advice and recommendations to the Board.

During the year under review no meeting was conducted by the Nomination Committee.

### V. Shareholders' / Investors' Grievance Committee

The Shareholders / Investors' Grievance Committee consist of three directors of the Company viz. Shri Anil Sekhri - Chairman, Shri Rajesh Sawhney and Shri Darius Kakalia as members. The Company has appointed Karvy Computershare Private Limited to act as Registrar and Share Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The committee also monitors redressal of investors' grievance. Particulars of investors' grievance received and redressed are furnished in the investor information section of this report. The Committee oversees performance of the Registrar and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

During the year, the Shareholders'/ Investors' Grievance Committee held its meetings on May 30, 2012, August 9, 2012, November 12, 2012, February 9, 2013. The maximum time gap between any two meetings was 94 days and the minimum gap was 70 days.

Attendance at the meetings of the **Shareholders/ Investors Grievance Committee** held during **2012-2013**.

Members	Number of Meetings held during the Year	Number of Meetings attended
Shri Rajesh Sawhney	4	2
Shri Anil Sekhri	4	4
Shri Darius Jehangir Kakalia	4	3

Shri Gururaja Rao, Company Secretary and Manager acts as a Secretary to the Shareholders'/ Investors' Grievance Committee.

### VI. Compliance Officer

Shri Gururaja Rao, Company Secretary and Manager, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

### VII. Employees Stock Option Scheme

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company for grant of options to the eligible employees based on specified criteria, under Employee Stock Option Plan - 2010 (ESOS - Plan A).

The Plan is prepared in due compliance of Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws.

## Corporate Governance

### VIII. General Body Meetings

The Company held its last three Annual General Meetings as under:

Financial Year	Location	Date	Time	Whether Special Resolution passed or not
March 31, 2012	Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai - 400 065.	September 27, 2012	10.00 a.m.	Yes 1. Issue of equity shares to the Qualified Institutional Buyers 2. Re-appointment of Shri Gururaja Rao as the Manager of the Company for a period of 3 years w.e.f. July 30, 2012
March 31, 2011 (October 1, 2010 to March 31, 2011)	Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai - 400 065.	September 29, 2011	10.00 a.m.	Yes 1. Issue of equity shares to the Qualified Institutional Buyers
September 30, 2010 (April 01, 2010 to September 30, 2010)	Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai - 400 065.	March 31, 2011	10.00 a.m.	Yes 1. Issue of equity shares to the Qualified Institutional Buyers

### IX. Postal Ballot

The Company has not conducted any Postal Ballot during the financial year 2012-13.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

### X. Means of communication

- a. **Quarterly Results:** Quarterly Results are published in Financial Express, English daily newspaper circulating in the whole or substantially the whole of India and in Navshakti, Marathi vernacular daily newspaper and are also posted on the Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com).
- b. **Media Releases and presentations:** Official media releases are sent to the Stock Exchanges before their release to media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.
- c. **Website:** The Company's website contains a separate dedicated section on 'Investors Relations' and 'Corporate Governance'. These sections contain comprehensive database of information of interest to our investors including the financial results and Annual

Report of the Company in a downloadable form, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user-friendly manner. The basic information about the Company as called for in terms of Clause 54 of the Listing Agreement with the Stock Exchanges is provided on the Company's website and the same is updated regularly.

- d. **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on Company's website. The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices/ documents through e-mail giving

an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly has e-mailed to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent, the soft copies of the Annual Report for the year ended March 31, 2013.

**e. Corporate Filing and Dissemination System (CFDS):**

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed Companies.

As per the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges, all the data relating to quarterly financial results, shareholding pattern, and quarterly report on Corporate Governance etc. are being displayed on [www.corpfiling.co.in](http://www.corpfiling.co.in) in addition to the filing of the same with the Stock Exchanges within the timeframe prescribed in this regard.

**f. National Electronic Application Processing System (NEAPS):**

The NEAPS is web based system designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed Electronically on NEAPS.

**g. Unique Investor helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor helpdesk with multiple access modes as under:

Toll free no. (India) : 1800 4250 999

Telephone no. : +91 40 4030 8000

Fax no. : +91 40 2342 0859

Email : [rbln@karvy.com](mailto:rbln@karvy.com)

Post your request : <http://kcpl.karvy.com/adag>

**h. Designated email-id:**

The Company has also designated the email-[investors@reliancebroadcast.com](mailto:investors@reliancebroadcast.com) exclusively for investor servicing.

**i. SEBI Complaints Redress System (SCORES):**

The investors' complaints are also being processed through the centralized web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

## XI. Compliance with other mandatory requirements

### 1. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the listing agreement.

### 2. Subsidiaries

The Company does not have any material unlisted

subsidiary and hence is not required to nominate an independent director of the Company on the Board of any subsidiary.

The Company monitors performance of subsidiary companies, *inter alia*, by the following means:

- a) Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- b) Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- c) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board/ Audit Committee.
- d) Quarterly review of Risk Management process by the Risk Management Committee/ Audit Committee/ Board.

## 3. Disclosures

- a. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

### b. Related Party Transactions

During the year 2012-13, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management, their subsidiaries and their relatives that may have a potential conflict with interest of the Company. The related party transactions with the subsidiary companies and others are disclosed in the Notes to Accounts.

### c. Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company, to the extent relevant, are set out in the Schedule forming part of the financial statements included elsewhere in this Annual Report.

### d. Risk Management

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organizational, and Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

The Senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Further, during the year, the Company had engaged the services of Ernst and Young and mandated them to carry out Enterprise Risk Management covering the entire gamut of the business of the Company viz. Radio, TV Broadcasting, Events/IPR, TV Production etc. and a process risk review to identify control gaps and bridge them with recommendations aligned to leading practices. The said review covered the revenue and cost processes across all the aforesaid business verticals. Accordingly, the reports issued by Ernst and Young were reviewed by the Audit Committee and the Board of Directors of the Company.

### e. Code of Conduct

The Company has adopted the code of conduct and ethics for Directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been put on the Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com).

The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of Clause 49-V of the listing agreement):

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel affirmation that they have complied with the code of conduct for Directors and senior management of the Company for the year 2012-2013".

Gururaja Rao

Manager

### f. CEO and CFO Certification

Shri Tarun Katial, CEO and Shri Asheesh Chatterjee, CFO of the Company give certification on the financial reporting and internal controls to the Board as required under Clause 49 (V) of the Listing Agreement.

### g. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2013 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

## XII. Policy on insider trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed Shri Gururaja Rao, Company Secretary and Manager as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, *inter alia*, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished Price Sensitive Information in relation to the Company during certain prohibited periods. The Company's updated Code is available on the Company's website.

## XIII. Compliance of Clause 5A of Listing Agreement

There are no unclaimed share certificates lying with the Company or its Registrar & Transfer Agents as referred to in Clause 5A of the Listing Agreement made with the Stock Exchanges.

## XIV. Compliance with non-mandatory requirements

### 1. Tenure of independent directors on the Board

The tenure of independent directors on the Board of the Company shall not exceed nine years in aggregate.

### 2. ESOS, Remuneration and Compensation Committee

The Board has set up an ESOS, Remuneration and Compensation Committee details whereof are furnished at Sr. No. III of this report.

### 3. Disclosures

The quarterly financial results including summary of the significant events of the relevant period are published in newspapers and also hosted on the website of the Company.

### 4. Audit qualifications

There are no audit qualifications on the financial statements of the Company for the year 2012-13.

### 5. Training of Board Members

A program has been devised to train board members in the business model of the company, risk profile of the business parameters and their responsibilities as directors.

### 6. Whistle Blower Policy

The company has formulated a policy to prohibit managerial personnel from taking adverse action against employees who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry into whistle blower complaint received by the company. Employees aware

# Reliance Broadcast Network Limited

## Corporate Governance

of any alleged wrongful conduct are encouraged to make a disclosure to the audit committee. Employees knowingly making false allegations of alleged wrongful conduct to the audit committee shall be subject to disciplinary action. No personnel of the Company has been denied access to the grievance redressal mechanism of the Company.

### XV. Corporate Governance Voluntary Guidelines 2009

The Company has ensured substantially compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

### XVI. General shareholder information

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

### Practising Company Secretary's certificate on Corporate Governance

The Practising Company Secretary's Certificate on Compliance of Clause 49 of the Listing Agreement relating to corporate governance is published elsewhere in this annual report.

### Review of governance practices

We have in this Report attempted to present the governance practices and principles being followed at Reliance Broadcast, as evolved over the years, and as best suited to the needs of our business and stakeholders. Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

## Practising Company Secretary's Certificate on Corporate Governance

To,

**The Members of**

**Reliance Broadcast Network Limited**

I have examined the compliance of conditions of Corporate Governance by **Reliance Broadcast Network Limited** ('the Company') for the financial year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I 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.

**For Ashita Kaul and Associates**  
**Company Secretaries**

**Ashita Kaul**  
**Proprietor**

Membership No: ACS 17756  
CP No. 6529

Mumbai  
May 11, 2013

## Investor Information

### IMPORTANT POINTS

#### Hold Securities in Dematerialised Form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.;
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/ split/ consolidation/ merger etc.

#### Hold Securities in Consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

#### Register for SMS alert Facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alerts investors through SMS of the debits and credits in their demat account.

#### Submit Nomination Form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialized format.

Form may be downloaded from the Company's website, [www.reliancebroadcast.com](http://www.reliancebroadcast.com) under the section "Investor Relations". However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the format prescribed by the Depository Participants.

#### Deal only with SEBI Registered Intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

#### Corporate Benefits in Electronic Form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

#### Register e-mail address

Investors should register their email address with the Company/ Depository Participants. This will help them in receiving all communication from the Company electronically at their email address. This is faster and also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

#### Permanent Account Number (PAN) for transfer of shares in physical form mandatory

The Securities and Exchange Board of India (SEBI) has stated that for market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

#### Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated 22nd August, 2012).

#### Book closure dates for the purpose of AGM

Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 18, 2013 to Saturday, September 28, 2013 (both days inclusive) for the purpose of AGM for the year ended March 31, 2013.

#### Annual General Meeting

The 9th Annual General Meeting (AGM) will be held on Saturday, September 28, 2013 at 10.00 a.m. at Auditorium, Reliance Energy Management Institute, 19, Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.

#### Financial year of the Company

The financial year of the Company is from April 1 to March 31 every year.

#### Website

The Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com) contains a separate dedicated section called 'Investor Relations'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

#### Dedicated email-id for investors

For the convenience of our investors, the Company has designated an email-id for investors i.e. [investors@reliancebroadcast.com](mailto:investors@reliancebroadcast.com)

#### Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited,  
Unit: Reliance Broadcast Network Limited,  
Madhura Estates, Municipal No. 1-9/13/C  
Plot No. 13 and 13C, Madhapur Village,

# Reliance Broadcast Network Limited

## Investor Information

Hyderabad 500081, Andhra Pradesh  
 Email: rbnl@karvy.com  
 Toll free no. (India) : 1800 4250 999  
 Telephone no. : +91 40 4030 8000  
 Fax no. : +91 40 2342 0859  
 Post your request : <http://kcpl.karvy.com/adag>

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant (DP)) and other related correspondence directly to Company's RTA at the above address for speedy response.

### Unclaimed Dividends

The Company has not declared any dividend on shares. Hence the question of unclaimed dividends does not arise.

### Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

### Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

### Shareholding Pattern as on March 31, 2013

Category of Shareholders	As on 31.03.2013		As on 31.03.2012	
	Number of Shares	Per cent	Number of Shares	per cent
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	55,842,370	70.29	51,936,861	65.37
(ii) Foreign	-	-	-	-
<b>Total shareholding of Promoter and Promoter Group</b>	<b>55,842,370</b>	<b>70.29</b>	<b>51,936,861</b>	<b>65.37</b>
(B) Public Shareholding				
(i) Institutions	2,003,450	2.52	2,157,336	2.72
(ii) Non-Institutions	21,605,350	27.19	25,356,973	31.92
<b>Total Public Shareholding</b>	<b>23,608,800</b>	<b>29.71</b>	<b>27,514,309</b>	<b>34.63</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>79451170</b>	<b>100.00</b>	<b>79451170</b>	<b>100.00</b>

### Distribution of shareholding

Number of shares	Number of shareholders as on 31.03.2013		Total shares as on 31.03.2013		Number of shareholders as on 31.03.2012		Total shares as on 31.03.2012	
	Number	per cent	Number	per cent	Number	per cent	Number	per cent
Upto 500	82854	96.79	4807859	6.05	90347	98.90	5946471	7.48
501 to 5000	2487	2.91	3339809	4.20	889	0.97	2447366	3.08
5001 to 100000	238	0.27	4231204	5.33	96	0.11	3580836	4.51
Above 100000	24	0.03	67072298	84.42	24	0.03	67476497	84.93
<b>Total</b>	<b>85603</b>	<b>100</b>	<b>79451170</b>	<b>100</b>	<b>91356</b>	<b>100.00</b>	<b>79451170</b>	<b>100.00</b>

### Dematerialisation of Shares

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE445K01018. The equity

shares of the Company are compulsorily traded in dematerialized form as mandated by Securities and Exchange Board of India (SEBI).

### Status of Dematerialisation of shares

As on March 31, 2013, 99.96 per cent of the Company's equity shares are held in dematerialized form.

### Investors' grievances attended

Received from	Received during		Redressed during		Pending as on	
	2012-2013	FY ended March 31, 2012 (i.e. April 1, 2011 to March 31, 2012)	2012-2013	FY ended March 31, 2012 (i.e. April 1, 2011 to March 31, 2012)	31.03.2013	31.03.2012
SEBI	2	2	2	2	Nil	Nil
Stock Exchanges	1	1	1	1	Nil	Nil
NSDL/CDSL/RoC	-	2	-	2	Nil	Nil
Direct from investors	-	-	-	-	Nil	Nil
<b>Total</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>Nil</b>	<b>Nil</b>

## Investor Information

### Analysis of grievances

	2012-2013		Yr ended 31 March 2012	
	Numbers	per cent	Numbers	per cent
Non receipt of Annual Reports	3	100.00	5	100.00
Non-receipt of dividend warrants	-	-	-	-
Non-receipt of share certificates	-	-	-	-
Total	3	100.00	5	100.00

There was no complaint pending as on March 31, 2013

#### Notes:

- The shareholder base was 85603 as of March 31, 2013 and 91356 as of March 31, 2012.
- Investors' queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

### Equity capital build up

Details of issue of equity shares since inception:

Sr. No.	Date	Particulars	Issue price per equity Share (₹)	No of Equity Shares	Share Premium (₹)	Cumulative Total
1	27.12.2005	Subscribers to Memorandum and Articles of Association	10	50,000	Nil	50,000
2	25.04.2007	Sub divided into equity Shares of ₹5/- each	5	1,00,000	Nil	1,00,000
3	30.04.2007	Further Allotment	5	20,10,000	45 Per Share	21,10,000
4	08.08.2009	Allotment pursuant to Scheme of Arrangement	5	4,61,26,170	Nil	4,61,26,170*
5	30.09.2010	Preferential allotment to promoters/promoter group entities of the Company and certain institutional / strategic / other investors / entities	85	33,325,000	80 Per share	79451170

\*As per the Clause 3.3.1 of the Scheme of Arrangement between the Reliance MediaWorks Limited and the Company as approved by the Hon'ble High Court of Bombay on April 4, 2009, the existing shareholding of Reliance MediaWorks Limited (i.e. 21,10,000 equity shares of ₹ 5) in the Company stands cancelled.

### Stock Price and Volume

Monthly high and low quotations as also the volume of shares traded on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSEIL)

Month	Bombay Stock Exchange			National Stock Exchange		
	Highest ₹	Lowest ₹	Volume Nos.	Highest ₹	Lowest ₹	Volume Nos.
April, 2012	59.50	48.50	9,47,773	59.80	40.05	1754993
May, 2012	53.40	36.00	10,82,460	53.80	35.75	2031154
June, 2012	52.05	36.10	11,84,337	51.90	36.00	2292813
July, 2012	54.30	40.45	12,79,255	54.40	40.40	2166089
August, 2012	59.20	35.50	28,30,773	59.60	40.05	6030400
September, 2012	52.65	46.05	2,61,745	52.65	46.50	406162
October, 2012	51.00	41.15	2,90,147	50.50	41.30	438678
November, 2012	47.05	40.75	6,06,552	47.15	40.05	994907
December, 2012	49.90	41.30	7,35,247	49.90	42.00	1772617
January, 2013	45.95	37.15	6,09,880	46.00	37.25	1548629
February, 2013	40.45	27.80	5,74,896	39.75	27.85	1172398
March, 2013	28.90	23.30	5,29,691	29.40	24.00	1405851

# Reliance Broadcast Network Limited

## Investor Information

### Stock Exchange listings

The Company's equity shares are actively traded on BSE and NSE.

#### A. Stock Exchanges on which the shares of the Company are listed.

1. BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,  
Mumbai- 400 001.  
Website : [www.bseindia.com](http://www.bseindia.com)
2. National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai 400 051.  
Website : [www.nseindia.com](http://www.nseindia.com)

#### B. Stock Code and ISIN

- BSE (Equity shares) : 533143  
NSE (Equity shares) : RBN  
ISIN for equity shares : INE445K0108

#### Payment of Listing Fees

Annual listing fees for the year 2013-14 (as applicable) has been paid by the Company to the stock exchanges.

#### Share Price Performance in comparison to broad based indices – BSE Sensex and NSE Nifty as on March 31, 2013

Period	RBNL	Sensex	Nifty
FY 2012-13	-53.93 Per cent	8.23 Per cent	7.31 Per cent
2 years	-66.33 Per cent	-3.13 Per cent	-2.59 Per cent
3 years	-61.98 Per cent	7.46 Per cent	8.26 Per cent

#### Key Financial Reporting Dates for the Financial Year 2013-14

Unaudited results for the first quarter ended June 30, 2013	: On or before August 14, 2013
Unaudited results for the second quarter / half year ended September 30, 2013	: On or before November 14, 2013
Unaudited results for the third quarter ended December 31, 2013	: On or before February 14, 2014
Audited results for the financial year 2013-14	: On or before May 30, 2014

#### Depository services

For guidance on depository services, shareholders may write to the Registrar and Transfer Agent (RTA) of the Company or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: [www.nsdl.co.in](http://www.nsdl.co.in) or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai 400 001 website: [www.cdslindia.com](http://www.cdslindia.com)

### Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter during the year under review. The Company's media releases and details of significant developments are made available on the Company's website: [www.reliancebroadcast.com](http://www.reliancebroadcast.com). These are also published in leading newspapers.

#### Reconciliation of Share Capital

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid up capital. The said certificate, duly certified by a qualified Chartered Accountant is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

#### Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/ Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response.

Karvy Computershare Private Limited  
Unit: Reliance Broadcast Network Limited  
Madhura Estates, Municipal No. 1-9/13/C  
Plot No. 13 and 13C, Madhapur Village  
Hyderabad 500 081  
Andhra Pradesh, India

#### Shareholders/ Investors can also send the above correspondence to the Compliance Officer of the Company at the following address

The Company Secretary  
Reliance Broadcast Network Limited  
401, 4th Floor, Infinity  
Link Road, Oshiwara, Andheri West, Mumbai 400 053  
Telephone: 022 3068 9444  
Facsimile: 022 3988 8927  
Email: [investors@reliancebroadcast.com](mailto:investors@reliancebroadcast.com)

#### Location of FM Radio Stations

The Company presently has 45 FM Broadcasting Radio Stations spread across India at 45 different locations as given below:

Agra, Ajmer, Aligarh, Allahabad, Amritsar, Asansol, Bangalore, Bareilly, Baroda, Bhopal, Bhubaneswar, Bikaner, Chandigarh, Chennai, Delhi, Guwahati, Gwalior, Hissar, Hyderabad, Indore, Jalandhar, Jammu, Jamshedpur, Jhansi, Jodhpur, Kanpur, Kolkata, Kota, Mangalore, Mumbai, Mysore, Panaji, Patiala, Pondicherry, Rajkot, Ranchi, Rourkela, Shimla, Sholapur, Srinagar, Surat, Tirupati, Trivandrum, Udaipur, Vizag.

## Independent Auditors' Report on the financial statements

### TO THE MEMBERS OF RELIANCE BROADCAST NETWORK LIMITED Report on the Financial Statements

We have audited the accompanying financial statements of **RELIANCE BROADCAST NETWORK LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of the written representations received from the Directors as on March 31, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of Section 274 (1) (g) of the Act.

#### For Chaturvedi & Shah

Chartered Accountants  
Firm Registration No:101720W

#### Parag D. Mehta

Partner  
Membership No.: 113904

Place : Mumbai  
Date : 11 May, 2013

# Reliance Broadcast Network Limited

## ANNEXURE TO THE AUDITORS' REPORT

### TO THE MEMBERS OF RELIANCE BROADCAST NETWORK LIMITED

#### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification;
- c) In our opinion, the Company has not disposed off a substantial part of the fixed assets during the year and the going concern status of the Company is not affected;
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
- b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification;
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act;
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, purchase of fixed assets and also for the sale of telecast rights and rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls in respect of these areas;
- v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register required to be maintained under section 301 of the Act;
- vi) The Company has not accepted any deposits from the public;
- vii) In our opinion, the Company has internal audit system commensurate with the size and the nature of its business;
- viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under section 209 (1) (d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- ix) a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Service Tax, Cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities. As at March 31, 2013 there are no undisputed statutory dues which are outstanding for a period exceeding six months from the date they became payable;
- b) According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of statute	Nature of the Dues	Amount (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Service tax	1,376.21	2006-07 and 2007-08	Commissioner, Service Tax, Mumbai
The Jammu & Kashmir General Sales Tax Act, 1962	General Sales Tax	68.04	2007-08 and 2008-09	High Court of Jammu & Kashmir, Jammu
Income Tax Act, 1961	Income Tax	31.65	2007-08 to 2012-13	Commissioner of Income Tax
Indian Stamp Act	Stamp duty	6.70	2007-08	Deputy Commissioner, Stamp duty, Aligarh

- x) The accumulated losses of the Company at the end of the financial year are more than fifty per cent of its net worth and it has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- 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 any financial institution or bank during the year;
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

### Annexure To The Auditors' Report

- xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society;
- xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures or other investments;
- xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions during the year;
- xvi) In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purpose for which they are raised.
- xvii) According to the information and explanation given to us and on overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used for long-term investment during the year.
- xviii) The Company has not made preferential allotment of shares during the year to companies/firms/parties covered in the register maintained under Section 301 of the Act;
- xix) According to the information and explanations given to us, the Company has issued Secured & Unsecured Debentures during the year. The Company has created charges in respect of Secured Debentures issued;
- xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year;
- xxi) According to the information and explanations given to us and on the basis of the examination of the records, no fraud on or by the Company was noticed or reported during the course of our audit.

#### **For Chaturvedi & Shah**

Chartered Accountants  
Firm Registration No:101720W

#### **Parag D. Mehta**

Partner  
Membership No.: 113904  
Mumbai  
May 11, 2013

# Reliance Broadcast Network Limited

## Balance Sheet as at 31 March 2013

	Notes	As At 31 March 2013	(₹ in Lakhs) As At 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	3,972.56	3,972.56
Reserves and Surplus	3	13,143.17	17,558.65
		<b>17,115.73</b>	21,531.21
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	30,701.75	3,567.77
Deferred Tax Liability (net)	5	-	-
Other Long term liabilities	6	352.76	517.90
Long-term provisions	7	1,302.67	88.98
		<b>32,357.18</b>	4,174.65
<b>Current Liabilities</b>			
Short-term borrowings	8	4,731.51	11,774.60
Trade payables	9	1,874.20	2,196.07
Other current liabilities	10	5,155.84	11,918.65
Short-term provisions	11	62.16	68.45
		<b>11,823.71</b>	25,957.77
		<b>61,296.62</b>	<b>51,663.63</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	7,602.85	9,424.41
Intangible assets	12	7,364.12	8,550.17
Capital work-in-progress		-	21.53
		<b>14,966.97</b>	17,996.11
Non-current investments	13	5,630.96	5,351.26
Long term loans and advances	14	25,669.13	14,750.64
Other non-current assets	15	253.91	226.34
		<b>31,554.00</b>	20,328.24
<b>Current assets</b>			
Inventories	16	126.22	392.02
Trade receivables	17	6,783.69	7,512.85
Cash and bank balances	18	386.75	731.40
Short-term loans and advances	19	7,445.00	4,673.00
Other current assets	20	33.99	30.01
		<b>14,775.65</b>	13,339.28
		<b>61,296.62</b>	<b>51,663.63</b>

As per our report of even date  
**For Chaturvedi & Shah**  
 Chartered Accountants  
 Firm Registration No.: 101720W

**Parag D. Mehta**  
 Partner  
 Membership No.: 113904

Mumbai  
 May 11, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**  
**Anil Sekhri**  
**Pradeep Shah**  
**Darius Jehangir Kakalia**  
**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

Statement of Profit and Loss for the year ended on 31 March 2013

		(₹ in Lakhs)	
	Notes	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
<b>Income</b>			
I. Revenue from operations	21	<b>22,499.78</b>	29,453.61
II. Other Income	22	<b>238.15</b>	236.97
<b>III. Total Revenue (I+II)</b>		<b>22,737.93</b>	29,690.58
<b>IV. Expenses</b>			
i. Direct Expenses	23	<b>6,748.77</b>	12,250.18
ii. Employee benefit expense	24	<b>4,702.20</b>	5,644.78
iii. Finance costs	25	<b>2,945.12</b>	1,665.50
iv. Depreciation and amortization expense	26	<b>3,763.83</b>	3,770.82
v. Other expenses	27	<b>6,929.41</b>	8,311.87
<b>V. Total Expenses</b>		<b>25,089.33</b>	31,643.15
<b>(Loss) before tax</b>		<b>(2,351.40)</b>	(1,952.57)
<b>VI. Tax expense</b>			
Current tax		-	-
<b>(Loss) for the year</b>		<b>(2,351.40)</b>	(1,952.57)
<b>Earning per equity share [Nominal Value of Share ₹ 5]</b>			
Basic (In ₹)	37	<b>(2.96)</b>	(2.46)
Diluted (In ₹)	37	<b>(2.96)</b>	(2.46)

As per our report of even date  
**For Chaturvedi & Shah**  
 Chartered Accountants  
 Firm Registration No.: 101720W

**Parag D. Mehta**  
 Partner  
 Membership No.: 113904

Mumbai  
 May 11, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**  
**Anil Sekhri**  
**Pradeep Shah**  
**Darius Jehangir Kakalia**  
**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

# Reliance Broadcast Network Limited

## Cash Flow Statement for the year ended 31 March 2013

	(₹ in Lakhs)	
	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) before taxes	(2,351.40)	(1,952.57)
Adjustments for:		
Interest Income	(31.95)	(40.56)
Interest Expense	2,945.12	1,665.50
Depreciation/Amortisation	3,763.83	3,770.82
Provision for Doubtful debts	-	588.08
Advances Written Off	21.89	54.48
Provision for Doubtful Deposits/Advances	357.14	-
Excess Accruals Written Back	(566.18)	(171.38)
Sundry Credit Balance Written Back	(512.24)	(142.62)
Profit on sale of current investments	-	(3.41)
(Profit) / Loss on sale of fixed assets	28.99	21.43
<b>Operating profit/ (loss) before working capital changes</b>	<b>3,655.20</b>	<b>3,789.77</b>
(Increase)/ Decrease in Inventories	265.80	464.21
(Increase)/ Decrease in Loans and Advances	(10,541.64)	(9,824.92)
(Increase)/ Decrease in Debtors	1,043.04	828.62
Increase/(Decrease) in Current Liabilities and Provisions	(5,638.61)	(1,276.22)
<b>Cash generated from operations</b>	<b>(11,216.21)</b>	<b>(6,018.54)</b>
Taxes Paid	(169.48)	(775.23)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(11,385.69)</b>	<b>(6,793.77)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(851.36)	(636.98)
Sale Proceeds from Fixed Assets	87.69	10.38
Purchase of Investments	(279.70)	(605.00)
Sale of Current Investments	-	702.38
Interest Income	38.68	31.32
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(1,004.69)</b>	<b>(497.90)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Increase/(Decrease) in Short Term Loans	(7,043.09)	3,879.58
Proceeds from Long Term Loans	4,500.00	5,500.00
Repayment of Long Term Loans	(8,408.48)	(409.98)
Proceeds from Issue of Debentures (net of Debenture Issue Expenses)	29,152.77	-
Interest Paid	(6,093.74)	(1,579.98)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>12,107.46</b>	<b>7,389.62</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(282.92)	97.95
Cash and cash equivalents at beginning of the year	548.53	304.17
Cash and cash equivalents acquired on purchase of Production division	-	146.41
Cash and cash equivalents acquired on purchase of OOH division	98.71	-
<b>Cash and cash equivalents at end of the year</b>	<b>364.32</b>	<b>548.53</b>

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

**Parag D. Mehta**

Partner

Membership No.: 113904

Mumbai

May 11, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**

**Anil Sekhri**

**Pradeep Shah**

**Darius Jehangir Kakalia**

**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

**1 Summary of 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 Accounting Standards ('AS') as prescribed under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable.

**b. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**c. Fixed assets and depreciation/ amortisation**

**i Tangible assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses related directly/indirectly to the acquisition / construction and installation of the fixed assets for bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided on the straight line method, at following rates which, in management's opinion, reflects the estimated useful lives of those fixed assets:

Particulars of Fixed Assets	Rate of Depreciation
Plant and Machinery excluding Bus Queue Shelters	10%
Furniture and Fixture	10%
Office Equipments for Radio Division	10%
Office Equipments for OOH Division	20%
Data Processing Equipments	20%
Motor Car	20%
Display Vans	11.31%

Leasehold improvements are depreciated over the lower of the useful life of the asset and the lease term, on a straight line basis.

Bus Queue Shelters under BOT Schemes are depreciated over the useful life being the contract period on uniform basis.

Individual assets costing up to ₹ 5,000 are depreciated fully in the year of acquisition.

**ii Intangible assets**

Intangible assets, all of which have been acquired and are controlled through custody or legal rights, are capitalised at cost, where they can be reliably measured. Where capitalised, intangible assets are regarded as having a limited useful economic life and the cost is amortised over the lower of useful life and 10 years.

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortised on a straight line basis over its useful life, not exceeding ten years, as determined by management.

One Time Entry Fees paid for acquiring FM radio broadcasting licenses has been capitalised as an asset and is amortised over a period of ten years, being the period of the license, from the date of operationalisation of the station.

Purchased goodwill is recognised by the Company on the basis of excess of purchase consideration paid over the value of the assets acquired at the time of acquisition and is amortised over its estimated useful life not exceeding five years.

**d. Impairment**

In accordance with AS 28 - 'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised

(₹ in Lakhs)

whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss.

Value in use is present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

**e. Investments**

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise, at cost or fair value, whichever is lower.

Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

**f. Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost of Event / Content which does not create any rights are charged to the statement of profit and loss on exploitation. Event / Content cost covers the cost of acquisition/ execution of the award, function / concerts, cost of content like sports events, video albums etc.

Cost of television programmes comprises of material, cost of services and other expenses.

Pilot episodes are stated at cost. Pilots are written off after the end of one year from the year of production of respective pilot in case the same is not developed into a serial.

Amortisation Policy for Event / Content Cost:

In case rights are available in perpetuity

Costs of Annual Award/Concerts are amortised at 80% in the year of event execution and 20% in the subsequent year.

Costs of Other Content are amortised at 60% in the year of commercial exploitation and 40% over the subsequent two years equally.

**g. Share / Debenture Issue Expenses**

Share / Debenture Issue expenses are adjusted against securities premium account.

**h. Employee benefits**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

The Company's contribution to provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss as incurred.

Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services.

The expense is recognised at the present value of the amount payable determined using actuarial valuation carried out by an independent actuary at the balance sheet date using Projected Unit Credit Method.

**i. Employee Stock Option Scheme ("ESOS")**

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to Directors (including whole time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock - based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a Straight Line Basis.

The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

**j. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The amount recognised as revenue is net of trade discounts and service tax.

**Revenue from sale of airtime**

Revenue from Radio broadcasting is recognised on an accrual basis on the airing of the customers commercials, net of agency commission.

**Revenue from sale of telecast rights**

Revenue from sale of telecast rights of event and content is recognized on the date when the rights are made available to the assignee for exploitation.

**Revenue from television programme**

Revenue from commissioned programmes are recognised as and when the relevant episodes of the programmes are delivered to the channels.

**Out of Home Media**

Advertising space revenue, net of taxes, rebate and discount is recognised on the display of advertisements over the period of the contract.

**Revenue from Experiential Marketing**

Revenue from experiential marketing which includes event management and activations are recognised on the completion of the event and on the basis of related services performed, as per the contracted terms.

**Interactive Revenue**

Revenue from short code, short messaging service ('SMS') is recognised on acceptance of the hits by telecom operators.

**Management Fees**

Management fee is recognised as revenue on time proportion basis as per relevant agreements.

**Interest income**

Interest income is recognised on a time proportion basis.

**k. License Fees**

As per the new Frequency Module (FM) broadcasting policy, effective 1 April 2005 license fees are charged to revenue at the rate of 4% of gross revenue for the period or 10% of Reserve One Time Entry Fee (ROTEF) for the concerned city, whichever is higher. Gross Revenue for this purpose shall mean revenue on the basis of billing rates without deduction of taxes and agency commission and net of discounts to advertisers. Barter advertising contracts shall also be included in the gross revenue on the basis of relevant billing rates. ROTEF means 25% of highest valid bid in the city.

**l. Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary items are restated at the period ended rates. The exchange differences between the rate prevailing on the date of transaction and on settlement/restatement (other than those relating to acquisition of fixed assets) is recognised as income or expense, as the case may be. Non-monetary items which are carried at historical costs denominated in foreign currency are reported using the exchange rate at the date of the transaction.

In respect of integral foreign operations of the company, fixed assets are translated at the rates on the date of acquisition, monetary assets and monetary liabilities are translated at the rate on the date of the balance sheet and income and expenditure are translated at the average of weekly average rates during the year.

**m. Earning Per Share**

In determining earning per share, the company considers the net result after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

**n. Taxation**

Tax expense comprises current tax expense computed in accordance with the relevant provisions of the Income Tax Act, 1961 and deferred tax charge or credit.

(₹ in Lakhs)

Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income Tax Act, 1961. Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits/ losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down/up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

**o. Provisions and contingencies**

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for 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. When 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.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**p. Leases**

The Company has various operating leases, principally for radio stations, office space and equipments with various renewal options. Substantially all operating leases are cancelable as well as renewable on expiry of lease term. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis as applicable over the lease term.

**q. Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Notes to financial statements for the year ended 31 March 2013

2. Share Capital

(₹ in Lakhs)

	As At 31 March 2013	As At 31 March 2012
<b>Authorised Shares</b>		
20,00,00,000 (Previous Year: 15,00,00,000 ) Equity Shares of ₹ 5/- each	10,000.00	7,500.00
10,00,00,000 (Previous Year: 10,00,00,000) Preference Shares of ₹ 5/- each	5,000.00	5,000.00
	<b>15,000.00</b>	<b>12,500.00</b>
<b>Issued, Subscribed and Paid Up</b>		
7,94,51,170 (Previous Year: 7,94,51,170) Equity Shares of ₹ 5/- each fully paid up	3,972.56	3,972.56
	<b>3,972.56</b>	<b>3,972.56</b>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As At 31 March 2013		As At 31 March 2012	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	79,451,170	3,972.56	79,451,170	3,972.56
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>79,451,170</b>	<b>3,972.56</b>	<b>79,451,170</b>	<b>3,972.56</b>

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends if any, in Indian rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares of the company

	As At 31 March 2013		As At 31 March 2012	
	No. of Shares	Percentage of holding	No. of Shares	Percentage of holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Reliance Land Private Limited	38,096,416	47.95	35,410,000	44.57
AAA Entertainment Private Limited	-	-	8,250,000	10.38
Reliance Capital Limited	15,727,957	19.80	6,258,864	7.88

d. Pursuant to shareholder approval dated September 27, 2012, the authorised share capital of the Company was increased from ₹ 12,500.00 lakh to ₹ 15,000.00 lakh divided into 200,000,000 equity shares of ₹ 5 each and 100,000,000 preference shares of ₹ 5 each.

3. Reserves and Surplus

	As At 31 March 2013	As At 31 March 2012
<b>Capital Reserve</b>		
As per last balance sheet	3,497.24	3,497.24
<b>Securities Premium Account</b>		
As per last balance sheet	37,471.28	37,471.28
Less: Debenture Issue Expenses	847.23	-
Less: Premium Payable on Redemption of Debentures	1,216.85	-
	<b>35,407.20</b>	<b>37,471.28</b>

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

	As At 31 March 2013	As At 31 March 2012
<b>(Deficit) in the statement of Profit and Loss</b>		
As per last balance sheet	<b>(23,409.87)</b>	(21,457.30)
Add: Loss for the year	<b>(2,351.40)</b>	(1,952.57)
	<b>(25,761.27)</b>	(23,409.87)
<b>Total Reserves and Surplus</b> (refer note 31)	<b>13,143.17</b>	<b>17,558.65</b>

#### 4. Long Term Borrowings

	As At 31 March 2013		As At 31 March 2012	
	Current	Non-current	Current	Non-current
<b>Secured</b>				
Loans from body corporates (refer note a and b)	479.79	701.75	1,522.25	3,567.77
Non-Convertible Debentures (refer note c)	-	15,000.00	-	-
	<u>479.79</u>	<u>15,701.75</u>	<u>1,522.25</u>	<u>3,567.77</u>
	As At 31 March 2013		As At 31 March 2012	
	Current	Non-current	Current	Non-current
<b>Unsecured</b>				
Zero Coupon Debentures (refer note d)	-	15,000.00	-	-
	<u>-</u>	<u>15,000.00</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>479.79</u>	<u>30,701.75</u>	<u>1,522.25</u>	<u>3,567.77</u>

- Loan from body corporates of ₹ 1,181.54 lakh (Previous Year: ₹ 1,500.00 lakh) carries interest rate of IRR 14%. The terms of repayment is on 12 quarterly equated installment basis from the date of disbursement of loan. The loan is secured by way of second charge on present and future fixed assets of the Company which will be subordinate to the existing first pari-passu charge created by the company.
- Loan from body corporates of ₹ Nil (Previous Year: ₹ 3,590.02 lakh) carries interest rate of 15.50%. The terms of repayment is on 12 quarterly equated installment basis from the date of disbursement of loan. The loan is secured by first Pari-Passu charge on all present and future fixed assets including plant and machinery, office equipment, furniture and fixtures used in offices of the Company now or at anytime hereafter belonging to the Company or at the Company's disposal and now or at anytime and from time to time hereafter stored or to be stored or brought into or upon or in course of transit to the Company's premises or at any other place together with Pari-Passu charge on entire assets of the Company.
- The Company has issued 11.50%, 1,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 15,000.00 lakh (Previous Year: Nil) having face value of ₹ 10 lakh each on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. 01 November, 2012. The said debentures are secured by first pari passu charge by way of hypothecation of all assets of the Company with a minimum asset cover of 1.25 times to be maintained at all times till the maturity of debentures. The debentures are redeemable in three equal installments at the end of 24 months, 30 months and 36 months (i.e. 28 September, 2014, 28 March, 2015, 28 September 2015).
- The Company has issued 1,500, Zero Coupon Unsecured Redeemable Non Convertible (Debentures) amounting to ₹ 15,000.00 lakh (Previous Year: Nil), having face value of ₹ 10 lakh each on a private placement basis. These Debentures are redeemable on 8th August, 2015 i.e. 1095 days from the date of issue i.e. 9 August, 2012 and has an implicit yield of 12.60% in form of redemption premium.

Notes to financial statements for the year ended 31 March 2013

5. Deferred Tax Liability (net) Particulars	(₹ in Lakhs)	
	As At 31 March 2013	As At 31 March 2012
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	1,186.51	1,599.91
<b>Deferred Tax Asset</b>		
Other disallowances under Income Tax Act, 1961	1,186.51	1,599.91
Carry forward business loss / unabsorbed depreciation	-	-
<b>Net deferred tax liability at the end of the year</b>	<b>-</b>	<b>-</b>

Note: In the absence of virtual certainty, deferred tax assets has been recognised to the extent it can be realised against reversal of dererred tax liability on account of depreciation.

6. Other Long Term Liabilities	As At	
	31 March 2013	31 March 2012
Lease Rent Liability	313.00	478.14
Security Deposits	39.76	39.76
	<b>352.76</b>	<b>517.90</b>

7. Long Term Provisions	As At	
	31 March 2013	31 March 2012
Provision for employee benefits (refer note 33)		
Gratuity	81.05	83.27
Leave benefits	4.77	5.71
Premium Payable on Redemption of Debentures	1,216.85	-
	<b>1,302.67</b>	<b>88.98</b>

8. Short Term Borrowings	As At	
	31 March 2013	31 March 2012
<b>Loans repayable on demand (secured)</b>		
From Banks (refer note a and b)	3,431.51	3,479.58
<b>Other Loans and advances (Unsecured)</b>		
From Body corporates (refer note c, d and e)	1,300.00	8,295.02
	<b>4,731.51</b>	<b>11,774.60</b>

**Nature of security and other terms:**

- Loan from bank ₹ 3,431.51 lakh (Previous year: Nil) is secured by first pari passu charge on, the entire current assets of the Company, existing and future, comprising, inter alia, stocks of raw material, work in progress, finished goods and other current assets, the entire book debts and receivables of the Company existing and future, the entire movable fixed assets of the Company, existing and future including without limitation movable plant and machinery etc. It is repayable on demand bearing interest rate at Bank's base rate + 175 bps p.a.
- Loan from bank ₹ Nil (Previous year: ₹ 3,479.58 lakh) is secured by exclusive charge on the whole of the current assets stock of raw material, semi-finished and finished goods, stores and spares including relating to plant and machinery (consumable stores and spares), bills receivables and book debts and all other receivables and moveables both present and future and first pari-passu charge on whole of moveable fixed assets including plant and machinery both present and future. It is repayable on demand, bearing interest rate at bank's base rate plus 5%.
- Unsecured Loan from body corporates ₹ 1,300.00 lakh (Previous Year: Nil) is carrying interest at the rate of 13% and repayable after a term of one year from the date of disbursement.
- Unsecured Loan from body corporates ₹ Nil (Previous Year: ₹ 2,200.00 lakh) is carrying interest at the rate of 13% and is repayable on demand.
- Unsecured Loan from body corporates ₹ Nil (Previous Year: ₹ 6,095.02 lakh) is carrying interest at the rates ranging from 9% to 14% and is repayable on demand.

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

### 9. Trade Payables

(₹ in Lakhs)

	As At 31 March 2013	As At 31 March 2012
Micro, Small and Medium Enterprises (refer Note 9.1)	0.12	0.10
Others	1,874.08	2,195.97
	<b>1,874.20</b>	<b>2,196.07</b>

9.1 Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:

Particulars	As At 31 March 2013	As At 31 March 2012
Principal amount remaining unpaid	0.12	0.10
Interest due thereon	-	-
Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	-	-
Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
Further interest remaining due and payable even in the succeeding period until such date when the interest dues as above are actually paid to the small enterprise.	-	-
	<b>0.12</b>	<b>0.10</b>

### 10. Other Current Liabilities

	As At 31 March 2013	As At 31 March 2012
Current maturities of long term borrowings (refer note 4)	479.79	1,522.25
Interest accrued but not due on borrowings	911.99	95.09
Interest accrued and due on borrowings	71.67	4,037.19
Others		
Deposits from customers and employees	2.92	19.01
Advance from Customers	313.34	381.42
Statutory Dues Payable	699.17	855.10
Employee Benefits Payable	165.25	216.28
Creditors for Capital Expenditure	12.72	8.62
Provision for Expenses	2,346.28	4,630.98
Other Payables	152.71	152.71
	<b>5,155.84</b>	<b>11,918.65</b>

### 11. Short Term Provisions

	As At 31 March 2013	As At 31 March 2012
Provision for employee benefits (refer note 33)		
Gratuity	57.95	63.22
Leave benefits	4.21	5.23
	<b>62.16</b>	<b>68.45</b>

Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

12 Fixed Assets

Particulars	Gross Block			Depreciation/Amortisation			Net Block		
	As on 1 April 2012	Additions	Deletions	As on 31 March 2013	As on 1 April 2012	For the year	Deletions	As on 31 March 2013	As on 1 April 2012
<b>Tangible Asset</b>									
Plant & Machinery	14,087.56	119.35	-	14,206.91	6,913.54	1,441.00	-	8,354.54	7,174.02
Office Equipments	421.94	13.09	6.85	428.18	170.95	41.61	2.83	209.73	250.99
Furniture & Fixtures	234.20	6.48	5.09	235.59	143.21	18.77	0.55	161.43	90.99
Data Processing Machines	815.44	19.93	-	835.37	713.02	54.55	-	767.57	102.42
Leasehold Improvements	3,259.63	64.30	-	3,323.93	1,638.12	331.33	-	1,969.45	1,621.51
Vehicles	441.68	-	218.20	223.48	257.20	40.76	110.07	187.89	184.48
<b>Total</b>	<b>19,260.45</b>	<b>223.15</b>	<b>230.14</b>	<b>19,253.46</b>	<b>9,836.04</b>	<b>1,928.02</b>	<b>113.45</b>	<b>11,650.61</b>	<b>9,424.41</b>
Previous Year	18,909.68	413.70	62.93	19,260.45	7,850.42	2,016.73	31.12	9,836.04	11,059.25
<b>Intangible Asset</b> (other than internally generated)									
Radio broadcasting license (Refer c(ii) of Note 1)	16,028.87	-	-	16,028.87	8,256.06	1,602.89	-	9,858.95	7,772.81
Computer Software	840.35	72.12	-	912.47	326.81	105.02	-	431.83	513.54
Copyrights	76.83	-	-	76.83	23.79	7.79	-	31.58	53.04
Goodwill	263.47	577.64	-	841.11	52.69	120.11	-	172.80	210.78
<b>Total</b>	<b>17,209.52</b>	<b>649.76</b>	<b>-</b>	<b>17,859.28</b>	<b>8,659.35</b>	<b>1,835.81</b>	<b>-</b>	<b>10,495.16</b>	<b>8,550.17</b>
Previous Year	16,737.67	471.85	-	17,209.53	6,905.27	1,754.09	-	8,659.36	9,832.41

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

### 13. Non-current Investments

(₹ in Lakhs)

	As At 31 March 2013	As At 31 March 2012
Investments in Equity Instruments (Non-trade, unquoted and at cost)		
<b>In subsidiary companies</b>		
Reliance Television Private Limited 410,900 (Previous Year: 410,900) Equity Shares of ₹10 each fully paid up	4,010.00	4,010.00
Cinestar Advertising Private Limited 18,558 (Previous Year: 18,558) Equity Shares of ₹ 10 each fully paid up	1,336.26	1,336.26
BIG Magic Limited 50,000 (Previous Year: 50,000) Equity Shares of ₹ 10 each fully paid up	5.00	5.00
RBN US LLC. 100% Ownership Interest (Previous Year: Nil)	279.70	-
	<u>5,630.96</u>	<u>5,351.26</u>
Aggregate value of unquoted investments	<u>5,630.96</u>	<u>5,351.26</u>

### 14. Long Term Loans and Advances

	As At 31 March 2013	As At 31 March 2012
<b>(Unsecured and considered good unless otherwise stated)</b>		
Capital Advances	8.62	511.81
<b>Security Deposit</b>		
Considered good	2,847.76	2,987.68
Considered doubtful	22.50	790.00
	<u>2,870.26</u>	<u>3,777.68</u>
Less: Provision for doubtful security deposit	22.50	790.00
	<u>2,847.76</u>	<u>2,987.68</u>
Loans and advances to related parties (refer note 35)	18,768.31	7,197.71
<b>Other loans and advances</b>		
Advance Tax (net of provision for tax)	1,994.52	1,825.04
Advance to Reliance Broadcast Network ESOS Trust (refer note 32)	1,659.04	1,659.17
Prepaid Expenses	390.88	569.23
	<u>4,044.44</u>	<u>4,053.44</u>
	<u>25,669.13</u>	<u>14,750.64</u>

### 15. Other Non-Current Assets

	As At 31 March 2013	As At 31 March 2012
<b>Unsecured, considered good unless stated otherwise</b>		
Interest accrued on Fixed Deposits	22.91	13.62
In Fixed Deposits with original maturity of more than twelve months	30.00	-
Margin Deposits*	201.00	212.72
	<u>253.91</u>	<u>226.34</u>

\* Balances in margin money accounts represent fixed deposits with banks with maturity of more than twelve months.

### 16. Inventories (valued at lower of cost and net realizable value)

	As At 31 March 2013	As At 31 March 2012
Events / Contents	34.22	246.82
Events / Content In Progress	-	2.96
Television Programmes under Production	92.00	142.24
	<u>126.22</u>	<u>392.02</u>

Notes to financial statements for the year ended 31 March 2013

17. Trade Receivables

	As At 31 March 2013	(₹ in Lakhs) As At 31 March 2012
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	958.56	616.87
Other Debts	5,825.13	6,895.98
	<u>6,783.69</u>	<u>7,512.85</u>
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	2,142.07	2,921.02
Other Debts	-	4.08
	<u>2,142.07</u>	<u>2,925.10</u>
Less: Provision for doubtful receivables	2,142.07	2,925.10
	-	-
	<u>6,783.69</u>	<u>7,512.85</u>

18. Cash and Bank Balances

	As At 31 March 2013	As At 31 March 2012
<b>Cash and Cash Equivalents</b>		
Balances with banks:		
Current Accounts	358.54	541.85
Fixed Deposits with original maturity of less than three months	-	0.69
Cash on hand	5.77	5.99
	<u>364.31</u>	<u>548.53</u>
<b>Other Bank Balances</b>		
Margin Deposits with maturity of less than twelve months	22.44	182.87
	<u>386.75</u>	<u>731.40</u>

19. Short Term Loans and Advances

	As At 31 March 2013	As At 31 March 2012
<b>Unsecured and considered good unless otherwise stated</b>		
Security Deposit	13.33	12.24
Loans and advances to employees	45.02	55.13
<b>Other loans and advances</b>		
Prepaid Expenses	691.66	1,273.99
Advance to Vendors	1,629.84	954.49
Claim/Other Receivables (refer note 29)	4,849.06	1,896.08
Deposits with Service Tax authorities	20.64	-
Cenvat Credit Receivable	530.09	481.07
	<u>7,721.29</u>	<u>4,605.63</u>
Less: Provision for doubtful advances	334.64	-
	<u>7,445.00</u>	<u>4,673.00</u>

20. Other Current Assets

	As At 31 March 2013	As At 31 March 2012
Assets held for sale (refer note 44)	32.64	12.64
Interest accrued on Fixed Deposits	1.35	17.37
	<u>33.99</u>	<u>30.01</u>

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

21. Revenue from Operations	(₹ in Lakhs)	
	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
<b>Revenue from Operations</b>		
Sale of Services	19,682.84	25,725.84
<b>Other Operating Revenue</b>		
Royalty Paid / Provided written back (refer note 29)	-	2,360.31
Management Fees	1,663.46	738.28
Excess Accruals Written Back	566.18	171.38
Sundry Credit Balances Written Back	512.24	142.62
Other Revenue	75.06	315.17
<b>Revenue from Operations</b>	<b>22,499.78</b>	<b>29,453.60</b>
	<b>For The Year Ended 31 March 2013</b>	<b>For The Year Ended 31 March 2012</b>
<b>Details of services rendered</b>		
Sale of Airtime	15,880.12	16,073.50
Experiential Marketing	337.69	2,529.37
Television Programme Production Income	2,681.31	3,993.82
Out of Home Media Income	783.72	3,129.15
	<b>19,682.84</b>	<b>25,725.84</b>
	<b>For The Year Ended 31 March 2013</b>	<b>For The Year Ended 31 March 2012</b>
<b>22. Other Income</b>		
	<b>For The Year Ended 31 March 2013</b>	<b>For The Year Ended 31 March 2012</b>
Interest Income on Bank Deposits	31.95	40.56
Income from facility sharing	187.98	191.40
Profit on sale of current investments	-	3.41
Foreign exchange gain (net)	5.56	-
Miscellaneous Income	12.66	1.61
	<b>238.15</b>	<b>236.98</b>
<b>23. Direct Costs</b>		
	<b>For The Year Ended 31 March 2013</b>	<b>For The Year Ended 31 March 2012</b>
Royalty	364.93	666.16
Event Expenses	427.93	2,446.21
Transmission Expenses	823.14	614.65
Out of Home Media Expenses	528.17	3,118.68
Television Programme Production Expenses	2,439.41	3,640.26
Revenue Sharing License Fees	830.47	857.80
Other Production Expenses	1,334.72	906.42
	<b>6,748.77</b>	<b>12,250.18</b>
<b>24. Employee Benefit Expenses</b>		
	<b>For The Year Ended 31 March 2013</b>	<b>For The Year Ended 31 March 2012</b>
Salaries, wages and bonus	4,325.55	5,195.24
Contribution to Provident and other funds	185.24	234.44
Gratuity Expense	23.75	46.40
Staff Welfare Expenses	167.67	168.70
	<b>4,702.21</b>	<b>5,644.78</b>

Notes to financial statements for the year ended 31 March 2013

25. Finance Costs

	(₹ in Lakhs)	
	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
Interest	2,815.30	1,570.50
Other Borrowing Costs	129.82	95.00
	<u>2,945.12</u>	<u>1,665.50</u>

Note: Finance cost for the year ended March 31, 2013 includes ₹ 471.67 lakh relating to previous year.

26. Depreciation and amortisation

	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
Depreciation of tangible assets	1,928.02	2,016.74
Amortisation of intangible assets	1,835.81	1,754.08
	<u>3,763.83</u>	<u>3,770.82</u>

27. Other Expenses

	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
Advertisements	1,616.23	2,086.16
Sales Incentive	129.32	129.78
Bank Charges	24.19	26.10
Bad Debts	114.01	399.23
Business Promotion	42.23	36.87
Rent, Rates and Taxes	1,618.20	1,953.83
Travelling and Conveyance	313.60	367.30
Payment to Auditor (Refer note below)	51.00	70.00
Electricity Charges	435.13	453.32
Insurance Charges	16.99	12.32
Legal and Professional Fees	778.12	598.16
Director's Sitting Fees	4.20	4.25
Loss on Sale/Disposal of Assets (net)	28.99	21.43
Communication Expenses	169.48	158.62
Printing and Stationery	32.25	38.94
Provision for Doubtful Debts (net of doubtful deposit written off ₹ 325.58 lakh; Previous year: ₹ Nil)	-	588.08
Provision for Doubtful Deposits/Advances (net of doubtful deposit written off ₹ 790.00 lakh; Previous year: ₹ Nil)	357.14	-
Advances Written Off	21.89	54.48
Repairs and Maintenance		
- Repairs to Machinery	144.98	115.94
- Repairs to Others	504.57	701.39
Security Charges	92.01	94.50
Housekeeping Charges	98.30	87.32
Foreign exchange loss (net)	-	0.04
Computer / Internet / Intranet	219.52	200.29
Conference Expense	54.92	48.27
Other Miscellaneous Expenses	62.14	65.25
	<u>6,929.41</u>	<u>8,311.87</u>

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

### Payment to auditor (excluding service tax)

(₹ in Lakhs)

	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
<b>As auditor:</b>		
Audit fee	30.00	30.00
Tax audit fee	5.00	5.00
<b>In other capacity:</b>		
Other services (certification fees)	16.00	35.00
	<b>51.00</b>	<b>70.00</b>

### 28 Contingent Liabilities

Particulars	31 March 2013	31 March 2012
Bank Guarantees	1,109.93	1,466.44
Claims against the company not acknowledged as debt	115.45	44.26
Disputed Service tax demand (excluding penal interest)	1,396.85	1,413.31
Disputed Income tax demand	31.66	11.65
Disputed VAT	-	2.57
Disputed Stamp duty	6.70	6.70
Disputed Sales tax	68.04	-
	<b>2,728.63</b>	<b>2,944.94</b>

The company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.

- 29** In the previous year, based on the judgments of the Hon'ble Bombay High Court in the case of IPRS v/s Music Broadcast Private Limited and Delhi High Court in the case of IPRS v/s Aditya Pandey, whereby it was held that performance royalty is not payable on a mere broadcast of original sound recordings by FM Radio Broadcasters, the company has not provided performance royalty for the period April 2011 to March 2012 amounting to ₹ 346.60 lakh (₹ 104.97 lakh for quarter ended 31 March 2012) Further the company for earlier years, has written back performance royalty of ₹ 2113.18 lakh during the period 1 April, 2011 to 31 March 2012 (₹ 20.68 lakh for the quarter ended 31 March 2012). Divisional Bench of Delhi High Court also upheld the judgement of single bench in the matter of IPRS v/s Aditya Pandey. The Company was paying performance royalties under mistaken belief of law and has obtained a legal opinion which backs the judgment.

The Company has filed Declaratory Suits in the High Courts at Mumbai and Delhi and also Applications for refund of performance royalty before the Copyright Board for the respective Rightholders/Copyright Societies. The matter is subjudice.

### 30 Commitment

Particulars	31 March 2013	31 March 2012
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	5.21	33.58

### 31 Other Commitment

Company has issued letter of financial support to some of its wholly owned subsidiaries.

In view of loss during the year, the Company has not created Debenture Redemption Reserve in terms of Section 117 (C) of the Companies Act, 1956. The Company shall create such reserve out of profit, if any in future years.

### 32 Employee Stock Option Scheme (ESOS)

During the period ended September 30, 2010 the Company had introduced Employee Stock Option Plan, under which it had granted 2,018,000 options under Plan A to the eligible employees of the Company on the basis of their performance and other eligibility criteria. ESOS Plans are administered through an ESOS Trust. The vesting of the Options is on the expiry of one year and so on from the date of grant as per Plan. In respect of Options granted the accounting value of Options (based on market price of the share on the date of the grant of option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. Each Option entitles the holder thereof to apply for and be allotted/transferred

Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

one Equity Share of the Company of ₹ 5 each upon payment of the exercise price during the exercise period. The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 1,659.04 lakh (Previous year ₹ 1,659.17 lakh) has been granted to the Trust. ₹ 1,661.38 lakh (Previous year ₹ 1,661.38 lakh) has been utilised by the trust for purchasing 2,017,997 (Previous year: 2,017,997) Equity Shares upto March 31, 2013. The fair value of the options granted was estimated on the date of grant using the Black Scholes Model valued by a valuer with the following assumptions:

Particulars	Plan A			
	Vest 1 17-Jul-10	Vest 2 17-Jul-10	Vest 3 17-Jul-10	Vest 4 17-Jul-10
Date of Grant				
Prices of the Underlying Stock (₹)	68.5	68.5	68.5	68.5
Continuous Risk Free Interest Rate	6.65%	6.97%	7.20%	7.39%
Exercise / Strike Price	80	80	80	80
Volatility	55.00%	55.00%	55.00%	55.00%
Time to Expiration (Years)	3.5	4.5	5.5	6.5
Expected Dividend (%)	4.00%	4.00%	4.00%	4.00%
Fair Value of Stock Option (₹)	22.26	25.04	26.93	28.31
Proportion of Vest	25%	25%	25%	25%
<b>Weightage Average Fair Value (₹)</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	No. of Options	Weighted Avg Exercise Price (₹)	Weighted Avg
			Remaining Contractual Life (in Years)
Outstanding at the beginning of the year	1,517,000	80	1 to 4
Granted	-	-	-
Exercised	Nil	N.A.	N.A.
Lapsed/Forfeited	406,000	N.A.	N.A.
Outstanding at the end of the year	1,111,000	80	1 to 4
Exercisable at the end of the year	1,111,000	80	1 to 4

The Company has chosen to account for the plan by the Intrinsic Value Method. The total expense recognised for the year arising from stock option plan as per the Intrinsic Value Method is ₹ Nil (Previous year : ₹ Nil). Had the Company adopted the fair value method, the net results for the year would have been lower by ₹ 52.66 lakh (Previous year : ₹ 135.91 lakh) and accordingly EPS (Both Basic and Diluted) would have been lower by ₹ 0.07 (Previous year : ₹ 0.17).

### 33 Employee Benefits

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	31 March 2013	31 March 2012
Employers contribution to Provident fund and other funds	185.24	234.44

Other long term employee benefits comprises encashment of leave. Expense recognised during the current year is ₹ Nil (Previous year: ₹ Nil).

#### Defined Benefit Plan

##### Gratuity

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes 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 for leave encashment is recognised in the same manner as gratuity.

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### I. Reconciliation of opening and closing balances of Defined Benefit obligation

Particulars	31 March 2013	31 March 2012
<b>Gratuity (Unfunded)</b>		
Defined Benefit obligation at beginning of the year	146.48	122.90
Current Service Cost	33.64	48.75
Interest Cost	12.92	14.19
Actuarial (gain)/loss	(22.80)	(16.54)
Past Service Cost	-	-
Benefits Paid	(31.23)	(22.82)
Defined Benefit obligation at the end of the year	139.01	146.48

### II. Reconciliation of fair value of assets and obligations

Particulars	31 March 2013	31 March 2012
<b>Gratuity (Unfunded)</b>		
Fair value of plan assets at the end of the year	-	-
Present value of obligation at the end of the year	139.01	146.48
Liability recognised in the Balance Sheet	139.01	146.48

### III. Expense/(Income) recognised during the year

Particulars	31 March 2013	31 March 2012
<b>Gratuity</b>		
Current Service Cost	33.64	48.75
Interest Cost	12.92	14.19
Expected return on plan assets	-	-
Actuarial (gain) / loss	(22.80)	(16.54)
Past Service Cost	-	-
Expense/(Income) recognised during the year	23.76	46.40

### IV. Experience Adjustments

Particulars	31 March 2013	31 March 2012	31 March 2011	30 September, 2010	31 March 2010
Defined Benefit Obligation	139.01	146.48	122.90	116.71	102.45
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(139.01)	(146.48)	(122.90)	(116.71)	(102.45)
Experience Adjustments on Plan Liabilities	(25.93)	(34.51)	(28.14)	(15.74)	(48.80)
Experience Adjustments on Plan Assets	-	-	-	-	-

### V. Actuarial assumptions

Particulars	31 March 2013		31 March 2012	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	7.80%	7.80%	8.70%	8.70%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	7%	7%	7%	7%

The estimates for rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

Notes to financial statements for the year ended 31 March 2013

**34 Disclosure of Segment Reporting under AS 17**

(₹ in Lakhs)

As per Accounting Standard on Segment Reporting, Segment information has been provided in the notes to consolidated financial statements.

**35 Disclosure of Related Party under AS 18**

**Parties where control exists**

**Subsidiary Companies**

Reliance Television Private Limited  
 Cinestar Advertising Private Limited  
 Big Magic Limited (w.e.f. 19 April, 2011)  
 RBN US LLC (w.e.f. 18 June, 2012)

**Step down Subsidiary Company**

BIG RTL Broadcast Private Limited (upto 30 July, 2012)  
 Reliance TV US LLC (w.e.f. 18 June, 2012 upto 28 March, 2013)  
 Georgeville Television LLC (w.e.f. 24 August, 2012 upto 28 March, 2013)

**Joint Venture of the Subsidiary Company**

BIG CBS Networks Private Limited  
 BIG RTL Broadcast Private Limited (w.e.f. 31 July, 2012)

**Associate of Subsidiary Company**

Reliance TV US LLC (w.e.f. 29 March, 2013)

**Other related parties with whom transactions have taken place during the year**

**Significant Shareholders, Key Management Personnel and their relatives**

Relationship	Name of the Related party	Remarks
Key Managerial Personnel	Tarun Katial	Chief Executive Officer
Key Managerial Personnel	Gururaja Rao	Manager
Key Managerial Personnel	Ismail Dabhoya	Chief Financial Officer – FM Radio and Allied Business w.e.f. 14 April, 2011 upto 06 July, 2012
Key Managerial Personnel	Asheesh Chatterjee	Chief Financial Officer w.e.f. 14 April, 2011
<b>Relative of Key Managerial Personnel:</b>		
Spouse of Gururaja Rao	Mrs. Akshata Rao	
Spouse of Ismail Dabhoya	Mrs. Irfana Dabhoya	

**Transactions with Related Parties**

Particulars	31 March 2013	31 March 2012
<b>Subsidiary Company</b>		
<b>Reliance Television Private Limited</b>		
Subscription of Equity Shares*	-	2,800.00
Loan Given		
Opening Balance	1,518.73	966.82
Given during the year	4,909.50	6,153.83
Received back during the year**	457.00	5,601.91
Closing Balance	5,971.23	1,518.74
Income from facility sharing	31.36	48.19
Professional Fees Paid	204.70	153.37
Reimbursement of Expenses Received	0.33	-

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

### Transactions with Related Parties

(₹ in Lakhs)

Particulars	31 March 2013	31 March 2012
Reimbursement of Expenses Paid	20.38	-
<u>Closing Balance</u>		
Sundry Debtors	20.61	-
Sundry Creditors	5.21	-

\* Subscription of equity shares is through conversion of loan

\*\* Includes amount of loan converted for subscription of equity shares

### Cinestar Advertising Private Limited

Loan given		
Opening Balance	1,372.37	1,083.58
Given during the year	1,274.40	949.12
Received back during the year	248.28	660.34
Closing Balance	2,398.49	1,372.37

### Big Magic Limited

Subscription of Equity Shares	-	5.00
Loan Given		
Opening Balance	4,306.61	-
Given during the year	5,647.60	5,088.83
Received back during the year	25.00	782.22
Closing Balance	9,929.21	4,306.61
Sale of Airtime	386.93	1,005.97
Income from Experiential Marketing	63.00	119.15
Income from Television Programme Production	339.80	307.28
Out of Home Media Income	-	101.28
Income from Digital Services	-	20.09
Management Fees	253.43	236.97
Income from facility sharing	-	16.34
Other Production Expenses	-	4.32
Advertisement Expenses	12.90	26.48
Event Expenses	18.37	10.43
Reimbursement of Expenses Paid	130.34	4.96
<u>Closing Balance</u>		
Sundry Debtors	6.04	108.09

### RBN US LLC

Subscription of Equity Shares	279.70	-
Loan Given		
Opening Balance	-	-
Given during the year	469.38	-
Received back during the year	-	-
Closing Balance	469.38	-

### Joint Venture

#### BIG RTL Broadcast Private Limited

Management Fees	117.43	42.70
Sale of Fixed Assets	-	1.00
Professional Fees Paid	-	9.55
Sale of Airtime	32.25	-
Staff Welfare Expenses	0.15	-
Reimbursement of Expenses Received	101.29	-
Reimbursement of Expenses Paid	20.19	-
Closing Balance		
Sundry Debtors	1.35	-

Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

**Transactions with Related Parties**

<b>Particulars</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
<b>BIG CBS Networks Private Limited</b>		
Sale of Airtime	482.57	329.52
Income from Experiential Marketing	16.43	38.31
Out of Home Media Income	5.08	47.76
Income from Digital Services	-	32.32
Income from Television Programme Production	31.04	-
Management Fees	423.60	393.02
Other Production Expenses	-	30.28
Advertisement Expenses	5.68	28.34
Sale of Fixed Assets	-	3.36
Reimbursement of Expenses Received	20.19	-
Reimbursement of Expenses Paid	35.06	-
Closing Balance		
Sundry Debtors	39.89	153.61
Sundry Creditors	0.79	32.23
<b>Key Managerial Personnel</b>		
Remuneration to Tarun Katial	178.85	179.85
Remuneration to Gururaja Rao	47.24	46.41
Remuneration to Ismail Dabhoya	21.65	59.09
Remuneration to Asheesh Chatterjee	80.07	61.74
<b>Receiving of Car Hire Services from Relative of Key Managerial Personnel</b>		
Mrs. Akshata Rao	1.80	1.65
Mrs. Irfana Dabhoya	0.48	1.80

**36 Lease disclosure under AS 19**

The Company has taken various office premises, towers and other licenses on cancelable operating lease, where the lease agreements are normally renewed on expiry.

The company is obligated under non-cancellable leases primarily for equipments taken for out of home division, which are renewable thereafter as per the term of the respective agreements.

The future minimum lease payments in respect of non-cancellable operating lease are as follows:

<b>Particulars</b>	<b>Minimum Lease Payments</b>	
	<b>31 March 2013</b>	<b>31 March 2012</b>
Amounts due within one year from the balance sheet date	559.25	437.74
Amounts due in the period between one year and five years	965.06	1,533.44
Amounts due after five years	-	-
	<u>1,524.31</u>	<u>1,971.18</u>

The Lease rentals recognised in the statement of profit and loss is amounting to ₹ 1,999.67 lakh (Previous year ₹ 4,680.05 lakh).

**37 Earnings Per Share ('EPS')**

<b>Particulars</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Net (loss) available for equity shareholders	(2,351.40)	(1,952.54)
Weighted average number of equity shares outstanding during the year	79,451,170	79,451,170
Basic/ Diluted Earnings Per Share	(2.96)	(2.46)
Nominal value per share	5	5

# Reliance Broadcast Network Limited

## Notes to financial statements for the year ended 31 March 2013

### 38 Loans and advances in the nature of loans given to Subsidiaries and Joint ventures: (₹ in Lakhs) Loans and advances in the nature of loans:

Name of the Company	Particulars	31 March 2013	31 March 2012	Maximum Balance during the year
Reliance Television Private Limited	Subsidiary	5,971.23	1,518.73	6,051.23
Cinestar Advertising Private Limited	Subsidiary	2,398.49	1,372.37	2,646.67
Big Magic Limited	Subsidiary	9,929.21	4,306.61	9,929.21
RBN US LLC	Subsidiary	469.38	-	469.38

(a) Loans and advances shown above, to subsidiaries fall under the category of unsecured loans and advances, repayable after four years from the date of signing of the term sheet and supplemental term sheet i.e. 30 May, 2011 and 1 October, 2012 respectively or the date of disbursement of loan whichever is later.

(b) Loans to employees as per Company's policy are not considered.

### 39 Expenditure in foreign currency (Payment Basis)

Particulars	31 March 2013	31 March 2012
Travelling	2.35	2.04
Professional fees	1.24	9.45
Repairs and Maintenance	107.79	82.54
Others	3.36	51.57
	<b>114.74</b>	<b>145.60</b>

### 40 Foreign currency exposures (other than investments) not covered by forward contracts

Particulars	31 March 2013			31 March 2012		
	Currency	Foreign Currency Amount (in lakh)	Amount - Indian Rupees (in lakh)	Currency	Foreign Currency Amount (in lakh)	Amount - Indian Rupees (in lakh)
Loan to RBN US LLC	USD	8.63	469.38	USD	-	-

### 41 Acquisition of Out of Home division of Reliance Big Entertainment Private Limited

The Company has acquired Out-of-Home division of Reliance Big Entertainment Private Limited on 31 August, 2012 with effect from 01 April, 2012 and goodwill of ₹ 577.64 lakh has been recognised as an intangible assets and amortised over a period of five years as per Accounting Standard (AS) 14 - "Accounting for Amalgamations".

### 42 Incorporation of wholly owned subsidiary

RBN US LLC was incorporated as a wholly owned subsidiary of the Company on 18 June, 2012. Reliance TV US LLC was incorporated as a subsidiary of RBN US LLC with 65% holding on 18 June, 2012. Reliance TV US LLC has acquired 81% of Georgeville Television LLC on 24 August 2012. Subsequently 19% of holding in Reliance TV US LLC was sold by RBN US LLC on 29 March, 2013.

43 During the year RTL Group Beheer B.V., Netherlands has subscribed 15,523,810 numbers of equity shares representing 50% holding in the step down subsidiary Big RTL Broadcast Private Limited on 31st July, 2012. Consequent upon this acquisition Big RTL Broadcast Private Limited has become a Joint Venture entity of Wholly owned subsidiary Cinestar Advertising Private Limited on and from the said date.

### 44 Asset held for sale

During the year, the company has obtained ownership of one flat from one of the customer as a consideration against outstanding receivables. Thus, on 31 March 2013 the Company now holds two flats from two customers and these flats have been held for sale.

45 The Company has equity investments aggregating to ₹ 5,630.96 lakh (Previous year ₹ 5,351.26 lakh) in four wholly owned subsidiaries, and an amount of ₹ 18,768.31 lakh (Previous Year ₹ 7,197.71 lakh) advanced as interest free loan as on March 31, 2013. One of the said subsidiaries ( Big Magic Limited) continues to show a negative net-worth as on 31 March 2013. The Company as a test of other than temporary diminution in its investment and impairment of loans advanced to the said subsidiary, had appointed a valuer to assess the position of its exposure in the said subsidiary company. The equity interest in the said subsidiary, as assessed by a valuer, based on business plans, supports the carrying value of such investment and loan outstanding. The Company continues to provide financial support to subsidiary's operations to further such business plans.

## Notes to financial statements for the year ended 31 March 2013

(₹ in Lakhs)

Accordingly, the financial statements of the subsidiary company have been prepared on "Going Concern" basis and no provision is considered necessary at this stage in respect of its investments and loans outstanding from the said subsidiaries of the company at the year end.

- 46** Pursuant to the approval of the Shareholders in the Extraordinary General Meeting held on September 25, 2010, the Company on September 30, 2010, has allotted 12,950,000 equity shares of ₹ 5/- each fully paid up to various investors and 20,375,000 equity shares of ₹ 5/- each fully paid up to the Promoter Group, at a price of ₹ 85/- (including a premium of ₹ 80/-) per equity share. The details of funds raised through Preferential Allotment (PA) and utilisation of said funds are as follows:

<b>Particulars</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Funds received through PA	28,326.25	28,326.25
<b>Utilisation of funds</b>	-	-
Repayment of debt and accrued interest	23,315.99	23,315.99
Investment in Share Capital of Reliance Television Private Limited, Wholly Owned Subsidiary	2,355.81	2,355.81
Investment in Share Capital of Cinestar Advertising Private Limited, Wholly Owned Subsidiary	1,047.09	1,047.09
Funding to Subsidiary Company for acquisition of Channel Company and Operating Expenses	997.36	997.36
Utilised for General purpose	610.00	610.00
<b>Total funds utilised</b>	<b>28,326.25</b>	<b>28,326.25</b>
<b>Funds unutilised</b>	-	-
Fixed Deposits	-	-
Investment in Mutual Funds	-	-

- 47** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date  
**For Chaturvedi & Shah**  
 Chartered Accountants  
 Firm Registration No.: 101720W

**Parag D. Mehta**  
 Partner  
 Membership No.: 113904

Mumbai  
 May 11, 2013

**For and on behalf of the Board of Directors**

Directors	Rajesh Sawhney Anil Sekhri Pradeep Shah Darius Jehangir Kakalia Gautam Doshi
-----------	--

Company Secretary & Manager **Gururaja Rao**

# Reliance Broadcast Network Limited

## Independent Auditors' Report on Consolidated Financial Statements

To

**The Board of Directors**

**Reliance Broadcast Network Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **RELIANCE BROADCAST NETWORK LIMITED** (the "Company") and its subsidiaries, joint ventures and associates (the Company and its subsidiaries, joint ventures and associates constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

The financial statements of two subsidiaries for the year ended March 31, 2013 have been audited by us. The consolidated financial statements include total assets of ₹ 6,414.21 lakh as at March 31, 2013, total revenues of ₹ 2,232.36 lakh and net cash outflows aggregating ₹ 1,278.99 lakh for the year ended on that date in respect of the aforementioned subsidiaries.

### Auditors' Report on Consolidated Financial Statements

We did not audit the financial statements and other financial information of two subsidiaries. The consolidated financial statements includes total assets of ₹ 3,924.32 lakh as on March 31, 2013 and total Revenue of ₹ 749.23 lakh and net cash inflow aggregating ₹ 3.52 lakh for the year/ period ended on that date in respect of aforementioned subsidiaries. These financial statements and related other financial information have been audited by other auditors whose report have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of the other auditor.

Our report is not qualified in respect of this matter.

#### **For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No: 101720W

#### **Parag D. Mehta**

Partner

Membership No.: 113904

Mumbai

May 11, 2013

# Reliance Broadcast Network Limited

## Consolidated Balance Sheet as at 31 March 2013

	Notes	As At 31 March 2013	(₹ in lakh) As At 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	3,972.56	3,972.56
Reserves and Surplus	3	(4,295.90)	6,933.25
		<u>(323.34)</u>	<u>10,905.81</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	30,701.75	4,567.77
Other Long term liabilities	5	383.41	522.51
Long-term provisions	6	1,316.87	98.18
		<u>32,402.03</u>	<u>5,188.46</u>
<b>Current Liabilities</b>			
Short-term borrowings	7	4,731.51	11,774.60
Trade payables	8	3,177.11	3,475.44
Other current liabilities	9	7,324.95	13,405.50
Short-term provisions	10	72.86	76.63
		<u>15,306.43</u>	<u>28,732.17</u>
	<b>Total</b>	<u><b>47,385.12</b></u>	<u><b>44,826.44</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	7,998.92	9,743.65
Intangible assets	11	7,494.17	8,664.77
Capital work-in-progress		15.98	21.52
Goodwill on consolidation		1,507.98	1,740.33
Long term loans and advances	12	8,427.86	7,696.07
Other non-current assets	13	253.91	226.34
		<u>25,698.82</u>	<u>28,092.68</u>
<b>Current assets</b>			
Inventories	14	2,998.54	1,599.39
Trade receivables	15	7,700.53	7,972.47
Cash and bank balances	16	618.58	894.11
Short-term loans and advances	17	9,561.94	6,237.78
Other current assets	18	806.71	30.01
		<u>21,686.30</u>	<u>16,733.76</u>
	<b>Total</b>	<u><b>47,385.12</b></u>	<u><b>44,826.44</b></u>

Significant accounting policies and notes to accounts form an integral part of the consolidated financial statements.

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants  
Firm Registration No.: 101720W

**Parag D. Mehta**

Partner  
Membership No.: 113904

Mumbai  
May 11, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**  
**Anil Sekhri**  
**Pradeep Shah**  
**Darius Jehangir Kakalia**  
**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

# Reliance Broadcast Network Limited

## Statement of Consolidated Profit and Loss for the year ended 31 March 2013

	Notes	For The Year Ended 31 March 2013	(₹ in lakh) For The Year Ended 31 March 2012
<b>Income</b>			
I. Revenue from operations	19	<b>23,292.60</b>	28,434.80
II. Other Income	20	<b>234.83</b>	257.13
<b>III. Total Revenue (I+II)</b>		<b>23,527.43</b>	28,691.93
<b>IV. Expenses</b>			
i. Direct Expenses	21	<b>10,272.39</b>	17,107.98
ii. Employee benefit expense	22	<b>5,618.94</b>	6,375.65
iii. Finance costs	23	<b>3,007.24</b>	1,683.31
iv. Depreciation and amortization expense	24	<b>3,951.39</b>	3,908.66
v. Other expenses	25	<b>9,841.84</b>	10,918.21
<b>V. Total Expenses</b>		<b>32,691.80</b>	39,993.81
<b>(Loss) before tax</b>		<b>(9,164.37)</b>	(11,301.88)
<b>VI. Tax expense</b>			
Current tax		<b>0.44</b>	-
<b>(Loss) after tax and before share of losses of an associate</b>		<b>(9,164.81)</b>	(11,301.88)
Share of losses of an associate		<b>0.25</b>	-
<b>(Loss) for the year after share of losses of an associate</b>		<b>(9,165.06)</b>	(11,301.88)
<b>Earning per equity share [Nominal Value of Share ₹ 5]</b>			
Basic (In ₹)	34	<b>(11.54)</b>	(14.22)
Diluted (In ₹)	34	<b>(11.54)</b>	(14.22)

Significant accounting policies and notes to accounts form an integral part of the consolidated financial statements.

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

**Parag D. Mehta**

Partner

Membership No.: 113904

Mumbai

May 11, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**

**Anil Sekhri**

**Pradeep Shah**

**Darius Jehangir Kakalia**

**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

# Reliance Broadcast Network Limited

## Consolidated Cash Flow Statement for the year ended 31 March 2013

	For The Year Ended 31 March 2013	(₹ in lakh) For The Year Ended 31 March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxes	(9,165.06)	(11,301.88)
Adjustments for:		
Interest Income	(65.54)	(63.36)
Interest Expense	3,007.24	1,683.31
Depreciation/Amortisation	3,951.39	3,908.66
Provision for Doubtful debts	-	588.08
Advances Written Off	22.96	54.48
Provision for Doubtful Deposits/Advances	357.14	-
Excess Accruals Written Back	(566.76)	(174.70)
Sundry Credit Balances Written Back	(512.24)	(186.39)
Profit on sale of current investments	-	(3.41)
Profit/Loss on sale/disposal of assets (net)	27.38	35.35
<b>Operating profit/ (loss) before working capital changes</b>	<b>(2,943.49)</b>	<b>(5,459.86)</b>
(Increase)/ Decrease in Inventories	(1,486.27)	(280.10)
(Increase)/ Decrease in Loans and Advances	(1,658.82)	(2,429.89)
(Increase)/ Decrease in Debtors	571.22	488.94
Increase/(Decrease) in Current Liabilities and Provisions	(4,711.76)	883.67
<b>Cash generated from operations</b>	<b>(10,229.13)</b>	<b>(6,797.24)</b>
Taxes Paid	(276.02)	(814.85)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(10,505.15)</b>	<b>(7,612.09)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,172.09)	(1,101.06)
Sale Proceeds from Fixed Assets	95.05	326.91
Purchase of Investments	(1,069.30)	(600.00)
Sale of Current Investments	-	702.38
Interest Income	62.56	62.43
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(2,083.78)</b>	<b>(609.34)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Increase/(Decrease) in Short Term Loans	(7,043.09)	3,879.58
Proceeds from Long Term Loans	4,500.00	5,500.00
Repayment of Long Term Loan	(8,408.48)	(409.98)
Proceeds from Issue of Debentures (net of Debenture Issue Expenses)	29,152.76	1,000.00
Redemption of debentures	(1,000.00)	-
Interest Paid	(6,170.66)	(1,582.98)
<b>Net cash generated from / (used in) financing activities (C)</b>	<b>11,030.53</b>	<b>8,386.62</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(1,558.40)</b>	<b>165.20</b>
Cash and cash equivalents at beginning of the year	711.24	399.63
Cash and cash equivalents acquired on purchase of OOH division	98.71	146.41
Cash and cash equivalents received on dilution of stake in subsidiary	1,344.59	-
<b>Cash and cash equivalents at end of the year</b>	<b>596.14</b>	<b>711.24</b>

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants  
Firm Registration No.: 101720W

**Parag D. Mehta**

Partner  
Membership No.: 113904

Place: Mumbai

Date : 11 May, 2013

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**  
**Anil Sekhri**  
**Pradeep Shah**  
**Darius Jehangir Kakalia**  
**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

Notes to the consolidated financial statements for the year ended 31 March 2013

1. Summary of significant accounting policies

i Basis of preparation

The financial statements of the Group are prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards ('AS') as prescribed under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable.

These consolidated financial statements relate to Reliance Broadcast Network Ltd. ('the Company / Parent Company'), its subsidiary companies, associates and joint ventures. The Company along with its subsidiaries, associates and joint ventures constitute 'the Group'.

The financial statements of the subsidiaries, associates and joint ventures used in the consolidation are for the same reporting period as the Company i.e. year ended 31 March, 2013.

ii Principles of consolidation

The consolidated financial statements are prepared in accordance with AS 21 - 'Consolidated Financial Statements', AS "23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS 27 - 'Financial Reporting' of Interest in Joint Ventures'.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as a Parent company's separate financial statements.

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

**Subsidiaries**

The excess of cost to the Group of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investments in such subsidiaries was made is recognised in the financial statements as goodwill and any excess of assets over the investment of the Group in a subsidiary is transferred to Capital Reserve. The Group's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of the investment.

The financial statements of the Parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and unrealised profits / losses. The amounts shown in respect of reserves/accumulated losses comprise the reserve/accumulated losses as per the balance sheet of the Parent Company and its share in the post-acquisition increase/decrease in the relevant reserve/accumulated losses of the subsidiaries.

The amount of Goodwill and Capital Reserve are presented on a net basis for each subsidiary.

**Associates**

Where the Company directly or indirectly through subsidiaries holds 20% or more of equity shares, investments in associates are accounted for using equity method in accordance with Accounting Standard ("AS") 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as referred to in the Accounting Standard Rules. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss, based on available information. The difference between the cost of investment in the associates and the share of net assets, at the time of acquisition of shares in the associates, is identified in the financial statements as Goodwill or Capital Reserve, as the case may be.

**Joint venture entities**

Interest in joint venture is accounted by using the proportionate consolidated method.

The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

Name of Subsidiary	Country of Incorporation	Ownership Interest 31 March 2013	Ownership Interest 31 March 2012
Reliance Television Private Limited	India	100%	100%
Cinestar Advertising Private Limited	India	100%	100%
BIG Magic Limited	India	100%	100%
RBN US LLC (w.e.f. 18 June, 2012) *	United States of America	100%	NA

\* The subsidiary RBN US LLC's stake in share capital of Reliance TV US LLC was 65 per cent up to 28 March, 2013

("Step down Subsidiary Company"). These investments have been made by the Subsidiary Company for a short term purpose with an intention to partly sell these investments in the near future. Therefore, Reliance TV US LLC is considered as an associate company, for the purpose of consolidated financial statements of the RBN US LLC.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

The list of step-down subsidiaries considered in these financial statements with percentage shareholding is summarised below:

Name of Step-down Subsidiary	Country of Incorporation	Ownership Interest 31 March 2013	Ownership Interest 31 March 2012
BIG RTL Broadcast Private Limited	India	Nil *	100%

\* Ceased to be a subsidiary w.e.f. 31 July, 2012

The list of joint venture entities of subsidiary companies considered in these financial statements with percentage shareholding is summarised below:

Name of Joint Venture	Country of Incorporation	Ownership Interest 31 March 2013	Ownership Interest 31 March 2012
BIG CBS Networks Private Limited	India	50%	50%
BIG RTL Broadcast Private Limited	India	50% **	Nil

\*\* Joint Venture w.e.f. 31 July, 2012

The associate of subsidiary company considered in these financial statements with percentage shareholding is summarised below:

Name of the associate	Country of Incorporation	Ownership Interest 31 March 2013	Ownership Interest 31 March 2012
Reliance TV US LLC	United States of America	46%	NA

### iii Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### iv Goodwill on Consolidation

The excess of cost to the Parent company of its investments over its portion of equity in the subsidiaries/joint venture, as at the date on which the investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries/joint venture is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

Goodwill is reviewed for a decline other than temporary in its carrying value, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses the recoverability of goodwill by reference to the valuation methodology adopted by it on the acquisition date, which include strategic and synergic factors that were expected to enhance the enterprise value. Accordingly, the Group would consider that there exists a decline other than temporary in the carrying value of goodwill when, in conjunction with its valuation methodology, its expectations with respect to the underlying acquisitions it has made deteriorates with adverse market conditions.

### v Fixed assets and depreciation/ amortisation

#### a. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses related directly/indirectly to the acquisition/construction and installation of the fixed assets for bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided on the straight line method, at following rates which, in management's opinion, reflects the estimated useful lives of those fixed assets:

Particulars of Fixed Assets	Rate of Depreciation
Plant and Machinery excluding Bus Queue Shelters	10% - 33.33%
Furniture and Fixture	10% - 20%
Office Equipments for Radio Division	10%
Office Equipments for OOH Division	20%
Office Equipments except Radio and OOH Division	10% - 33.33%
Data Processing Equipments	20% - 33.33%
Motor Car	20%
Display Vans	11.31%
Branding	33.33%
Website	33.33%

**Notes to the consolidated financial statements for the year ended 31 March 2013**

Leasehold improvements are depreciated over the lower of the useful life of the asset and the lease term, on a straight line basis. Bus Queue Shelters under BOT Schemes are depreciated over the useful life being the contract period on uniform basis. Individual assets costing up to ₹ 0.05 lakhs are depreciated fully in the year of acquisition.

**b. Intangible assets**

Intangible assets, all of which have been acquired and are controlled through custody or legal rights, are capitalised at cost, where they can be reliably measured. Where capitalised, intangible assets are regarded as having a limited useful economic life and the cost is amortised over the lower of useful life and 10 years.

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortised on a straight line basis over its useful life, not exceeding ten years, as determined by management.

One Time Entry Fees paid for acquiring FM radio broadcasting licenses has been capitalised as an asset and is amortised over a period of ten years, being the period of the license, from the date of operationalisation of the station.

Purchased goodwill is recognised on the basis of excess of purchase consideration paid over the value of the assets acquired at the time of acquisition and is amortised over its estimated useful life not exceeding five years.

**vi Impairment**

In accordance with AS 28 – 'Impairment of Assets', where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss.

Value in use is present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

**vii Investments**

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise, at cost or fair value, whichever is lower.

Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

**viii Inventories**

Inventories comprise of Events, contents, television programs (purchased or produced in house), music, movies and merchandise.

Inventories are stated at lower of cost or net realisable value. Where the realisable value on the basis of its estimated useful economic life is less than its carrying amount, the difference is charged to statement of profit and loss.

Cost of Event / Content which does not create any rights are charged to the statement of profit and loss on exploitation.

Event / Content cost covers the cost of acquisition/ execution of the award, function / concerts, cost of content like sports events, video albums etc.

Television programs under production are stated at cost. Cost of television programs comprises of material, cost of services and other expenses incurred upto the date of Balance sheet.

Pilot episodes are stated at cost. Pilots are written off after the end of one year from the year of production of respective pilot in case the same is not developed into a serial.

**Amortisation Policy:**

A) Event / Content Cost

In case rights are available in perpetuity,

Costs of Annual Award/Concerts are amortised at 80% in the year of event execution and 20% in the subsequent year.

Costs of Other Content are amortised at 60% in the year of commercial exploitation and 40% over the subsequent two years equally.

B) Television Programs (purchased or produced in house), music, movies and merchandise

a) Cost of television programs, music and movies are amortised over the licensed period where the number of runs are unlimited. Where the runs are limited, the cost is amortised over the licensed period or on run basis whichever is maximum on the value of content burnt.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

- b) Cost of Programs acquired or produced for multiple channels are allocated based on management estimate of the revenue potential of the said program on respective channels.

Cost of television Programs acquired or produced in house, content being with the Company for perpetuity are amortized over three financial years from the date of telecast as per management estimates of future revenue potential (80% in the year of telecast and 20% in the subsequent year till March 31, 2012). Program amortization commences from the date of telecast of the said program on the respective channel or within twelve months from the date of acquisition or production whichever is earlier.

The Company evaluates the realisable value and/ or revenue potential of inventory on an annual basis and appropriate written down is made in cases where accelerated written down is warranted.

- c) Cost of news, events and current affairs programs are amortized in the year of telecast.  
d) Merchandise is charged off to the statement of profit and loss as and when the gifts are distributed to the winners.

### ix Share / Debenture Issue Expenses

Share / debenture issue expenses are adjusted against securities premium account.

### x Miscellaneous expenditure and preoperative/preliminary expenses

Expense relating to incorporation of the company and preoperative/preliminary expenses are charged off to the statement of profit and loss in the year in which such expenses are incurred.

### xi Employee benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

The Company's contribution to provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss as incurred.

Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services.

The expense is recognised at the present value of the amount payable determined using actuarial valuation carried out by an independent actuary at the balance sheet date using Projected Unit Credit Method.

### xii Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to Directors (including whole time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock – based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a Straight Line Basis.

The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

### xiii Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The amount recognised as revenue is net of trade discounts, service tax and agency commission.

#### Revenue from sale of radio airtime:

Revenue from Radio broadcasting is recognised on an accrual basis on the airing of the customers commercials.

#### Revenue from television media operations:

Advertisement revenue from broadcasting is recognised, when the related advertisement appears before public i.e. on telecast.

#### Revenue from sale of telecast rights:

Revenue from sale of telecast rights of event and content is recognized on the date when the rights are made available to the assignee for exploitation.

#### Revenue from television programmes:

Revenue from commissioned programs are recognised as and when the relevant episodes of the programs are delivered to the channels.

## Notes to the consolidated financial statements for the year ended 31 March 2013

### **Out of Home Media:**

Advertising space revenue, net of taxes, rebate and discount is recognised on the display of advertisements over the period of the contract.

### **Revenue from Experiential Marketing:**

Revenue from experiential marketing which includes event management and activations are recognised on the completion of the event and on the basis of related services performed, as per the contracted terms.

### **Interactive Revenue:**

Revenue from short code, short messaging service ('SMS') is recognised on acceptance of the hits by telecom operators.

### **Management Fees:**

Management fee is recognised as revenue on time proportion basis as per relevant agreements.

### **Graphics and Editing Revenue:**

Revenue from graphics and editing is recognized in accordance with the terms of the agreements with the parties.

### **Syndication Revenue:**

Sales are recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.

### **Subscription Revenue:**

Subscription revenues are recognized on an accrual basis in accordance with the terms of the contract on rendering of services.

### **Interest income:**

Interest income is recognised on a time proportion basis.

### **xiv License Fees**

As per the Frequency Module (FM) broadcasting policy, effective 1 April 2005 license fees are charged to revenue at the rate of 4% of gross revenue for the period or 10% of Reserve One Time Entry Fee (ROTEF) for the concerned city, whichever is higher. Gross Revenue for this purpose shall mean revenue on the basis of billing rates without deduction of taxes and agency commission and net of discounts to advertisers. Barter advertising contracts shall also be included in the gross revenue on the basis of relevant billing rates. ROTEF means 25% of highest valid bid in the city.

### **xv Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary items are restated at the period ended rates. The exchange differences between the rate prevailing on the date of transaction and on settlement/restatement (other than those relating to acquisition of fixed assets) is recognised as income or expense, as the case may be. Non-monetary items which are carried at historical costs denominated in foreign currency are reported using the exchange rate at the date of the transaction.

In respect of integral foreign operations of the company, fixed assets are translated at the rates on the date of acquisition, monetary assets and monetary liabilities are translated at the rate on the date of the balance sheet and income and expenditure are translated at the average of weekly average rates during the year.

### **xvi Foreign currency translations**

The consolidated financial statements are reported in Indian Rupees in accordance with AS 11 – 'The Effects of Changes in Foreign Exchange Rates' which specifies translation of foreign subsidiaries on the basis of their classification as integral / non-integral to the operations of the Parent Company.

The foreign subsidiary in the United States of America fall in the criteria of integral operations and the translation of the local currency financials of integral foreign subsidiary within the Group into Indian Rupees is performed in respect of assets and liabilities other than fixed assets, using the exchange rate in effect at the balance sheet date and for revenue and expense items other than the depreciation costs, using average exchange rate during the reporting period. Net exchange difference resulting from the above translation of the financial statements of integral foreign subsidiary is recognised in the consolidated statement profit and loss. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

### **xvii Earning Per Share**

In determining earning per share, the company considers the net result after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earning per share is the weighted average

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

number of shares outstanding during the year. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

### **xviii Taxation**

Tax expense comprises current tax expense computed in accordance with the relevant provisions of the Income Tax Act, 1961 and deferred tax charge or credit.

Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income Tax Act, 1961. Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits/ losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down/up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### **xix Provisions and contingencies**

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for 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. When 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.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

### **xx Leases**

The Company has various operating leases, principally for radio stations, office space and equipments with various renewal options. Substantially all operating leases are cancellable as well as renewable on expiry of lease term. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis as applicable over the lease term.

### **xxi Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### **xxii Barter Transactions**

Barter transactions are recognised at the fair value of consideration receivable or payable. 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.

Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in lakh)

2. Share Capital

	As At 31 Mar 2013	As At 31 March 2012
<b>Authorised Shares</b>		
20,00,00,000 (Previous Year: 15,00,00,000 ) Equity Shares of ₹ 5/- each	10,000.00	7,500.00
10,00,00,000 (Previous Year: 10,00,00,000) Preference Shares of ₹ 5/- each	5,000.00	5,000.00
	<u>15,000.00</u>	<u>12,500.00</u>
<b>Issued, Subscribed and Paid Up</b>		
7,94,51,170 (Previous year: 7,94,51,170) Equity Shares of ₹ 5/- each fully paid up	3,972.56	3,972.56
<b>Total issued, subscribed and paid-up share capital</b>	<u>3,972.56</u>	<u>3,972.56</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As At 31 March 2013		As At 31 March 2012	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	79,451,170	3,972.56	79,451,170	3,972.56
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<u>79,451,170</u>	<u>3,972.56</u>	<u>79,451,170</u>	<u>3,972.56</u>

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends if any, in Indian rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares of the company

Equity Shares

	As At 31 March 2013		As At 31 March 2012	
	No. of Shares	Percentage of holding	No. of Shares	Percentage of holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Reliance Land Private Limited	380,96,416	47.95	354,10,000	44.57
AAA Entertainment Private Limited	-	-	82,50,000	10.38
Reliance Capital Limited	157,27,957	19.80	62,58,864	7.88

d. Pursuant to shareholder approval dated September 27, 2012, the authorised share capital of the Company was increased from ₹ 12,500.00 lakh to ₹ 15,000.00 lakh divided into 200,000,000 equity shares of ₹ 5 each and 100,000,000 preference shares of ₹ 5 each.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### 3. Reserves and Surplus

	As At 31 March 2013	As At 31 March 2012
Capital Reserve		
Balance as per last balance sheet	3,497.24	3,497.24
<b>Securities Premium Account</b>		
As per last balance sheet	37,471.28	37,471.28
Less: Debenture Issue Expenses	847.24	-
Less: Premium Payable on Redemption of debentures	1,216.85	-
	<u>35,407.19</u>	<u>37,471.28</u>
<b>(Deficit) in the statement of Profit and Loss</b>		
As per last balance sheet	(34,035.27)	(22,733.39)
Add: Loss for the year	(9,165.06)	(11,301.88)
	<u>(43,200.33)</u>	<u>(34,035.27)</u>
<b>Total Reserves and Surplus</b> (refer note 28)	<u>(4,295.90)</u>	<u>6,933.25</u>

### 4. Long Term Borrowings

	As At 31 March 2013		As At 31 March 2012	
	Current	Non-current	Current	Non-current
<b>Secured</b>				
Loans from body corporates (refer note a and b)	479.79	701.75	1,522.25	3,567.77
Non-Convertible Debentures (refer note c)	-	15,000.00	-	-
	<u>479.79</u>	<u>15,701.75</u>	<u>1,522.25</u>	<u>3,567.77</u>
	As At 31 March 2013		As At 31 March 2012	
	Current	Non-current	Current	Non-current
<b>Unsecured</b>				
Optionally Non Convertible Debentures (refer note d)	-	-	-	1,000.00
Zero Coupon Debentures (refer note e)	-	15,000.00	-	-
	<u>-</u>	<u>15,000.00</u>	<u>-</u>	<u>1,000.00</u>
<b>Total</b>	<u>479.79</u>	<u>30,701.75</u>	<u>1,522.25</u>	<u>4,567.77</u>

- Loan from body corporates of ₹ 1,181.54 lakh (Previous Year: ₹ 1,500.00 lakh) carries interest rate of IRR 14%. The terms of repayment is on 12 quarterly equated installment basis from the date of disbursement of loan. The loan is secured by way of second charge on present and future fixed assets of the Company which will be subordinate to the existing first pari-passu charge created by the company.
- Loan from body corporates of ₹ Nil (Previous Year: ₹ 3,590.02 lakh) carries interest rate of 15.50%. The terms of repayment is on 12 quarterly equated installment basis from the date of disbursement of loan. The loan is secured by first Pari-Passu charge on all present and future fixed assets including plant and machinery, office equipment, furniture and fixtures used in offices of the Company now or at anytime hereafter belonging to the Company or at the Company's disposal and now or at anytime and from time to time hereafter stored or to be stored or brought into or upon or in course of transit to the Company's premises or at any other place together with Pari-Passu charge on entire assets of the Company.

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

- c. The Company has issued 11.50%, 1,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 15,000.00 lakh (Previous Year: Nil) having face value of ₹ 10 lakh each on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. 01 November, 2012. The said debentures are secured by first pari passu charge by way of hypothecation of all assets of the Company with a minimum asset cover of 1.25 times to be maintained at all times till the maturity of debentures. The debentures are redeemable in three equal installments at the end of 24 months, 30 months and 36 months (i.e. 28 September, 2014, 28 March, 2015, 28 September 2015).
- d. During the previous year, the Company had issued Unsecured Convertible Debentures of ₹ 100 each, bearing interest at the rate of 12%. Debentures holder had an option to convert debentures into 12% Non- Cumulative Redeemable Preference Shares of the face value of ₹ 100 each of the Company, fully paid up at par at any time within a period of two years from the deemed date of allotment. Either party were entitled to have the debentures redeemed at any time by giving seven days advance notice in writing in that regard. During the year, these debentures have been redeemed at par.
- e. The Company has issued 1,500 Zero Coupon Unsecured Redeemable Non Convertible Debentures amounting to ₹ 15,000.00 lakh (Previous Year: Nil), having face value of ₹ 10 lakh each on a private placement basis. These Debentures are redeemable on 8th August, 2015 i.e. 1095 days from the date of issue i.e. 9 August, 2012 and has an implicit yield of 12.60% in form of redemption premium.

	As At 31 March 2013	As At 31 March 2012
<b>5. Other Long Term Liabilities</b>		
Lease Rent Liability	324.32	482.75
Security Deposits	59.09	39.76
	383.41	522.51
<b>6. Long Term Provisions</b>		
Provision for employee benefits (refer note 30)		
- Gratuity	93.99	91.55
- Leave benefits	6.03	6.63
Premium Payable on Redemption of Debentures	1,216.85	-
	1,316.87	98.18
<b>7. Short Term Borrowings</b>		
<b>Loans repayable on demand (secured)</b>		
From Banks (refer note a and b)	3,431.51	3,479.58
<b>Other Loans and advances (Unsecured)</b>		
From Body corporates (refer note c, d and e)	1,300.00	8,295.02
	4,731.51	11,774.60

### Nature of security and other terms:

- a. Loan from bank ₹ 3,431.51 lakh (Previous year: Nil) is secured by first pari passu charge on, the entire current assets of the Company, existing and future, comprising, inter alia, stocks of raw material, work in progress, finished goods and other current assets, the entire book debts and receivables of the Company existing and future, the entire movable fixed assets of the Company, existing and future including without limitation movable plant and machinery etc. It is repayable on demand bearing interest rate at Bank's base rate + 175 bps p.a.
- b. Loan from bank ₹ Nil (Previous year: ₹ 3,479.58 lakh) is secured by exclusive charge on the whole of the current assets stock of raw material, semi-finished and finished goods, stores and spares including relating to plant and machinery (consumable stores and spares), bills receivables and book debts and all other receivables and moveables both present and future and first pari-passu charge on whole of moveable fixed assets including plant and machinery both present and future. It is repayable on demand, bearing interest rate at bank's base rate plus 5%.
- c. Unsecured Loan from body corporates ₹ 1,300.00 lakh (Previous Year: Nil) is carrying interest at the rate of 13% and repayable after a term of one year from the date of disbursement.
- d. Unsecured Loan from body corporates ₹ Nil (Previous Year: ₹ 2,200.00 lakh) is carrying interest at the rate of 13% and is repayable on demand.
- e. Unsecured Loan from body corporates ₹ Nil (Previous Year: ₹ 6,095.02 lakh) is carrying interest at the rates ranging from 9% to 14% and is repayable on demand.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

	(₹ in Lakhs)	
	As At 31 March 2013	As At 31 March 2012
<b>8. Trade Payables</b>		
Micro, Small and Medium Enterprises (refer Note 8.1)	0.12	0.10
Others	3,176.99	3,475.34
	<b>3,177.11</b>	<b>3,475.44</b>
<b>8.1</b> Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:		
<b>Particulars</b>	<b>As At 31 March 2013</b>	<b>As At 31 March 2012</b>
Principal amount remaining unpaid	0.12	0.10
Interest due thereon	-	-
Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	-	-
Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid	-	-
Further interest remaining due and payable even in the succeeding period until such date when the interest dues as above are actually paid to the small enterprise.	-	-
	<b>0.12</b>	<b>0.10</b>
<b>9. Other Current Liabilities</b>		
Current maturities of long term borrowings (refer Note 4)	479.79	1,522.25
Interest accrued but not due on borrowings	911.98	109.89
Interest accrued and due on borrowings	71.67	4,037.19
Others		
Deposits from customers and employees	6.43	26.76
Advance from Trade Customers	327.60	391.45
Unearned revenue	10.46	-
Statutory Dues Payable	943.66	1,022.49
Employee Benefits Payable	176.26	226.75
Creditors for Capital Expenditure	12.72	8.62
Provision for Expenses	4,231.67	5,907.39
Other Payables	152.71	152.71
	<b>7,324.95</b>	<b>13,405.50</b>
<b>10. Short Term Provisions</b>		
Provision for employee benefits (refer note 30)		
- Gratuity	67.04	70.49
- Leave benefits	5.33	6.08
Provision for tax	0.49	0.06
	<b>72.86</b>	<b>76.63</b>

Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

11. Fixed Assets

Particulars	Gross Block			Depreciation/Amortisation			Net Block		
	As on 1 April 2012	Additions during the Year	Deletions/ Adjustments# during the Year	As on 31 March 2013	As on 1 April 2012	For the year	Deletions/ Adjustments# during the Year	As on 31 March 2013	As on 31 March 2012
<b>Tangible Assets</b>									
Plant & Machinery	14,412.91	275.77	22.81	<b>14,665.87</b>	6,960.15	1,526.85	5.00	<b>6,183.87</b>	7,452.76
Office Equipments	426.28	14.17	6.93	<b>433.52</b>	171.54	42.59	2.84	<b>222.23</b>	254.74
Furniture & Fixtures	234.90	12.07	5.09	<b>241.88</b>	143.25	19.53	0.55	<b>79.65</b>	91.65
Data Processing Machines	834.42	60.64	1.37	<b>893.69</b>	715.13	63.00	0.17	<b>115.73</b>	119.29
Leasehold Improvements	3,300.47	72.20	-	<b>3,372.67</b>	1,659.74	351.08	-	<b>1,361.85</b>	1,640.73
Vehicles	441.68	-	218.20	<b>223.48</b>	257.20	40.76	110.07	<b>35.59</b>	184.48
<b>Total</b>	<b>19,650.66</b>	<b>434.85</b>	<b>254.40</b>	<b>19,831.11</b>	<b>9,907.01</b>	<b>2,043.81</b>	<b>118.63</b>	<b>11,832.19</b>	<b>9,743.65</b>
Previous Year	19,395.96	804.13	549.43	<b>19,650.66</b>	7,996.92	2,101.47	191.38	<b>9,907.01</b>	11,399.04
<b>Intangible Assets</b>									
(other than internally generated)									
Radio broadcasting license (Refer Note v (b) of note 1)	16,028.87	-	-	<b>16,028.87</b>	8,256.07	1,602.89	-	<b>9,858.96</b>	7,772.80
Computer Software	1,014.80	126.75	1.12	<b>1,140.43</b>	386.66	175.15	0.10	<b>561.71</b>	628.14
Copyrights	76.83	-	-	<b>76.83</b>	23.78	7.79	-	<b>31.57</b>	53.05
Goodwill	263.47	577.64	-	<b>841.11</b>	52.69	120.11	-	<b>172.80</b>	210.78
Branding	-	76.89	38.45	<b>38.44</b>	-	6.48	-	<b>6.48</b>	-
Website	-	7.69	-	<b>7.69</b>	-	1.31	-	<b>1.31</b>	-
<b>Total</b>	<b>17,383.97</b>	<b>788.97</b>	<b>39.57</b>	<b>18,133.37</b>	<b>8,719.20</b>	<b>1,913.73</b>	<b>0.10</b>	<b>10,632.83</b>	<b>8,664.77</b>
Previous Year	16,845.75	545.51	7.29	<b>17,383.97</b>	6,915.09	1,807.19	3.08	<b>8,719.20</b>	9,930.66

# - Adjustments are on account of a wholly owned subsidiary of the subsidiary company being converted into a joint venture of the subsidiary company during the year.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

	As At 31 March 2013	(₹ in Lakhs) As At 31 March 2012
<b>12. Long Term Loans and Advances</b>		
<b>Unsecured and considered good unless otherwise stated</b>		
Capital Advances	8.62	520.35
<b>Security Deposit</b>		
Considered good	2,890.92	3,048.32
Considered doubtful	22.50	790.00
	<u>2,913.42</u>	<u>3,838.32</u>
Less: Provision for doubtful security deposit	22.50	790.00
	<u>2,890.92</u>	<u>3,048.32</u>
Loans and advances to others	739.69	-
<b>Other loans and advances</b>		
Advance Tax (net of provision for tax)	2,168.45	1,899.00
Cenvat Credit receivable	570.27	-
Advance to Reliance Broadcast Network ESOS Trust (refer note 29)	1,659.04	1,659.17
Prepaid Expenses	390.87	569.23
	<u>4,788.63</u>	<u>4,127.40</u>
	<u>8,427.86</u>	<u>7,696.07</u>
<b>13. Other Non-Current Assets</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Interest accrued on Fixed Deposits	22.91	13.62
In Fixed Deposits with original maturity of more than twelve months	30.00	-
Margin Deposits*	201.00	212.72
	<u>253.91</u>	<u>226.34</u>
* Balances in margin money accounts represent fixed deposits with banks with maturity of more than twelve months.		
<b>14. Inventories (valued at lower of cost and net realizable value)</b>		
Events / Contents	34.22	246.82
Events / Content In Progress	-	2.96
Television Programmes and movie rights		
Under Production	92.00	142.24
Unamortised	2,828.67	1,207.37
Merchandise	43.65	-
	<u>2,998.54</u>	<u>1,599.39</u>
<b>15. Trade Receivables</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	1,101.61	880.33
Other Debts	6,598.92	7,092.14
	<u>7,700.53</u>	<u>7,972.47</u>
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	2,142.07	2,921.02
Other Debts	-	4.08
	<u>2,142.07</u>	<u>2,925.10</u>
Less: Provision for doubtful receivables	2,142.07	2,925.10
	<u>-</u>	<u>-</u>
	<u>7,700.53</u>	<u>7,972.47</u>

Notes to the consolidated financial statements for the year ended 31 March 2013

	(₹ in Lakhs)	
	As At 31 March 2013	As At 31 March 2012
<b>16. Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with banks:		
In Current Accounts	490.37	704.33
In Fixed Deposits with original maturity of less than three months	100.00	0.69
Cash on hand	5.77	6.22
	<b>596.14</b>	711.24
<b>Other Bank Balances</b>		
Margin Deposits with maturity of less than twelve months	22.44	182.87
	<b>618.58</b>	894.11
<b>17. Short Term Loans and Advances</b>		
<b>Unsecured and considered good unless otherwise stated</b>		
Security Deposit	22.20	18.01
Loans and advances to others	87.39	-
Loans and advances to employees	59.04	64.21
<b>Other loans and advances</b>		
Prepaid Expenses	753.26	1,410.81
Advance to Vendors	2,303.63	1,273.04
Claims / Other Receivables (refer note 27)	4,849.06	1,896.08
Deposits with Service Tax authorities	20.64	-
Other Advances	8.39	-
Cenvat Credit Receivable	1,792.97	1,575.63
	<b>9,727.95</b>	6,155.56
Less: Provision for doubtful advances	334.64	-
	<b>9,561.94</b>	6,237.78
<b>18. Other Current Assets</b>		
Assets held for sale (refer note 42)	32.64	12.64
Advance towards Share Application Money	763.00	-
Interest Receivable	9.37	-
Interest accrued on Fixed Deposits	1.70	17.37
	<b>806.71</b>	30.01

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

	(₹ in Lakhs)	
	For The Year Ended 31 March 2013	For The Year Ended 31 March 2012
<b>19. Revenue from Operations</b>		
<b>Revenue from Operations</b>		
Sale of Services	20,533.40	25,150.22
<b>Other Operating Revenue</b>		
Royalty paid / provided written back (refer note 27)	-	2,360.31
Management Fees	1,141.90	196.51
Excess Accruals Written Back	566.76	174.70
Sundry Credit Balances Written Back	512.24	186.39
Other Revenue	538.30	366.67
<b>Revenue from Operations</b>	<b>23,292.60</b>	<b>28,434.80</b>
<b>Details of services rendered</b>		
Sale of radio airtime	15,235.77	14,899.92
Experiential Marketing	266.48	2,391.06
Television Programme Production Income	2,325.99	3,689.38
Out of Home Media Income	781.17	3,003.99
Income from television media operations	1,923.99	1,165.87
	<b>20,533.40</b>	<b>25,150.22</b>
<b>20. Other Income</b>		
<b>Interest Income on</b>		
Bank Deposits	56.18	63.36
Others	9.37	-
<b>Other non operating income</b>		
Income from facility sharing	156.62	175.06
Profit on sale of current investments	-	3.41
Miscellaneous Income	12.66	15.30
	<b>234.83</b>	<b>257.13</b>
<b>21. Direct Costs</b>		
Royalty	364.93	666.16
Event Expenses	409.56	2,446.21
Transmission Expenses	823.15	614.65
Out of Home Media Expenses	528.17	3,118.69
Television Programme Production Expenses	2,439.40	3,601.76
Revenue Sharing License Fees	830.47	857.80
Content Cost	1,475.00	1,289.32
Placement Fees	1,927.77	3,484.68
Censor, Coding and Dubbing	-	14.33
Equipment Hire Charges	22.66	15.05
Editing Charges	185.49	96.07
Other Production Expenses	1,265.79	903.26
	<b>10,272.39</b>	<b>17,107.98</b>
<b>22. Employee Benefit Expenses</b>		
Salaries, wages and bonus	5,183.27	5,873.33
Contribution to Provident and other funds	225.52	264.91
Gratuity Expense	33.67	57.95
Staff Welfare Expenses	176.48	179.46
	<b>5,618.94</b>	<b>6,375.65</b>

Notes to the consolidated financial statements for the year ended 31 March 2013

	For The Year Ended 31 March 2013	(₹ in Lakhs) For The Year Ended 31 March 2012
<b>23. Finance Costs</b>		
Interest	2,877.42	1,588.31
Other Borrowing Costs	129.82	95.00
	<u>3,007.24</u>	<u>1,683.31</u>
Note: Finance costs for the year ended 31 March, 2013 includes ₹ 471.67 lakh relating to previous year.		
<b>24. Depreciation and amortisation</b>		
Depreciation of tangible assets	2,043.81	2,101.47
Amortisation of intangible assets	1,907.58	1,807.19
	<u>3,951.39</u>	<u>3,908.66</u>
<b>25. Other Expenses</b>		
Advertisements	3,070.70	3,365.05
Distribution and advertisements rights expenses	767.16	652.10
Management and distribution service fees	79.95	37.77
Sales Incentive	129.32	129.78
Bank Charges	26.25	26.93
Bad Debts	143.35	399.23
Business Promotion	85.54	42.08
Rent, Rates and Taxes	1,685.95	2,017.97
Telecast and uplinking fees	145.63	193.15
Payment to Auditor (refer note below)	59.62	76.00
Electricity Charges	441.94	471.91
Insurance Charges	16.99	16.21
Legal and Professional Fees	888.11	780.73
Director's Sitting Fees	4.20	4.25
Loss on Sale/Disposal of Assets (net)	27.38	35.35
Communication Expenses	187.58	167.51
Printing and Stationery	32.95	39.60
Provision for Doubtful Debts (net of doubtful debts written off ₹ 325.58 lakh; Previous year: ₹ Nil)	-	588.08
Provision for Doubtful Deposits/Advances (net of doubtful deposit written off ₹ 790.00 lakh; Previous year: ₹ Nil)	357.14	-
Advances Written Off	22.96	54.48
Repairs and Maintenance		
- Repairs to Machinery	152.44	123.70
- Repairs to Others	525.27	715.73
Security Charges	98.11	97.39
Housekeeping Charges	103.81	94.97
Foreign Exchange Loss (Net)	13.43	12.58
Computer / Internet / Intranet	228.04	173.31
Conference Expense	71.22	50.81
Travelling and Conveyance	397.34	450.89
Other Miscellaneous Expenses	79.46	100.65
	<u>9,841.84</u>	<u>10,918.21</u>
<b>Payment to auditor</b>		
<b>As auditor:</b>		
Audit fee	37.12	34.50
Tax audit fee	6.50	6.50
<b>In other capacity:</b>		
Other services (certification fees)	16.00	35.00
	<u>59.62</u>	<u>76.00</u>

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### 26. Contingent Liabilities

Particulars	31 March 2013	31 March 2012
Bank Guarantees	1,109.93	1,466.44
Claims against the company not acknowledged as debt	115.45	44.26
Disputed Service tax demand (excluding penal interest)	1,396.85	1,413.31
Disputed Income tax demand	31.66	11.65
Disputed VAT	-	2.57
Disputed Stamp duty	6.70	6.70
Disputed Sales tax	68.04	-
	<b>2,728.63</b>	<b>2,944.93</b>

The company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.

- 27 In the previous year, based on the judgments of the Hon'ble Bombay High Court in the case of IPRS v/s Music Broadcast Private Limited and Delhi High Court in the case of IPRS v/s Aditya Pandey, whereby it was held that performance royalty is not payable on a mere broadcast of original sound recordings by FM Radio Broadcasters, the company has not provided performance royalty for the period April 2011 to March 2012 amounting to ₹ 346.60 lakh (₹ 104.97 lakh for quarter ended 31 March, 2012). Further the company for earlier years, has written back performance royalty of ₹ 2113.18 lakh during the period April 1, 2011 to 31 March, 2012 (₹ 20.68 lakh for the quarter ended 31 March, 2012). Divisional Bench of Delhi High Court also upheld the judgement of single bench in the matter of IPRS v/s Aditya Pandey. The Company was paying performance royalties under mistaken belief of law and has obtained a legal opinion which backs the judgment.

The Company has filed Declaratory Suits in the High Courts at Mumbai and Delhi and also Applications for refund of performance royalty before the Copyright Board for the respective Rightholders/Copyright Societies. The matter is subjudice.

### 28 Commitments

Particulars	31 March 2013	31 March 2012
a) Estimated amount of contracts remaining to be executed on capital account not provided for, (net of advances)	5.21	42.12
b) In view of the loss during the year, the Company has not created Debenture Redemption Reserve in terms of Section 117 (C) of the Companies Act, 1956. The Company shall create such reserve out of profit, if any in future years.		

### 29 Employee Stock Option Scheme (ESOS)

During the period ended September 30, 2010 the Company had introduced Employee Stock Option Plan, under which it had granted 2,018,000 options under Plan A to the eligible employees of the Company on the basis of their performance and other eligibility criteria. ESOS Plans are administered through an ESOS Trust. The vesting of the Options is on the expiry of one year and so on from the date of grant as per Plan. In respect of Options granted the accounting value of Options (based on market price of the share on the date of the grant of option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. Each Option entitles the holder thereof to apply for and be allotted/transferred one Equity Share of the Company of ₹ 5 each upon payment of the exercise price during the exercise period. The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 1,659.04 lakh (Previous year ₹ 1,659.17 lakh) has been granted to the Trust. ₹ 1,661.38 lakh (Previous year ₹ 1,661.38 lakh) has been utilised by the trust for purchasing 2,017,997 (Previous year: 2,017,997) Equity Shares upto 31 March, 2013. The fair value of the options granted was estimated on the date of grant using the Black Scholes Model valued by a valuer with the following assumptions:

Particulars	Plan A			
	Vest 1 17-Jul-10	Vest 2 17-Jul-10	Vest 3 17-Jul-10	Vest 4 17-Jul-10
Prices of the Underlying Stock (₹)	68.5	68.5	68.5	68.5
Continuous Risk Free Interest Rate	6.65%	6.97%	7.20%	7.39%
Exercise / Strike Price	80	80	80	80
Volatility	55.00%	55.00%	55.00%	55.00%
Time to Expiration (Years)	3.5	4.5	5.5	6.5
Expected Dividend (%)	4.00%	4.00%	4.00%	4.00%
Fair Value of Stock Option (₹)	22.26	25.04	26.93	28.31
Proportion of Vest	25%	25%	25%	25%
<b>Weightage Average Fair Value (₹)</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>

Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	No. of Options	Weighted Avg Exercise Price (₹)	Weighted Avg Contractual Life (in Years)
Outstanding at the beginning of the year	15,17,000	80	1 to 4
Granted	-	-	-
Exercised	Nil	N.A.	N.A.
Lapsed/Forfeited	4,06,000	N.A.	N.A.
Outstanding at the end of the year	11,11,000	80	1 to 4
Exercisable at the end of the year	11,11,000	80	1 to 4

The Company has chosen to account for the plan by the Intrinsic Value Method. The total expense recognised for the year arising from stock option plan as per the Intrinsic Value Method is ₹ Nil (Previous year :₹ Nil). Had the Company adopted the fair value method, the net results for the year would have been lower by ₹ 52.66 lakh (Previous year :₹ 135.91 lakh) and accordingly EPS (Both Basic and Diluted) would have been lower by ₹ 0.07 (Previous year :₹ 0.17).

**30. Employee Benefits**

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	31 March 2013	31 March 2012
Employers contribution to Provident fund and other funds	225.52	264.91

Other long term employee benefits comprises encashment of leave. Expense recognised during the current year is ₹ Nil (Previous year: ₹ Nil).

**Defined Benefit Plan**

**Gratuity**

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes 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 for leave encashment is recognised in the same manner as gratuity.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**

Particulars	31 March 2013	31 March 2012
<b>Gratuity (Unfunded)</b>		
Defined Benefit obligation at beginning of the year	162.04	128.03
Current Service Cost	37.50	52.14
Interest Cost	14.21	15.39
Actuarial (gain)/loss	(19.35)	(16.81)
Losses/ (Gains) on "Acquisition / Divestiture"	(1.38)	6.11
Benefits Paid	(31.23)	(22.82)
Defined Benefit obligation at the end of the year	161.79	162.04

**II. Reconciliation of fair value of assets and obligations**

Particulars	31 March 2013	31 March 2012
<b>Gratuity (Unfunded)</b>		
Fair value of plan assets at the end of the year	-	-
Present value of obligation at the end of the year	161.79	162.04
Liability recognised in the Balance Sheet	161.04	162.04

**III. Expense/(Income) recognised during the year**

Particulars	31 March 2013	31 March 2012
<b>Gratuity</b>		
Current Service Cost	37.23	52.14
Interest Cost	12.26	15.39
Expected return on plan assets	-	-
Actuarial (gain) / loss	(19.35)	(16.81)
Past Service Cost	-	-
Losses/ (Gains) on "Acquisition / Divestiture"	-	6.11
Expense/(Income) recognised during the year	30.14	56.83

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### IV. Experience Adjustments

Particulars	31 March 2013	31 March 2012	31 March 2011	30 September 2010	31 March 2010
Defined Benefit Obligation	161.04	132.27	122.90	116.71	102.45
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(160.33)	(120.82)	(122.90)	(116.71)	(102.45)
Experience Adjustments on Plan Liabilities	(23.01)	(16.00)	(28.14)	(15.74)	(48.80)
Experience Adjustments on Plan Assets	-	-	-	-	-

### V. Actuarial assumptions

Particulars	31 March 2013		31 March 2012	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	<b>7.80%</b>	<b>7.80%</b>	8.70%	8.70%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	<b>7%</b>	<b>7%</b>	7%	7%

The estimates for rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

Notes to the consolidated financial statements for the year ended 31 March 2013

31. Disclosure of Segment Reporting under AS 17

Particulars	Radio Broadcasting		Outdoor		Experiential Marketing		Production		Television		Others		Total	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Segment Revenue	16,592.63	18,540.07	1,755.95	3,215.54	500.68	2,587.56	2,750.37	4,080.75	2,911.97	1,431.40	335.83	676.43	24,847.43	30,531.75
Inter Segment Revenue	(717.60)	(1,176.14)	(38.58)	(209.79)	(8.21)	(188.70)	(355.32)	(391.59)	(254.25)	(70.54)	(151.35)	(216.16)	(1,525.31)	(2,252.92)
<b>Total Income</b>	<b>15,875.03</b>	<b>17,363.93</b>	<b>1,717.37</b>	<b>3,005.75</b>	<b>492.47</b>	<b>2,398.86</b>	<b>2,395.05</b>	<b>3,689.16</b>	<b>2,657.72</b>	<b>1,360.86</b>	<b>184.48</b>	<b>460.27</b>	<b>23,322.12</b>	<b>28,278.83</b>
Others / (Unallocated) Revenue	-	-	-	-	-	-	-	-	-	-	-	-	205.31	413.10
<b>Total Revenue</b>	<b>15,875.03</b>	<b>17,363.93</b>	<b>1,717.37</b>	<b>3,005.75</b>	<b>492.47</b>	<b>2,398.86</b>	<b>2,395.05</b>	<b>3,689.16</b>	<b>2,657.72</b>	<b>1,360.86</b>	<b>184.48</b>	<b>460.27</b>	<b>23,527.43</b>	<b>28,691.93</b>
<b>Result</b>														
Segment Result	817.79	3,302.69	(90.64)	(1,701.18)	21.66	(730.24)	(32.65)	58.05	(6,668.03)	(10,058.29)	20.75	(161.00)	(5,931.12)	(9,289.97)
Unallocated Corporate Expenses (Net of Unallocated Income)	-	-	-	-	-	-	-	-	-	-	-	-	291.56	391.97
Interest Expenses (Net of Income)	-	-	-	-	-	-	-	-	-	-	-	-	2,941.69	1,619.94
Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	0.44	-
<b>Net Profit After Tax</b>													<b>(9,164.81)</b>	<b>(11,301.88)</b>
<b>Other Information</b>														
Segment Assets	22,457.96	28,318.61	8,710.91	5,396.25	589.18	4,263.33	750.40	955.94	8,224.70	5,872.84	454.66	988.47	41,187.81	45,795.44
Segment Liabilities	3,023.29	5,151.33	1,648.01	3,313.75	503.80	1,951.40	479.99	598.37	27,244.66	16,356.26	116.51	341.60	33,016.26	27,712.71
Unallocated Corporate Liabilities (Net of Unallocated Corporate Assets)	-	-	-	-	-	-	-	-	-	-	-	-	8,949.64	7,176.91
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	1,223.82	1,349.64
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	3,951.39	3,908.66

The Group has disclosed the Business Segment as primary segment. The business of the Group is primarily divided into six segments – Radio Business, Outdoor Business, Experiential Marketing, Production, Television Business and Others. The segments have been identified taking into account the nature of the business, the differing risk and returns, the organization structure and internal reporting system.

Radio operations primarily consist of FM radio broadcasting services in the cities where the Group have been allotted radio broadcasting licenses. Outdoor operations primarily consist of operating advertisement contracts on outdoor media properties awarded under tender and through private tenders / contracts. Experiential Marketing segment consists of activations, events and contents. Production segment principally consist of production of television programs. Television operations consists of operating and broadcasting service of Television Channels. The businesses, which were not reportable segment during the year have been grouped under "Others" segment. This mainly comprises of Digital, Post Production and Other Services.

Segment Revenues, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each segment as also the amounts allocable on a reasonable basis. Income and Expenses which are not directly attributable to any Business Segment are shown as unallocated corporate income / expenses. Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. The Group's operations are mainly confined within India. The Group does not have material earnings outside India. As such there are no reportable geographical segments.

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### 32. Disclosure of Related Party under AS 18

#### Parties where control exists

#### Related parties with whom transactions have taken place during the year

#### Significant Shareholders, Key Management Personnel and their relatives

Relationship	Name of the Related party	Remarks
Key Managerial Personnel	Tarun Katial	Chief Executive Officer
Key Managerial Personnel	Gururaja Rao	Manager
Key Managerial Personnel	Ismail Dabhoya	Chief Financial Officer – FM Radio and Allied Business w.e.f. 14 April, 2011 upto 6 July, 2012
Key Managerial Personnel	Asheesh Chatterjee	Chief Financial Officer w.e.f. 14 April, 2011

#### Relative of Key Managerial Personnel:

Spouse of Gururaja Rao	Mrs. Akshata Rao
Spouse of Ismail Dabhoya	Mrs. Irfana Dabhoya

#### Joint Venture Entities of Subsidiary Companies:

BIG CBS Networks Private Limited  
BIG RTL Broadcast Private Limited

#### Associate Company of Subsidiary Company:

Reliance TV US LLC (w.e.f. 29 March, 2013)

#### Others:

CBS Studios Inc., USA  
CBS Broadcast International BV, Netherlands  
CBS CSI International BV, Netherlands  
CBS International Television, USA  
Showtime Networks Inc., USA  
RTL Group Beheer B.V., Netherlands (w.e.f. 31 July, 2012)  
RTL Group Licensing Asia GmbH, Germany (w.e.f. 31 July, 2012)  
RTL Group Cable & Satellite GmbH, Germany (w.e.f. 31 July, 2012)  
Fremantle Media Limited, Australia (w.e.f. 31 July, 2012)

#### Transactions with Related Parties

Particulars	31 March 2013	31 March 2012
<b>Key Managerial Personnel</b>		
Remuneration to Tarun Katial	178.85	179.85
Remuneration to Gururaja Rao	47.24	46.41
Remuneration to Ismail Dabhoya	21.65	59.09
Remuneration to Asheesh Chatterjee	80.07	61.74
<b>Receiving of Car Hire Services from Relative of Key Managerial Personnel</b>		
Mrs. Akshata Rao	1.80	1.65
Mrs. Irfana Dabhoya	0.48	1.80

Notes to the consolidated financial statements for the year ended 31 March 2013

Particulars	(₹ in Lakhs)	
	31 March 2013	31 March 2012
<b>Others</b>		
<b>CBS Studios Inc., USA</b>		
Purchase of content	572.55	542.53
<b>Closing Balance</b>		
Sundry Creditors	233.83	227.25
<b>CBS Broadcast International BV, Netherlands</b>		
Purchase of content	-	25.31
<b>CBS CSI International BV, Netherlands</b>		
Purchase of content	81.22	83.47
<b>Closing Balance</b>		
Sundry Creditors	16.58	-
<b>CBS International Television, USA</b>		
Purchase of content	8.72	-
<b>Closing Balance</b>		
Sundry Debtors	2.06	-
<b>Showtime Network Inc., USA</b>		
Purchase of content	14.44	-
<b>RTL Group Beheer B.V., Netherlands</b>		
Purchase of Intangible Assets	62.66	-
Dubbing cost and other expenses on programs	62.70	-
Management fees	62.70	-
<b>Closing Balance</b>		
Sundry Creditors	8.22	-
<b>RTL Group Licensing Asia GmbH, Germany</b>		
Purchase of programs	95.77	-
<b>RTL Group Cable &amp; Satellite GmbH, Germany</b>		
Purchase of programs	7.12	-
<b>Fremantle Media Ltd, Australia</b>		
Purchase of programs	46.36	-
<b>Closing Balance</b>		
Sundry Creditors	14.19	-

**33 Lease disclosure under AS 19**

The Company has taken various office premises, towers and other licenses on cancelable operating lease, where the lease agreements are normally renewed on expiry.

The company is obligated under non-cancellable leases primarily for equipments taken for out of home division, which are renewable thereafter as per the term of the respective agreements.

The future minimum lease payments in respect of non-cancellable operating lease are as follows:

Particulars	Minimum Lease Payments	
	31 March 2013	31 March 2012
Amounts due within one year from the balance sheet date	586.86	448.48
Amounts due in the period between one year and five years	1,037.40	1,574.28
Amounts due after five years	39.64	-
	<b>1,663.90</b>	<b>2,022.76</b>

The Lease rentals recognised in the statement of profit and loss is amounting to ₹ 2,022.08 lakh (Previous year ₹ 4,709.37 lakh)

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

### 34. Earnings Per Share ('EPS')

Particulars	31 March 2013	31 March 2012
Net (loss) available for equity shareholders	(9,165.06)	(11,301.88)
Weighted average number of equity shares outstanding during the year	794,51,170	794,51,170
Basic/ Diluted Earnings Per Share	(11.54)	(14.22)
Nominal value per share	5	5

### 35. Deferred Tax

As a matter of prudence, deferred tax asset to the extent of deferred tax liability has been recognised and the balance has not been recognised in the books of account.

### 36. Interest in Joint ventures

The Company's interests in jointly controlled entities:

Name of Joint Venture	Country of Incorporation	Ownership Interest 31 March 2013	Ownership Interest 31 March 2012
BIG CBS Networks Private Limited	India	50%	50%
BIG RTL Broadcast Private Limited	India	50% *	Nil

\* w.e.f. 31 July, 2012

Particulars	31 March 2013	31 March 2012
<b>I Assets</b>		
1 Non-current assets		
i Fixed assets		
Tangible assets	73.31	25.86
Intangible assets	68.15	63.96
ii Long-term loans and advances	630.75	13.09
2 Current assets		
Inventories	1,197.25	628.42
Trade receivables	409.36	358.58
Cash and bank balances	396.49	18.11
Short-term loans and advances	746.70	619.40
<b>II Liabilities</b>		
1 Shareholder's fund – reserves and surplus	(3,961.74)	(293.62)
2 Share application money pending allotment	1,097.23	-
3 Non-current liabilities		
Long-term provisions	0.89	0.37
4 Current liabilities		
Short term borrowings	146.59	-
Trade payables	1,206.77	1,346.95
Other current liabilities	460.12	83.52
Short-term provisions	0.18	0.13
<b>III Income</b>		
1 Income from Media Operations	623.77	405.39
2 Other Income	27.19	23.71
<b>IV Expenses</b>		
1 Employee benefits expense	183.70	199.81
2 Depreciation and amortization expense	871.49	40.23
3 Other expenses	4,006.39	4,721.77
Loss before Taxation	(4,410.62)	(4,532.71)
Provision for Tax (including deferred tax)	-	-
Loss After Tax	(4,410.62)	(4,532.71)
<b>V Other Matters</b>		
1 Contingent Liabilities	Nil	Nil
2 Capital and other commitments	Nil	Nil

Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

**37. Foreign currency exposures (other than investments) not covered by forward contracts**

Particulars	31 March 2013			31 March 2012		
	Currency	Foreign Currency Amount (in lakh)	Amount - Indian Rupees (in lakh)	Currency	Foreign Currency Amount (in lakh)	Amount - Indian Rupees (in lakh)
Trade receivables	USD	0.93	50.78	-	-	-
	CAD	0.76	408.05	-	-	-
Trade payables	USD	10.00	544.05	USD	0.46	25.21
	EURO	0.24	16.44	-	-	-
Security deposits from customers	USD	0.22	12.22	-	-	-

**38. Change in accounting estimate for amortisation of inventory**

In case of a wholly owned subsidiary, change in the accounting estimate would result the Content amortization charge for the year to be lower by ₹ 638.20 lakh and the inventories to be higher by ₹ 638.20 lakh, loss before tax to be lower by ₹ 638.20 lakh and reserve and surplus to be higher by the like amounts.

**39. Acquisition of Out of Home division of Reliance Big Entertainment Private Limited**

The Company has acquired Out-of-Home division of Reliance Big Entertainment Private Limited on 31 August, 2012 with effect from 01 April, 2012 and goodwill of ₹ 577.64 lakh has been recognised as an intangible assets and amortised over a period of five years as per Accounting Standard (AS) 14 - "Accounting for Amalgamations".

**40. Incorporation of wholly owned subsidiary**

RBN US LLC was incorporated as a wholly owned subsidiary of the Company on June 18, 2012. Reliance TV US LLC was incorporated as a subsidiary of RBN US LLC with 65% holding on 18 June, 2012. Reliance TV US LLC has acquired 81% of Georgeville Television LLC on 24 August, 2012. Subsequently 19% of holding in Reliance TV US LLC was sold by RBN US LLC on 29 March, 2013.

**41.** During the year, RTL Group Beheer B.V., Netherlands has subscribed to 15,523,810 numbers of equity shares representing 50% holding in the step down subsidiary Big RTL Broadcast Private Limited on 31 July, 2012. Consequent upon this acquisition Big RTL Broadcast Private Limited has become a Joint Venture entity of Wholly owned subsidiary Cinestar Advertising Private Limited on and from the said date.

**42. Asset held for sale**

During the year, the company has obtained ownership of one flat from one of the customer as a consideration against outstanding receivables. Thus, on 31 March, 2013 the Company now holds two flats from two customers and these flats have been held for sale.

**43. Assets and liabilities prior to change in ownership**

Pursuant to the Share Purchase Agreement between Reliance Broadcast Network Limited (the buyer), Contiloe Films Private Limited, Abhimanyu Singh, Premnath Rajaopalan (collectively, the sellers) and Cinestar Advertising Private Limited dated January 11, 2011, Reliance Broadcast Network Limited (RBNL) has acquired all the equity shares of Cinestar Advertising Private Limited (an entity exercising joint control) from the sellers. Accordingly, subsequent to the date of the said agreement, RBNL is the holding company of an entity exercising joint control over the Company.

The share purchase agreement, inter alia, mentions that the sellers shall deliver a debt free, a zero liability and a zero net current asset company. Accordingly, any debit / credit on account of adjustment with regard to non-recoverability or nonpayment of dues outstanding as on 16 January, 2011 or with regard to any transactions done prior to 16 January, 2011 would be adjusted in the purchase consideration payable by the buyer to the sellers, which in turn would be reimbursed to the Company and thus, would not have any impact on the financial statements for the year ended 31 March, 2013.

The following assets and liabilities, presented in the financial statements, represent amounts outstanding on 16 January, 2011 or are with regard to transactions entered into prior 16 January, 2011:

Particulars	31 March 2013	31 March 2012
Current Liabilities		
Short-term borrowings	174.78	175.21
Trade payables	-	4.38
	<u>174.78</u>	<u>179.59</u>
Current Assets		
Trade receivables	29.21	29.21
Security deposits	1.97	1.97
Advance recoverable in cash or kind	25.33	27.00
Balance with service tax authorities	111.10	114.25
Advance income tax	7.17	7.17
	<u>174.78</u>	<u>179.60</u>

# Reliance Broadcast Network Limited

## Notes to the consolidated financial statements for the year ended 31 March 2013

(₹ in Lakhs)

44. Pursuant to the approval of the Shareholders in the Extraordinary General Meeting held on 25 September, 2010, the Company on 30 September, 2010, has allotted 12,950,000 equity shares of ₹ 5/- each fully paid up to various investors and 20,375,000 equity shares of ₹ 5/- each fully paid up to the Promoter Group, at a price of ₹ 85/- (including a premium of ₹ 80/-) per equity share. The details of funds raised through Preferential Allotment (PA) and utilisation of said funds are as follows:

Particulars	31 March 2013	31 March 2012
Funds received through PA	<b>28,326.25</b>	28,326.25
<b>Utilisation of funds</b>		
Repayment of debt and accrued interest	<b>23,315.99</b>	23,315.99
Investment in Share Capital of Reliance Television Private Limited, Wholly Owned Subsidiary	<b>2,355.81</b>	2,355.81
Investment in Share Capital of Cinestar Advertising Private Limited, Wholly Owned Subsidiary	<b>1,047.09</b>	1,047.09
Funding to Subsidiary Company for acquisition of Channel Company and Operating Expenses	<b>997.36</b>	997.36
Utilised for General purpose	<b>610.00</b>	610.00
<b>Total funds utilised</b>	<b>28,326.25</b>	28,326.25
<b>Funds unutilised</b>	-	-
Fixed Deposits	-	-
Investment in Mutual Funds	-	-

45. The Group has accumulated losses as at March 31, 2013, resulting in erosion of Group's net worth. The management of the Group is confident of its ability to continue operations for a foreseeable future by constantly implementing initiatives to improve the operating results through cost control measures and reduction in placement costs due to digitization and is also exploring options of raising finances to meet its various obligations. Based on the business plan for the upcoming year noted by the Board of Directors, the financial statements have been prepared on going concern basis

46. The Ministry of Corporate Affairs Governance of India, vide General circular No. 2 and 3 dated 8 February, 2011 and 21 February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to the fulfillment of condition stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

Financial Information of Subsidiary Companies for the year ended 31 March 2013, pursuant to the approval under section 212 (8) of the Companies Act, 1956:

Sr. No.	Particulars	BIG Magic Limited	Reliance Television Private Limited	Cinestar Advertising Private Limited	RBN US LLC
1	Paid up Share Capital	5.00	41.09	1.86	271.95
2	Reserves	(7,110.95)	3,694.20	784.79	(1.29)
3	Total Asset	4,545.64	9,862.16	3,186.72	750.65
4	Total Liabilities	11,651.59	6,126.86	2,400.07	479.99
5	Investment included in Total Assets	-	8,271.19	3,004.78	0.25
6	Turnover	2,215.59	353.80	-	-
7	Loss before Tax	(3,045.61)	(13.86)	(1.90)	(0.85)
8	Provision for tax	-	-	-	(0.44)
9	Loss after tax	(3,045.61)	(13.86)	(1.90)	(1.29)
10	Proposed Dividend	-	-	-	-

47. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No.: 101720W

**Parag D. Mehta**  
Partner  
Membership No.: 113904

**For and on behalf of the Board of Directors**

Directors

**Rajesh Sawhney**  
**Anil Sekhri**  
**Pradeep Shah**  
**Darius Jehangir Kakalia**  
**Gautam Doshi**

Company Secretary & Manager

**Gururaja Rao**

Place: Mumbai

Date : 11 May, 2013

**Reliance Broadcast Network Limited**Registered Office: 401, 4<sup>th</sup> Floor, Infiniti, Link Road, Oshiwara, Andheri West, Mumbai – 400 053

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.  
Joint shareholders may obtain additional attendance slip at the venue.

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
------------	--

No. of Share(s) held	
----------------------	--

NAME AND ADDRESS OF THE SHAREHOLDER

I/We hereby record my/our presence at the **9<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Saturday, September 28, 2013 at 10.00 a.m. at Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.

\*Applicable for investors holding share(s) in electronic form.

Signature of the shareholder or proxy

..... TEAR HERE .....

**PROXY FORM****Reliance Broadcast Network Limited**Registered Office: 401, 4<sup>th</sup> Floor, Infiniti, Link Road, Oshiwara, Andheri West, Mumbai – 400 053

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
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No. of Share(s) held	
----------------------	--

I/We..... of  
..... in the district of ..... being a member/members  
of Reliance Broadcast Network Limited hereby appoint ..... of  
..... in the district of .....  
or failing him/her .....of .....  
in the district of ..... as my/our proxy to vote for me/us and on my/our behalf at the  
9<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, September 28, 2013 at 10.00 a.m. at Auditorium, Reliance Energy  
Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065 or at any adjournment thereof.

Signed this ..... day of ..... 2013.

\* Applicable for investors holding shares in electronic form.

Affix ₹ 1/- revenue stamp
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- NOTES: 1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.



## Book Post

To

If undelivered please return to :

**Karvy Computershare Private Limited  
(Unit: Reliance Broadcast Network Limited)**

Madhura Estate, Municipal No. 1-9/13/C

Plot No. 13 & 13 C, Madhapur Village

Hyderabad 500 081

Tel. : + 91 40 4030 8000

Fax : + 91 40 2342 0859

Email : rbnl@karvy.com