

RELIANCE

Broadcast Network

**Annual Report
2013-14**



Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

Reliance Broadcast Network Limited (RBNL) 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 No.2 FM Network with 45 stations, currently reaching over 43.2 million listeners per week.



BIG MAGIC – BIG Magic has built strong brand equity as a **Comedy Channel** and is positioned as the **one stop destination for humor**, with higher affinity in the **Hindi heartland**. Positioned Chatpata Har Pal, the programming mix includes light relationship dramas, rom-coms, side-splitting sitcoms, blockbuster movies and more recently a unique historical comedy.



BIG Magic Ganga (earlier known as BIG Magic Bihar & Jharkhand) – It is the No.1 regional entertainment channel from RBNL for Bihar and Jharkhand region. It is positioned as a general entertainment channel specially designed for the Hindi Heartland featuring an array of exciting content spanning devotional programmes, mythology, pilgrimage, reality shows and weekend Bhojpuri blockbuster movies.



BIG RTL THRILL – A channel targeted at male audiences and positioned as a destination for action entertainment



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

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

Reliance Broadcast Network Limited

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| Shri Rajesh Sawhney - (DIN: 01519511) | | |
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| Email : rbnl@karvy.com | | |
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**10th Annual General Meeting on Saturday, September 27, 2014 at 10:30 A.M.,
or soon after conclusion of the Annual General Meeting of Reliance MediaWorks Limited convened on the same day,
whichever is later, at Film City Complex, Goregaon (East), Mumbai - 400 065**

This Annual Report can be accessed at www.reliancebroadcast.com

Notice

Notice is hereby given that the 10th Annual General Meeting of the Members of **Reliance Broadcast Network Limited** will be held on Saturday, September 27, 2014, at 10:30 A.M. or soon after conclusion of the Annual General Meeting of Reliance MediaWorks Limited convened on the same day, whichever is later, at Film City Complex, Goregaon (East), Mumbai – 400 065, to transact the following business:

Ordinary Business:

- To consider and adopt:
 - the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and
 - the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.
- To appoint a director in place of Shri Gautam Doshi (DIN: 00004612) who retires by rotation and being eligible, offers himself for re-appointment.
- 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 & 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."

By Order of the Board of Directors

**Shikha Kapadia
Company Secretary**

Registered Office:
401, 4th Floor, INFINITI
Link Road, Oshiwara
Andheri West, Mumbai 400 053
CIN: L64200MH2005PLC158355
Website: www.reliancebroadcast.com
August 22, 2014

Notes:

- A member entitled to attend and vote at 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 the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
- A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.**
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
- Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
- 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.
- Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers 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.
- 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.
- Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
- Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - the change in the residential status on return to India for permanent settlement; and
 - 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.
- 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 to aid the Company in its constant endeavour to enhance the standards of service to investors.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
- Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to Karvy Computershare Private Limited, Madhura Estates, Municipal No. 1-9/13/C Plot No. 13 & 13C, Madhapur Village, Hyderabad 500 081, India or on Tel: +91 40 4030 8000; Toll Free No. 1800 4250 999. Email : rbl@karvy.com The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their DP directly for recording their nomination.
- 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 Registrar and Transfer Agent for consolidation into a single folio.
- 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.

Reliance Broadcast Network Limited

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 10th Annual Report and the Financial Statements for the financial year ended March 31, 2014.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2014 is summarized below:

| Particulars | Financial Year ended March 31, 2014 (₹ in Lakhs) | Financial Year ended March 31, 2013 (₹ in Lakhs) |
|---|--|--|
| Total income | 25,340.77 | 22,737.93 |
| Gross profit/(loss) before depreciation, amortisation and exceptional items | 1,413.92 | 1,412.43 |
| Less: | | |
| a. Depreciation and amortisation | 4,407.18 | 3,763.83 |
| b. Exceptional items and other adjustments | 10,010.00 | - |
| Profit/(Loss) before tax | (13,003.26) | (2,351.40) |
| Less: Provision for: | | |
| Current tax/Excess provision for Tax of earlier years | - | - |
| Profit/(Loss) after tax | (13,003.26) | (2,351.40) |
| Add : Balance brought forward from previous year | (25,761.27) | (23,409.87) |
| Profit/(Loss) available for appropriation | (38,764.53) | (25,761.27) |
| Appropriations: | | |
| Proposed Dividend on equity shares | - | - |
| Dividend Tax | - | - |
| Transfer (from) /to General Reserve | - | - |
| Transfer to Debenture Redemption Reserve | - | - |
| Balance carried to Balance Sheet | (38,764.53) | (25,761.27) |

Financial Performance

During the year under review, your Company has earned income of ₹ 25,341 lakh against ₹ 22,738 lakh for the previous year. The Company has earned operating profit i.e. Profit before Depreciation, Interest and Tax of ₹ 4,517 lakh for the year against ₹ 4,358 lakh for the previous year. The overall net loss of the Company was ₹ 13,003 lakh primarily on account of depreciation and amortization of ₹ 4,407 lakh and finance cost of ₹ 3,103 lakh.

Dividend

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

Business Operations

The year 2013-14 has been a significant financial year in many ways. We experienced impressive growth in our radio business which now ranks as second at all-India level while reaching out to 43.2 million listeners per week. We are the number one station in 18 cities and number two in 8 cities with established leadership in the metros. We have the highest reach among all radio stations in Hindi-speaking markets and closed the last quarter of financial year 2013-14 with a brand count of over 1,600 advertisers per month. We are the most awarded radio network winning multiple awards at New York Radio Festivals 2014, Golden Mikes 2014, Creative Abbys at the Goafest 2014 and India Radio Forum 2014. Our key shows and properties during the Financial Year 2013-14 were Suhaana Safar with Annu Kapoor, Yaadon ka Idiot Box with Neelesh Misra, Retro Talkies with Sihi Kahi Chandru & Geetha, Carvaan-E-Ghazal with Talat Aziz, Se Shudhu Gaaner Din with Sabyasachi Chakraborty, Kuch Panne Zindagi ke with Madhurima Nigam, BIG Green Ganesha, BIG Green Durga, BIG Golden Voice and BIG Junior RJ.

BIG Productions continues to deliver some of the best regional shows, including Vivah Bandhan (ETV Marathi), Niharika (ETV Gujarati) and Swapnyacha Palikadle (Star Pravah) which has crossed the 1000 episode mark. During this year we have also produced Beta Hi Chahiye, Love Dosti Dua, Kis Din Mera Vyaa Hovega and BIG Chunavi Magic.

The Company hosted 4th BIG Star Entertainment Awards 2013, which was a huge success and garnered exemplary ratings of 5.84 TVRs. The awards honoured the best entertainers of 2013 through 31 unique categories. The anchors Shreyas Talpade and Sunil Grover won awards for being the Best Anchors at Star Parivar awards.

Big Magic Ganga, BIG MAGIC the most prominent Television channel of the Company continued its progress with viewership growth of 122% over last 6 months, fortifying its position as fastest growing TV channel in Hindi heartland. Its creative comedy genre like "Har Mushkil ka Hal Akbar Birbal" and a hilarious family comic caper "Ajab Gazab Ghar Jama" together with weekend offerings around festivals, topical issues & seasons like Rangon Ka Magic, BIG Chunavi Magic, BIG Garmi Bhaagao Yojna and BIG Monsoon Magic contributed much towards its success.

BIG MAGIC Bihar & Jharkhand ('BMBJ') (Now known as BIG Magic Ganga), the Bhojpuri TV Channel has been able to make a deeper connect with the people of Bihar & Jharkhand and has cemented its position as the No. 1 Channel in the region with 27% market share in GVT. It has strengthened its foothold in the regional markets with a launch of top rated locally relevant and regional based shows like Police Files, Super Hit Bhojpuri, Daastan E - Ishq and some non-fiction shows like BIG Bahuria, Big Memsaab, Rasoi Ke Rani etc.

Directors' Report

Depository System

Your Company's equity shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2014, 99.97% of the equity shares of your Company were held in demat form.

Delisting of the equity shares of the Company

The Company had received the final approvals for delisting of the equity shares of the Company from BSE Limited and the National Stock Exchange of India Limited vide their letters dated March 7, 2014.

As per the said approvals, the final date of delisting of the Company's equity shares from the Stock Exchanges was Friday, March 28, 2014 and the trading of the equity shares of the Company has been suspended w.e.f. Friday, March 21, 2014.

The remaining public shareholders who had not earlier tendered their equity shares in the bidding process or whose equity shares have not been acquired by the acquirers may validly tender their equity shares to the Acquirer up to a period of 1 year from the date of delisting i.e. from March 28, 2014 to March 27, 2015 (Exit Period) at the Exit Price i.e. ₹ 70 per equity share.

A separate exit offer letter in this regard has been sent to all the remaining shareholders at their address registered with Karvy, detailing the procedure to tender their equity shares to the acquirer within the stipulated time.

The same is also available on the website of the Company www.reliancebroadcast.com.

Subsidiaries

During the year under review, Azalia Distribution Private Limited became the subsidiary of the Company.

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, Consolidated Financial Statements presented herein by the Company include financial results of subsidiary companies, which forms part of this Annual Report.

Directors

In terms of the provisions of the Companies Act, 2013, Shri Gautam Doshi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

In terms of provisions of the Companies Act, 2013, the Board has proposed appointment of Shri Pradeep Shah, Shri Darius Kakalia, Shri Prasoon Joshi and Shri Anil Sekhri, who have been Independent Directors of the Company, as Independent Directors, not liable to retire by rotation for a term of five consecutive years effective from the date of passing of the resolution by the members through Postal Ballot for which separate notice is being

sent to the Members of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

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, 2014, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- 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 on March 31, 2014 and of the loss of the Company for the year ended on that date;
- 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 the financial year ended March 31, 2014 on a 'going concern' basis.

Consolidated Financial Statement

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 forms part of the Annual Report.

Auditors and Auditors' Report

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

The Company has received letter from M/s. Chaturvedi & Shah, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013, and that they are not disqualified for re-appointment.

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.

Committees of Directors

A) Audit Committee

The Audit Committee comprises of three Independent Non-executive Directors viz., Shri Anil Sekhri, Chairman, Shri Darius Kakalia and Shri Pradeep Shah, and one non executive Director i.e. Shri Rajesh Sawhney, as its members.

Reliance Broadcast Network Limited

Directors' Report

The terms of reference of the Audit Committee are in accordance with the provisions of the Companies Act, 2013, as amended from time to time.

B) Nomination and Remuneration Committee

In terms of the requirement of Section 178 of the Companies Act, 2013, the Company has constituted a Nomination and Remuneration Committee in place of Nomination Committee and ESOS Remuneration & Compensation Committee, which comprises of three Independent Non-executive Directors viz., Shri Anil Sekhri - Chairman, Shri Pradeep Shah and Shri Darius Kakalia, and one Non-executive Director i.e. Shri Gautam Doshi as its members.

The terms of reference of Nomination and Remuneration Committee are in accordance with the provisions of the Companies Act, 2013, as amended from time to time.

C) Stakeholders Relationship Committee

The existing Shareholders / Investors Grievance Committee of the Company has been renamed as Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Companies Act, 2013. This Committee comprises of two Independent directors - Shri Anil Sekhri (Chairman) and Shri Darius Kakalia, and one non-executive Director, Shri Rajesh Sawhney as its members. The terms of reference of Stakeholders Relationship Committee are in accordance with the provisions of the Companies Act, 2013, as amended from time to time.

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, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, 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.

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.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, 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
August 22, 2014

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: ₹ 175.61 lakh

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 31 March, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31 March, 2014;
- (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.

Emphasis of Matter

We draw attention to following notes to the financial statements:

- (a) Note no. 29 which described the uncertainty about the realisability of certain deposits and advances which are outstanding for a long period, as the matter is into litigations/ arbitrations. Pending outcome of such litigations/ arbitrations, the Company has not made any provision/ adjustment for said deposits and advances in the accounts.
- (b) Note no. 46 which described that the Company's net worth is eroded; the Company has incurred a loss of Rs 13,003.26 lakh for the year ended 31 March, 2014, indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this financial statement is prepared on a going concern basis.
- (c) Note no. 47 regarding investments in and advances given to its wholly owned subsidiaries Big Magic Limited and Cinestar Advertising Private Limited aggregating to Rs 25,583.55 lakh. The subsidiaries continue to make losses and the accumulated losses have fully eroded the net worth of these subsidiaries. An external valuation report obtained by the management covers the carrying value of such investment/ advance and accordingly no provision for diminution/ recoverability is considered necessary by the management. The valuation as aforesaid is dependent on the achievement of the projections as regards operating performance by these subsidiaries.

Our opinion is not qualified in respect of this matter.

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.

Reliance Broadcast Network Limited

Independent Auditors' Report on the financial statements

2. As required by Section 227(3) of the Act, we report that:
- 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.
 - 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.
 - 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.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
 - On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 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: 30 May, 2014

ANNEXURE TO THE INDEPENDENT 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)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - 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;
 - 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;
- The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
 - 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;
 - The Company is maintaining proper records of inventory; No material discrepancies were noticed on physical verification;
- 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;
- 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 control in respect of these areas;
- 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;
- The Company has not accepted any deposits from the public;
- The company has internal audit system comprising external firm of chartered accountant for specific areas on rotational basis. In our opinion, the Company needs to strengthen its internal audit system so as to commensurate with the size and the nature of its business;*
- 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.

Independent Auditors' Report on the financial statements

- 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 31 March, 2014 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 | 1,344.10 | 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 | 31.66 | 2007-08 to 2012-13 | Commissioner of Income Tax |
| Indian Stamp Act | Stamp duty | 6.70 | 2007-08 | Deputy Commissioner, Stamp duty, Aligarh |
| Delhi Municipal Corporation Act | Property Tax | 2,465.30 | 2004-05 to 2013-14 | Deputy Assessor and collector, Delhi |

- 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;
- 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 years.
- 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) The Company has not issued any debentures during the period;
- 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
Place: Mumbai
Date: 30 May, 2014

Reliance Broadcast Network Limited

Balance Sheet as at 31 March 2014

(₹ in Lakhs)

| Particulars | Notes | As At 31 March 2014 | As At 31 March 2013 |
|--------------------------------|--------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 3,972.56 | 3,972.56 |
| Reserves and Surplus | 3 | (1,903.42) | 13,143.17 |
| | | <u>2,069.14</u> | <u>17,115.73</u> |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 35,150.29 | 30,701.75 |
| Deferred Tax Liability (net) | 5 | - | - |
| Other Long term liabilities | 6 | 174.69 | 352.76 |
| Long-term provisions | 7 | 3,018.96 | 1,302.67 |
| | | <u>38,343.94</u> | <u>32,357.18</u> |
| Current Liabilities | | | |
| Short-term borrowings | 8 | 4,589.46 | 4,731.51 |
| Trade payables | 9 | 1,604.01 | 1,874.20 |
| Other current liabilities | 10 | 15,929.93 | 5,155.84 |
| Short-term provisions | 11 | 62.64 | 62.16 |
| | | <u>22,186.04</u> | <u>11,823.71</u> |
| | Total | <u><u>62,599.12</u></u> | <u><u>61,296.62</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 5,605.96 | 7,602.85 |
| Intangible assets | 12 | 5,111.30 | 7,364.12 |
| Non-current investments | 13 | 1,620.96 | 5,630.96 |
| Long term loans and advances | 14 | 34,803.63 | 25,669.13 |
| Other non-current assets | 15 | 437.85 | 253.91 |
| | | <u>47,579.70</u> | <u>46,520.97</u> |
| Current assets | | | |
| Inventories | 16 | 23.29 | 126.22 |
| Trade receivables | 17 | 6,564.22 | 6,783.70 |
| Cash and bank balances | 18 | 1,789.26 | 386.75 |
| Short-term loans and advances | 19 | 6,618.13 | 7,445.00 |
| Other current assets | 20 | 24.52 | 33.99 |
| | | <u>15,019.42</u> | <u>14,775.65</u> |
| | Total | <u><u>62,599.12</u></u> | <u><u>61,296.62</u></u> |

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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
 Anil Sekhri
 Pradeep Shah
 Darius Jehangir Kakalia
 Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Reliance Broadcast Network Limited

Statement of Profit and Loss for the year ended on 31 March 2014

(₹ in Lakhs)

| Particulars | Notes | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|--|-------|-------------------------------------|-------------------------------------|
| Income | | | |
| I. Revenue from operations | 21 | 24,893.91 | 22,499.78 |
| II. Other Income | 22 | 446.86 | 238.15 |
| III. Total Revenue (I+II) | | 25,340.77 | 22,737.93 |
| IV. Expenses | | | |
| i. Direct Expenses | 23 | 7,187.13 | 6,748.77 |
| ii. Employee benefit expense | 24 | 4,676.21 | 4,702.21 |
| iv. Finance costs | 25 | 3,102.57 | 2,945.12 |
| iii. Depreciation, amortization and impairment expense | 26 | 4,407.18 | 3,763.83 |
| v. Other expenses | 27 | 8,960.94 | 6,929.41 |
| V. Total Expenses | | 28,334.03 | 25,089.33 |
| (Loss) before Exceptional items and tax | | (2,993.26) | (2,351.40) |
| Exceptional Items | 28 | 10,010.00 | - |
| (Loss) before tax | | (13,003.26) | (2,351.40) |
| VI. Tax expense | | - | - |
| Current tax | | - | - |
| (Loss) for the year | | (13,003.26) | (2,351.40) |
| Earning per equity share [Nominal Value of Share ₹ 5] | | | |
| Basic (In ₹) | | (16.37) | (2.96) |
| Diluted (In ₹) | | (16.37) | (2.96) |
| (refer note 37) | | | |

Significant accounting policies and notes to accounts form an integral part of the 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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
Anil Sekhri
Pradeep Shah
Darius Jehangir Kakalia
Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Reliance Broadcast Network Limited

Cash Flow Statement for the year ended 31 March 2014

(₹ in Lakhs)

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|---|-------------------------------------|-------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net (loss) before taxes | (13,003.26) | (2,351.40) |
| Adjustment for: | | |
| Less: Interest Income | (234.75) | (31.95) |
| Add: Interest Expense | 3,102.57 | 2,945.12 |
| Add: Depreciation, amortisation and impairment | 4,407.18 | 3,763.83 |
| Add: Bad Debts | 32.28 | 114.01 |
| Add: Advances Written Off | 67.96 | 21.89 |
| Add: Deposits Written Off | 15.05 | - |
| Add: Provision for assets held for sale | 15.84 | - |
| Add: Provision for Doubtful Deposits/Advances | 658.46 | 357.14 |
| Add: Provision for Diminution in the value of Investments | 4,010.00 | - |
| Add: Provision for Doubtful Loans and Advances to related parties | 6,000.00 | - |
| Less: Foreign Exchange Gain | (57.56) | (5.56) |
| Less: Excess Accruals Written Back | (235.44) | (566.18) |
| Less: Sundry Credit Balance Written Back | (235.42) | (512.24) |
| Less: (Profit) / Loss on sale of fixed assets (net) | 17.82 | 28.99 |
| Operating profit/ (loss) before working capital changes | 4,560.73 | 3,763.65 |
| (Increase)/ Decrease in Inventories | 102.93 | 265.80 |
| (Increase)/ Decrease in Loans and Advances | (14,755.38) | (10,536.08) |
| (Increase)/ Decrease in Debtors | 187.20 | 929.03 |
| Increase/(Decrease) in Current Liabilities and Provisions | 485.42 | (5,638.61) |
| Cash generated from operations | (9,419.10) | (11,216.21) |
| Taxes Paid | (230.93) | (169.48) |
| Net cash generated from / (used in) operating activities (A) | (9,650.03) | (11,385.69) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (181.99) | (851.36) |
| Sale Proceeds from Fixed Assets | 6.70 | 87.69 |
| Purchase of Investments | - | (279.70) |
| Interest Income | 37.79 | 38.68 |
| Net cash generated from / (used in) investing activities (B) | (137.50) | (1,004.69) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net Increase/(Decrease) in Short Term Loans | (142.05) | (7,043.09) |
| Proceeds from Long Term Loans | 15,000.00 | 4,500.00 |
| Repayment of Long Term Loans | (479.79) | (8,408.48) |
| Proceeds from Issue of Debentures (net of Debenture Issue Expenses) | - | 29,152.77 |
| Interest Paid | (3,189.54) | (6,093.74) |
| Net cash generated from / (used in) financing activities (C) | 11,188.62 | 12,107.46 |
| Net Increase/(Decrease) in cash and cash equivalents (A + B + C) | 1,401.09 | (282.92) |
| Cash and cash equivalents at beginning of the year | 364.32 | 548.53 |
| Cash and cash equivalents acquired on purchase of OOH division | - | 98.71 |
| Cash and cash equivalents at end of the year | 1,765.41 | 364.32 |

Note: Previous year's figures has 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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
Anil Sekhri
Pradeep Shah
Darius Jehangir Kakalia
Gautam Doshi

Company Secretary and 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 and in accordance with the Accounting Standards ('AS') notified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), read with General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 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 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

(₹ in Lakhs)

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.

Syndication Income

Sales are recognized when the rights to use are passed on to the customers, which is generally on dispatch of goods.

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.

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

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

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.

2. Share Capital

| | As At 31 March 2014 | As At 31 March 2013 |
|---|------------------------|------------------------|
| Authorised Shares | | |
| 20,00,00,000 (Previous Year: 20,00,00,000) Equity Shares of ₹ 5/- each | 10,000.00 | 10,000.00 |
| 10,00,00,000 (Previous Year: 10,00,00,000) Preference Shares of ₹ 5/- each | 5,000.00 | 5,000.00 |
| | 15,000.00 | 15,000.00 |
| Issued, Subscribed and Paid Up | | |
| 7,94,51,170 (Previous Year: 7,94,51,170) Equity Shares of ₹ 5/- each fully paid up | 3,972.56 | 3,972.56 |
| | 3,972.56 | 3,972.56 |

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

Equity Shares

| | As At 31 March 2014 | | As At 31 March 2013 | |
|---|---------------------|-----------------|---------------------|----------|
| | 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 | - | - | - | - |
| Outstanding at the end of the year | 79,451,170 | 3,972.56 | 79,451,170 | 3,972.56 |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

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 2014 | | As At 31 March 2013 | |
|---|---------------------|-----------------------|---------------------|-----------------------|
| | No. of Shares | Percentage of holding | No. of Shares | Percentage of holding |
| Equity shares of ₹ 5 each fully paid | | | | |
| Reliance Land Private Limited | 39,661,766 | 49.92 | 38,096,416 | 47.95 |
| Reliance Capital Limited | 15,727,957 | 19.80 | 15,727,957 | 19.80 |
| Reliance Shares & Stock Brokers Private Limited | 14,359,866 | 18.07 | - | - |

3. Reserve & Surplus

| | As At 31 March 2014 | As At 31 March 2013 |
|--|---------------------|---------------------|
| Capital Reserve | | |
| As per last balance sheet | 3,497.24 | 3,497.24 |
| Securities Premium Account | | - |
| As per last balance sheet | 35,407.20 | 37,471.28 |
| Less: Debenture Issue Expenses | - | 847.23 |
| Less: Premium Payable on Redemption of Debentures | 2,043.33 | 1,216.85 |
| | 33,363.87 | 35,407.20 |
| (Deficit) in the statement of Profit & Loss | | |
| As per last balance sheet | (25,761.27) | (23,409.87) |
| Add: Loss for the year | (13,003.26) | (2,351.40) |
| | (38,764.53) | (25,761.27) |
| Total Reserve & Surplus | (1,903.42) | 13,143.17 |

4. Long Term Borrowings

| | As At 31 March 2014 | | As At 31 March 2013 | |
|---|---------------------|------------------|---------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Secured | | | | |
| Loans from body corporates (refer note a) | 551.47 | 150.29 | 479.79 | 701.75 |
| Non-Convertible Debentures (refer note b) | 10,000.00 | 5,000.00 | - | 15,000.00 |
| | 10,551.47 | 5,150.29 | 479.79 | 15,701.75 |
| Unsecured | | | | |
| Zero Coupon Debentures (refer note c) | - | 15,000.00 | - | 15,000.00 |
| Loan From Bank (refer note d) | - | 15,000.00 | - | - |
| | - | 30,000.00 | - | 15,000.00 |
| Total Long Term Borrowings | 10,551.47 | 35,150.29 | 479.79 | 30,701.75 |

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

- a. Loan from body corporates of ₹ 701.75 lakh (Previous Year: 1,181.54 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 i.e. 1 April, 2012. 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.
- b. In previous year, the Company has issued 11.50% 1,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 15,000.00 lakh, having face value of ₹ 10.00 lakh each on a private placement basis in the previous year on 28 September, 2012. 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).
- c. In previous year, the Company has issued 1,500 Zero Coupon unsecured redeemable non convertible Debentures amounting to ₹ 15,000.00 lakh, having face value of ₹ 10.00 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.
- d. Loan from Bank of ₹ 15,000.00 lakh (Previous Year: NIL) carries interest rate of 10%. The terms of repayment is repayment in full after 36 months from the drawdown date (drawdown date 28 March, 2014) except in case of the exercise of the Call /Put Option by either party providing 7 (Seven) days written notice to other party on option date, to repay all outstanding due (Option date is the date occurring on the expiry of 18 (Eighteen) months from the drawdown date. Unconditional and irrevocable corporate gurantee is given by one of the shareholders of the Company.

5. Deferred Tax Liability (net)

| Particulars | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Deferred Tax Liability | | |
| Related to Fixed Assets | 407.66 | 1,186.51 |
| Deferred Tax Asset | | |
| Other disallowances under Income Tax Act, 1961 | 407.66 | 1,186.51 |
| Carry forward business loss / unabsorbed depreciation | - | - |
| Net deferred tax liability at the end of the year | <u>-</u> | <u>-</u> |

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 2014 | As At 31 March 2013 |
|----------------------|------------------------|------------------------|
| Lease Rent Liability | 134.93 | 313.00 |
| Security Deposits | 39.76 | 39.76 |
| | <u>174.69</u> | <u>352.76</u> |

7. Long Term Provisions

| | As At 31 March 2014 | As At 31 March 2013 |
|---|------------------------|------------------------|
| Provision for employee benefits (refer note 33) | | |
| Gratuity | 80.06 | 81.05 |
| Leave benefits | 4.74 | 4.77 |
| Premium Payable on Redemption of Debentures | 2,934.16 | 1,216.85 |
| | <u>3,018.96</u> | <u>1,302.67</u> |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

8. Short Term Borrowings

| | As At 31 March 2014 | As At 31 March 2013 |
|---|------------------------|------------------------|
| Loans repayable on demand (secured) | | |
| From Banks (refer note a) | 3,089.46 | 3,431.51 |
| Other Loans and advances (Unsecured) | | |
| From Body corporates (refer note b) | 1,500.00 | 1,300.00 |
| | 4,589.46 | 4,731.51 |

Nature of security and other terms:

- a. Loan from bank ₹ 3,089.46 lakh (Previous year: ₹ 3,431.51 lakh) 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. Unsecured Loan from body corporates ₹ 1,500.00 lakh (Previous Year: ₹ 1,300.00 lakh) is carrying interest at the rate of 13% and repayable after a term of one year from the date of disbursement.

9. Trade Payables

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Micro, Small and Medium Enterprises (refer Note 9.1) | 0.03 | 0.12 |
| Others | 1,603.98 | 1,874.08 |
| | 1,604.01 | 1,874.20 |

- 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 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Principal amount remaining unpaid | 0.03 | 0.12 |
| 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. | - | - |
| | 0.03 | 0.12 |

Reliance Broadcast Network Limited

(₹ in Lakhs)

10. Other Current Liabilities

| | As At 31 March 2014 | As At 31 March 2013 |
|---|-------------------------------|------------------------|
| Current maturities of long term borrowings (refer note 4) | 10,551.47 | 479.79 |
| Interest accrued but not due on borrowings | 896.69 | 911.99 |
| Interest accrued and due on borrowings | - | 71.67 |
| Others | | - |
| Deposits from customers and employees | 2.45 | 2.92 |
| Advance from Customers | 443.01 | 313.34 |
| Statutory Dues Payable | 563.51 | 699.17 |
| Employee Benefits Payable | 118.72 | 165.25 |
| Creditors for Capital Expenditure | 12.60 | 12.72 |
| Provision for Expenses | 3,188.77 | 2,346.28 |
| Other Payables | 152.71 | 152.71 |
| | <u>15,929.93</u> | <u>5,155.84</u> |

11. Short Term Provisions

| | As At 31 March 2014 | As At 31 March 2013 |
|---|-------------------------------|------------------------|
| Provision for employee benefits (refer note 33) | | |
| Gratuity | 58.31 | 57.95 |
| Leave benefits | 4.33 | 4.21 |
| | <u>62.64</u> | <u>62.16</u> |

Notes to the financial statements for the year ended 31 March 2014

12 Fixed Assets

(₹ in Lakhs)

| Particulars | Gross Block | | | Depreciation/Amortisation | | | | Impairment | | Net Block | |
|--|--------------------|-----------------------------------|----------------------------------|---------------------------|--------------------|---|------------------------------------|---------------------|---|---------------------|---------------------|
| | As on 1 April 2013 | Addition April 2013 to March 2014 | Deletions April 13 to March 2014 | As on 31 March 2014 | As on 1 April 2013 | For the Period April 2013 to March 2014 | Deletions April 2013 to March 2014 | As on 31 March 2014 | For the Period April 2013 to March 2014 | As on 31 March 2014 | As on 31 March 2013 |
| Tangible Asset | | | | | | | | | | | |
| Plant & Machinery | 14,206.92 | 90.98 | 93.71 | 14,204.19 | 8,354.55 | 1,666.10 | 61.22 | 9,959.43 | - | 4,244.76 | 5,852.37 |
| Office Equipments | 428.17 | 15.71 | 4.84 | 439.04 | 209.73 | 43.07 | 3.50 | 249.30 | - | 189.74 | 218.44 |
| Furniture & Fixtures | 235.60 | 11.47 | - | 247.07 | 161.42 | 21.46 | - | 182.88 | - | 64.19 | 74.18 |
| Data Processing Machines | 835.37 | - | 13.48 | 821.89 | 767.58 | 29.27 | 13.48 | 783.37 | - | 38.52 | 67.79 |
| Leasehold Improvements | 3,323.93 | 34.01 | 25.81 | 3,332.13 | 1,969.45 | 334.18 | 16.77 | 2,286.86 | - | 1,045.27 | 1,354.48 |
| Vehicles | 223.48 | 3.72 | 2.50 | 224.70 | 187.88 | 15.84 | 2.50 | 201.22 | - | 23.48 | 35.60 |
| Total | 19,253.47 | 155.89 | 140.34 | 19,269.02 | 11,650.61 | 2,109.92 | 97.47 | 13,663.06 | - | 5,605.96 | 7,602.85 |
| Previous Year | 19,260.45 | 223.16 | 230.14 | 19,253.47 | 9,836.04 | 1,928.03 | 113.46 | 11,650.61 | - | 7,602.85 | 9,424.41 |
| Intangible Asset | | | | | | | | | | | |
| Radio broadcasting license (Refer c(ii) of Note 1) | 16,028.87 | - | - | 16,028.87 | 9,858.95 | 1,602.89 | - | 11,461.84 | - | 4,567.03 | 6,169.92 |
| Computer Software | 912.47 | 44.46 | - | 956.92 | 431.83 | 123.80 | - | 555.63 | - | 401.29 | 480.64 |
| Copyrights | 76.83 | - | - | 76.83 | 31.58 | 7.67 | - | 39.25 | - | 37.58 | 45.25 |
| Goodwill | 841.12 | - | - | 841.12 | 172.81 | 52.70 | - | 225.51 | 510.21 | 105.40 | 668.31 |
| Total | 17,859.29 | 44.46 | - | 17,903.74 | 10,495.17 | 1,787.06 | - | 12,282.23 | 510.21 | 5,111.30 | 7,364.12 |
| Previous Year | 17,156.83 | 8.78 | - | 17,165.61 | 8,659.36 | 443.55 | - | 9,102.90 | - | 8,062.70 | 8,497.48 |

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

13. Non-current Investments

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Investments in Equity Instruments (Non-trade, unquoted and at cost) | | |
| In subsidiary companies | | |
| Reliance Television Private Limited 410,900 (Previous Year: 410,900) Equity Shares of ₹ 10 each fully paid up | 4,010.00 | 4,010.00 |
| Less: Provision for Diminution in the value of Investments | 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: 100%) | 279.70 | 279.70 |
| | 1,620.96 | 5,630.96 |
| Aggregate value of unquoted investments | 5,630.96 | 5,630.96 |
| Aggregate Provision for Diminution in the value of Investments | 4,010.00 | - |

14. Long Term Loans and Advances

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| (Unsecured and considered good unless otherwise stated) | | |
| Capital Advances | 8.04 | 8.62 |
| Security Deposit | | |
| Considered good | 2,694.81 | 2,847.76 |
| Considered doubtful | 163.68 | 22.50 |
| | 2,858.49 | 2,870.26 |
| Less: Provision for doubtful security deposit | 163.68 | 22.50 |
| | 2,694.81 | 2,847.76 |
| Loans and advances to related parties (refer note 35) | 33,969.80 | 18,768.31 |
| Less: Provision for doubtful Loans and advances | 6,000.00 | - |
| | 27,969.80 | 18,768.31 |
| Other loans and advances | | |
| Advance Tax (net of provision for tax) | 2,225.45 | 1,994.52 |
| Advance to Reliance Broadcast Network ESOS Trust (refer note 32) | 1,658.90 | 1,659.04 |
| Less: Provision for doubtful Loans and advances | 246.44 | - |
| | 1,412.46 | 1,659.04 |
| Prepaid Expenses | 493.07 | 390.88 |
| | 4,130.98 | 4,044.44 |
| | 34,803.63 | 25,669.13 |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

15. Other Non-Current Assets

| | As At 31 March 2014 | As At 31 March 2013 |
|---|--------------------------------|------------------------|
| Unsecured, considered good unless stated otherwise | | |
| Interest accrued on Fixed Deposits | 26.32 | 22.91 |
| Interest accrued but not due on Loans and Advances to Related Parties | 188.57 | - |
| In Fixed Deposits with original maturity of more than twelve months | 30.00 | 30.00 |
| Margin Deposits* | 192.96 | 201.00 |
| | 437.85 | 253.91 |

* 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 2014 | As At 31 March 2013 |
|--|--------------------------------|------------------------|
| Events / Contents | 7.67 | 34.22 |
| Television Programmes under Production | 15.62 | 92.00 |
| | 23.29 | 126.22 |

17. Trade Receivables

| | As At 31 March 2014 | As At 31 March 2013 |
|--|--------------------------------|------------------------|
| Unsecured, considered good | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 910.08 | 958.56 |
| Other Debts | 5,654.14 | 5,825.13 |
| | 6,564.22 | 6,783.69 |
| Unsecured, considered doubtful | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 1,173.13 | 2,142.07 |
| Other Debts | - | - |
| | 1,173.13 | 2,142.07 |
| Less: Provision for doubtful receivables | 1,173.13 | 2,142.07 |
| | - | - |
| | 6,564.22 | 6,783.70 |

18. Cash and Bank Balances

| | As At 31 March 2014 | As At 31 March 2013 |
|--|--------------------------------|------------------------|
| Cash and Cash Equivalents | | |
| Balances with banks: | | |
| Current Accounts | 1,759.75 | 358.54 |
| Cash on hand | 5.66 | 5.77 |
| | 1,765.41 | 364.31 |
| Other Bank Balances | | |
| Margin Deposits with maturity of less than twelve months | 23.85 | 22.44 |
| | 1,789.26 | 386.75 |

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| 19. Short Term Loans and Advances | | |
| Unsecured and considered good unless otherwise stated | | |
| Security Deposit | 23.81 | 13.33 |
| Loans and advances to employees | 52.91 | 45.02 |
| Other loans and advances | | |
| Prepaid Expenses | 833.76 | 691.66 |
| Advance to Vendors | 1,213.68 | 1,629.84 |
| Claim/Other Receivables | 4,287.17 | 4,849.06 |
| Deposits with Service Tax authorities | 52.75 | 20.64 |
| Cenvat Credit Receivable | 785.36 | 530.09 |
| | <u>7,172.72</u> | <u>7,721.29</u> |
| Less: Provision for doubtful advances | 631.31 | 334.64 |
| | <u>6,618.13</u> | <u>7,445.00</u> |
| 20. Other Current Assets | | |
| | As At | As At |
| | 31 March 2014 | 31 March 2013 |
| Assets held for sale (refer note 45) | 34.04 | 32.64 |
| Less: Provision for assets held for sale | 15.84 | - |
| | <u>18.20</u> | <u>32.64</u> |
| Interest accrued on Fixed Deposits | 6.32 | 1.35 |
| | <u>24.52</u> | <u>33.99</u> |
| 21. Revenue from Operations | | |
| | For The Year Ended | For The Year Ended |
| | 31 March 2014 | 31 March 2013 |
| Revenue from Operations | | |
| Sale of Services | 23,542.74 | 19,682.84 |
| Other Operating Revenue | | |
| Management Fees | 838.05 | 1,663.46 |
| Excess Accruals Written Back | 235.44 | 566.18 |
| Sundry Credit Balances Written Back | 235.42 | 512.24 |
| Syndication Income | 23.49 | - |
| Other Revenue | 18.77 | 75.06 |
| Revenue from Operations | <u>24,893.91</u> | <u>22,499.78</u> |
| | For The Year Ended | For The Year Ended |
| | 31 March 2014 | 31 March 2013 |
| Details of services rendered | | |
| Sale of Airtime | 20,334.92 | 15,880.12 |
| Experiential Marketing | - | 337.69 |
| Television Programme Production Income | 3,156.74 | 2,681.31 |
| Out of Home Media Income | 51.08 | 783.72 |
| | <u>23,542.74</u> | <u>19,682.84</u> |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

22. Other Income

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|---------------------------------------|---|-------------------------------------|
| Interest Income on Bank Deposits | 20.52 | 31.95 |
| Interest Income on loans and advances | 188.57 | - |
| Interest on Income Tax Refund | 25.66 | - |
| Income from facility sharing | 151.76 | 187.98 |
| Foreign Exchange Gain (Net) | 57.56 | 5.56 |
| Miscellaneous Income | 2.79 | 12.66 |
| | 446.86 | 238.15 |

23. Direct Costs

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|--|---|-------------------------------------|
| Royalty | 372.98 | 364.93 |
| Event Expenses | 34.22 | 427.93 |
| Transmission Expenses | 824.61 | 823.14 |
| Out of Home Media Expenses | 640.75 | 528.17 |
| Television Programme Production Expenses | 3,118.30 | 2,439.41 |
| Revenue Sharing License Fees | 1,013.93 | 830.47 |
| Other Production Expenses | 1,182.34 | 1,334.72 |
| | 7,187.13 | 6,748.77 |

24. Employee Benefit Expenses

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|---|---|-------------------------------------|
| Salaries, wages and bonus | 4,272.55 | 4,325.55 |
| Contribution to Provident and other funds | 182.69 | 185.24 |
| Gratuity Expense | 42.93 | 23.75 |
| Leave Encashment | 0.09 | - |
| Staff Welfare Expenses | 177.95 | 167.67 |
| | 4,676.21 | 4,702.21 |

25. Finance Costs

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|-----------------------|---|-------------------------------------|
| Interest | 3,026.33 | 2,815.30 |
| Other Borrowing Costs | 76.24 | 129.82 |
| | 3,102.57 | 2,945.12 |

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

26. Depreciation, Amortisation and Impairment Expense

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|--|---|-------------------------------------|
| Depreciation of tangible assets | 2,109.91 | 1,928.02 |
| Amortisation / Impairment of intangible assets | 2,297.27 | 1,835.81 |
| | 4,407.18 | 3,763.83 |

27. Other Expenses

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|---------------------------------------|---|-------------------------------------|
| Advertisements | 2,355.83 | 1,616.23 |
| Sales Incentive | 164.86 | 129.32 |
| Bank Charges | 25.00 | 24.19 |
| Bad Debts | 32.28 | 114.01 |
| Business Promotion | 58.25 | 42.23 |
| Rent, Rates and Taxes | 2,209.09 | 1,618.20 |
| Travelling and Conveyance | 409.54 | 313.60 |
| Payment to Auditor (Refer note below) | 46.00 | 51.00 |
| Electricity Charges | 415.01 | 435.13 |
| Insurance Charges | 18.79 | 16.99 |

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
|---|--|-------------------------------------|
| Legal and Professional Fees | 727.71 | 778.12 |
| Director's Sitting Fees | 5.60 | 4.20 |
| Loss on Sale/Disposal of Assets (net) | 17.82 | 28.99 |
| Communication Expenses | 171.79 | 169.48 |
| Printing and Stationery | 40.17 | 32.25 |
| Provision for assets held for sale | 15.84 | - |
| Provision for Doubtful Debts (net of doubtful debts written off ₹ 968.94 lakh; Previous year: ₹ 325.58 lakh) | - | - |
| Provision for Doubtful Deposits/Advances (net of doubtful deposit written off ₹ Nil; Previous year: ₹ 790.00 lakh) | 658.46 | 357.14 |
| Advances Written Off | 67.96 | 21.89 |
| Deposits Written Off | 15.05 | - |
| Repairs and Maintenance | | |
| - Repairs to Machinery | 294.85 | 144.98 |
| - Repairs to Others | 549.64 | 504.57 |
| Security Charges | 126.50 | 92.01 |
| Housekeeping Charges | 129.61 | 98.30 |
| Computer / Internet / Intranet | 249.33 | 219.52 |
| Conference Expense | 94.06 | 54.92 |
| Other Miscellaneous Expenses | 61.90 | 62.14 |
| | 8,960.94 | 6,929.41 |
| Payment to auditor (excluding service tax) | | |
| As auditor: | | |
| Audit fee | 30.00 | 30.00 |
| Tax audit fee | - | 5.00 |
| In other capacity: | | |
| Other services (certification fees) | 16.00 | 16.00 |
| | 46.00 | 51.00 |
| 28. Exceptional Items | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| Provision for Diminution in the value of Investments | 4,010.00 | - |
| Provision for Doubtful Loans & Advances to related parties | 6,000.00 | - |
| | 10,010.00 | - |
| <p>The Company has investments in equity of ₹ 4,010.00 lakh and loans and advances of ₹ 8,968.46 lakh aggregating to ₹ 12,978.46 lakh in Reliance Television Private Limited (RTPL). During the year, RTPL has terminated its joint venture agreement with CBS Studios Inc. and acquired remaining 50% equity in Azalia Distribution Private Limited. Consequent upon this acquisition, Azalia became the wholly owned subsidiary of RTPL. Azalia has scaled down its operations significantly. The Company on a prudent basis, has made a provision of ₹ 4,010.00 lakh for investments and ₹ 6,000.00 lakh for loans and advances.</p> | | |
| 29 Contingent Liabilities | 31 March, 2014 | 31 March, 2013 |
| Particulars | | |
| Bank Guarantees | 1,065.61 | 1,109.93 |
| Claims against the company not acknowledged as debt | 649.19 | 115.45 |
| Disputed Service tax demand (excluding penal interest) | 1,396.85 | 1,396.85 |
| Disputed Income tax demand | 31.66 | 31.66 |
| Disputed Stamp duty | 6.70 | 6.70 |
| Disputed Property Tax | 2,465.30 | - |
| Disputed Sales tax | 68.04 | 68.04 |
| | 5,683.35 | 2,728.63 |
| <p>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.</p> | | |
| 30 | <p>The Company is into litigations and arbitrations with various Statutory Corporations, Copyright Society and private parties for the claims made on or by the Company. These matters are subjudice and pending before various courts/ arbitrators. Pending the outcome of the said litigations and arbitrations, the Company has not made any provisions/adjustment for the Security deposits and Advances paid to them aggregating to ₹ 3,800.00 lakh. The Company is hopeful of recovering the said deposits and advances.</p> | |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

31 Commitment

Particulars

31 March, 2014 31 March, 2013
6.66 5.21

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)

32 Other Commitment

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

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.

33 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 ₹ 1,412.46 lakh (net of provision of ₹ 246.44) (Previous year ₹ 1,659.04 lakh (net of provision:Nil)) had been granted to the Trust. ₹ 1,661.38 lakh (Previous year ₹ 1,661.38 lakh) had been utilised by the trust for purchasing 2,017,997 (Previous year 2,017,997) equity shares upto 31 March, 2014. The fair value of option granted estimated on the date of grant using the Black Scholes Model valued by a valuer with the following assumptions:

Particulars

| | Plan A | | | |
|---|-----------|-----------|-----------|-----------|
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
| | 17-Jul-10 | 17-Jul-10 | 17-Jul-10 | 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% |
| Weightage Average Fair Value (₹) | 26 | 26 | 26 | 26 |

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 | 1,111,000 | 80 | 1 to 4 |
| Granted | - | - | - |
| Exercised | Nil | N.A. | N.A. |
| Lapsed/Forfeited/Surrendered | 1,111,000 | N.A. | N.A. |
| Outstanding at the end of the year | - | N.A. | N.A. |
| Exercisable at the end of the year | - | N.A. | N.A. |

During the current year, Company has discontinued the Employee Stock Option Plan A as none of the options had been exercised by the employees till 31 March, 2014. The option holders have sent letters to the Company and the Trust for relinquishing/surrendering their right, interest, or claim in respect of the options granted to them. In view of the same, the said scheme is discontinued and the grants made there under stand cancelled.

34 Employee Benefits

Defined Contribution Plan

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

Particulars

31 March, 2014 31 March, 2013
182.69 185.24

Employers contribution to Provident fund and other funds

Other long term employee benefits comprises encashment of leave. The obligation for leave encashment is recognised based on actuarial valuation carried out using the Projected Unit Credit Method. Expense recognised in the Statement of Profit and Loss during the current year is ₹ 0.09 lakh (Previous year: ₹ Nil).

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

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, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Gratuity (Unfunded) | | |
| Defined Benefit obligation at beginning of the year | 139.01 | 146.48 |
| Current Service Cost | 27.61 | 33.64 |
| Interest Cost | 10.74 | 12.92 |
| Actuarial (gain)/loss | 4.59 | (22.80) |
| Past Service Cost | - | - |
| Benefits Paid | (43.56) | (31.23) |
| Defined Benefit obligation at the end of the year | 138.37 | 139.01 |

II. Reconciliation of fair value of assets and obligations

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Gratuity (Unfunded) | | |
| Fair value of plan assets at the end of the year | - | - |
| Present value of obligation at the end of the year | 138.37 | 139.01 |
| Liability recognised in the Balance Sheet | 138.37 | 139.01 |

III. Expense/(Income) recognised during the year

| Particulars | 31 March, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Gratuity | | |
| Current Service Cost | 27.61 | 33.64 |
| Interest Cost | 10.74 | 12.92 |
| Expected return on plan assets | - | - |
| Actuarial (gain) / loss | 4.59 | (22.80) |
| Past Service Cost | - | - |
| Expense/(Income) recognised during the year | 42.93 | 23.76 |

IV. Experience Adjustments

| Particulars | 31 March, 2014 | 31 March, 2013 | 31 March, 2012 | 31 March, 2011 | 30 September, 2010 |
|--|----------------|----------------|----------------|----------------|--------------------|
| Defined Benefit Obligation | 138.37 | 139.01 | 146.48 | 122.90 | 116.71 |
| Plan Assets | - | - | - | - | - |
| Surplus / (Deficit) | (138.37) | (139.01) | (146.48) | (122.90) | (116.71) |
| Experience Adjustments on Plan Liabilities | 7.61 | (25.93) | (34.51) | (28.14) | (15.74) |
| Experience Adjustments on Plan Assets | - | - | - | - | - |

V. Actuarial assumptions

| Particulars | 31 March, 2014 | | 31 March, 2013 | |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) |
| Mortality Table (Indian Assured Lives Mortality) | 2006-08 (Ultimate) | 2006-08 (Ultimate) | 2006-08 (Ultimate) | 2006-08 (Ultimate) |
| Discount rate (per annum) | 8.65% | 8.65% | 7.80% | 7.80% |
| 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.

35 Disclosure of Segment Reporting under AS 17

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

36 Disclosure of Related Parties under AS 18

Parties where control exists

Subsidiary Companies

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

Step down Subsidiary Company

Azalia Distribution Private Limited (formerly known as 'BIG CBS Networks Private Limited') (w.e.f. 21 December, 2013) Reliance TV US LLC (w.e.f. 25 March, 2014) (earlier w.e.f. 18 June, 2012 upto 28 March, 2013) Georgeville Television LLC (w.e.f. 25 March, 2014) (earlier w.e.f. 24 August, 2012 upto 28 March, 2013) BIG RTL Broadcast Private Limited (upto 30 July, 2012)

Joint Venture of the Subsidiary Company

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

Azalia Distribution Private Limited (formerly known as 'BIG CBS Networks Private Limited') (upto 20 December, 2013)

Associate of Subsidiary Company

Reliance TV US LLC (w.e.f. 29 March, 2013 upto 24 March, 2014)

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 (upto 06 July, 2012) |
| Key Managerial Personnel | Asheesh Chatterjee | Chief Financial Officer |

Relative of Key Managerial Personnel:

| | |
|--------------------------|--|
| Spouse of Gururaja Rao | Mrs. Akshata Rao |
| Spouse of Ismail Dabhoya | Mrs. Irfana Dabhoya (upto 06 July, 2012) |

Transactions with Related Parties

| Particulars | 31 March, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Subsidiary Company | | |
| Reliance Television Private Limited | | |
| Loan Given | | |
| Opening Balance | 5,971.23 | 1,518.73 |
| Given during the year | 6,376.23 | 4,909.50 |
| Received back during the year | 3,379.00 | 457.00 |
| Provision for Doubtful Loans | 6,000.00 | - |
| Closing Balance (net of provision) | 2,968.46 | 5,971.23 |
| Provision for diminution in the value of investment | 4,010.00 | - |
| Income from facility sharing | - | 31.36 |
| Management Fees | 6.27 | - |
| Professional Fees Paid | 107.54 | 204.70 |
| Reimbursement of Expenses Received | - | 0.33 |
| Reimbursement of Expenses Paid | 13.46 | 20.38 |
| <u>Closing Balance</u> | | |
| Investment in Equity Share | 4,010.00 | 4,010.00 |
| Sundry Debtors | 6.68 | 20.61 |
| Sundry Creditors | - | 5.21 |
| Cinestar Advertising Private Limited | | |
| Loan given | | |
| Opening Balance | 2,398.49 | 1,372.37 |
| Given during the year | 1,714.81 | 1,274.40 |
| Received back during the year | 553.00 | 248.28 |
| Closing Balance | 3,560.30 | 2,398.49 |
| <u>Closing Balance</u> | | |
| Investment in Equity Share | 1,336.26 | - |

Reliance Broadcast Network Limited

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

Transactions with Related Parties

| Particulars | 31 March, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Subsidiary Company | | |
| Big Magic Limited | | |
| Loan Given | | |
| Opening Balance | 9,929.21 | 4,306.61 |
| Given during the year | 11,524.57 | 5,647.60 |
| Received back during the year | 771.80 | 25.00 |
| Closing Balance | 20,681.98 | 9,929.21 |
| Sale of Airtime | 989.66 | 386.93 |
| Income from Experiential Marketing | - | 63.00 |
| Income from Television Programme Production | 1,205.20 | 339.80 |
| Syndication Income | 23.49 | - |
| Management Fees | 234.07 | 253.43 |
| Advertisement Expenses | 938.90 | 12.90 |
| Event Expenses | - | 18.37 |
| Reimbursement of Expenses Paid | 76.67 | 130.34 |
| <u>Closing Balance</u> | | |
| Investment in Equity Share | 5.00 | - |
| Sundry Debtors | - | 6.04 |
| RBN US LLC | | |
| Subscription of Equity Shares | - | 279.70 |
| Loan Given | | |
| Opening Balance | 469.38 | - |
| Given during the year | 289.68 | 469.38 |
| Received back during the year | - | - |
| Closing Balance | 759.06 | 469.38 |
| Interest Income | 188.57 | - |
| <u>Closing Balance</u> | | |
| Investment in Equity Share | 279.70 | - |
| Step Down Subsidiary Company | | |
| Azalia Distribution Private Limited | | |
| Sale of Airtime | 2.32 | - |
| Out of Home Media Income | 1.12 | - |
| Joint Venture of Subsidiary Company | | |
| BIG RTL Broadcast Private Limited | | |
| Management Fees | 170.97 | 117.43 |
| Sale of Airtime | 34.69 | 32.25 |
| Staff Welfare Expenses | - | 0.15 |
| Reimbursement of Expenses Received | 0.05 | 101.29 |
| Reimbursement of Expenses Paid | - | 20.19 |
| <u>Closing Balance</u> | | |
| Sundry Debtors | 66.35 | 1.35 |
| Azalia Distribution Private Limited | | |
| Sale of Airtime | 78.23 | 482.57 |
| Income from Experiential Marketing | - | 16.43 |
| Out of Home Media Income | - | 5.08 |
| Income from Television Programme Production | 12.00 | 31.04 |
| Management Fees | 348.75 | 423.60 |
| Receipt of Services | | |
| Advertisement Expenses | 1.20 | 5.68 |
| Reimbursement of Expenses Received | 0.35 | 20.19 |
| Reimbursement of Expenses Paid | - | 35.06 |
| <u>Closing Balance</u> | | |
| Sundry Debtors | - | 39.89 |
| Sundry Creditors | - | 0.79 |
| Key Managerial Personnel | | |
| Remuneration to Tarun Katial | 181.00 | 178.85 |
| Remuneration to Gururaja Rao | 58.85 | 47.24 |
| Remuneration to Ismail Dabhoya upto 06 July, 2012 | - | 21.65 |
| Remuneration to Asheesh Chatterjee | 92.05 | 80.07 |
| Receiving of Car Hire Services from Relative of Key Managerial Personnel | | |
| Mrs. Akshata Rao | 1.80 | 1.80 |
| Mrs. Irfana Dabhoya upto 06 Jul, 2012 | - | 0.48 |

Notes to the financial statements for the year ended 31 March 2014

(₹ in Lakhs)

37 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, 2014 | 31 March, 2013 |
| Amounts due within one year from the balance sheet date | 572.27 | 559.25 |
| Amounts due in the period between one year and five years | 405.10 | 965.06 |
| Amounts due after five years | - | - |
| | 977.37 | 1,524.31 |

The Lease rentals recognised in the statement of profit and loss is amounting to ₹ 2,547.30 lakh (Previous year ₹ 1,999.67 lakh).

38 Earnings Per Share ('EPS')

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Net (loss) available for equity shareholders | (13,003.26) | (2,351.40) |
| Weighted average number of equity shares outstanding during the year | 79,451,170 | 79,451,170 |
| Basic/ Diluted Earnings Per Share | (16.37) | (2.96) |
| Nominal value per share | 5 | 5 |

39 Loans and advances in the nature of loans given to Subsidiaries:

Loans and advances in the nature of loans:

| Name of the Company | Particulars | 31 March, 2014 | 31 March, 2013 | Maximum Balance during the year |
|--------------------------------------|-------------|----------------|----------------|---------------------------------|
| Reliance Television Private Limited | Subsidiary | * 2,968.46 | 5,971.23 | 9,078.46 |
| Cinestar Advertising Private Limited | Subsidiary | 3,560.30 | 2,398.49 | 3,560.30 |
| Big Magic Limited | Subsidiary | 20,681.98 | 9,929.21 | 20,681.98 |
| RBN US LLC | Subsidiary | 759.06 | 469.38 | 759.06 |

(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. 30th May, 2011, 1st October, 2012, 1st April, 2013 and 1st January, 2014 respectively or the date of disbursement of loan whichever is later.

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

* -net of provision of Rs. 6,000.00 lakh made against doubtful loans and advance

40. Expenditure in foreign currency (Payment Basis)

| Particulars | 31 March, 2014 | 31 March, 2013 |
|-------------------------|----------------|----------------|
| Travelling | 6.26 | 2.35 |
| Professional fees | - | 1.24 |
| Repairs and Maintenance | 159.08 | 107.79 |
| Others | 10.27 | 3.36 |
| | 175.61 | 114.74 |

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

| Particulars | 31 March, 2014 | | | 31 March, 2013 | | |
|--------------------------------|----------------|-------------------------|------------------------|----------------|-------------------------|------------------------|
| | Currency | Foreign Currency Amount | Amount - Indian Rupees | Currency | Foreign Currency Amount | Amount - Indian Rupees |
| Loan to RBN US LLC | USD | 12.63 | 759.06 | USD | 8.63 | 469.38 |
| Interest on Loan to RBN US LLC | USD | 3.12 | 188.57 | - | - | - |

42 Termination of Joint Venture Agreement with Co-venturer

The Company has investments in equity and loans and advances aggregating to ₹ 12,978.46 lakh into its wholly owned subsidiary Reliance Television Private Limited ('RTPL') as on 31 March, 2014. RTPL has further investments in a step down entity viz. Azalia Distribution Private Limited (formerly known as 'Big CBS Networks Private Limited'), which was earlier a Joint Venture entity. During the year, the joint venture agreement was mutually terminated and RTPL acquired the remaining 50% stake of the co-venturer on December 20, 2013. Consequent upon this acquisition Azalia became a wholly owned subsidiary of RTPL on and from the said date.

43 Acquisition of Out of Home division of Reliance Big Entertainment Private Limited

During the previous year, the Company had acquired Out-of-Home division of Reliance Big Entertainment Private Limited on 31 August, 2012 with effect from 1 April, 2012 and goodwill of ₹ 577.64 lakh had been recognised as an intangible asset and has been impaired during the current year.

44 Incorporation of wholly owned subsidiary

During the previous year, 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 had 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. During the current year 19% holding in Reliance TV US LLC was required by RBN US LLC on 25 March, 2014.

45 During the previous year, RTL Group Beheer B.V., Netherlands had 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 had become a Joint Venture entity of Wholly owned subsidiary of Cinestar Advertising Private Limited on and from the said date.

46 Asset held for sale

During the previous years, the company had obtained ownership of two flats from customers as a consideration against outstanding receivables. On 31 March, 2014, these flats have been held for sale by the Company.

47 The Company's net worth has eroded, however, having regard to financial support from its promoter company, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

48 The Company has Equity investments and advances aggregating to ₹ 25,583.55 lakh as on March 31, 2014 in Big Magic Limited and Cinestar Advertising Private Limited, wholly owned subsidiaries of the Company. These subsidiaries continue to incur losses and show negative net worth as on 31 March, 2014. An external valuation report obtained by the management covers the carrying value of such investment/ advance and accordingly no provision for diminution/ recoverability is considered necessary by the Company. The valuation as aforesaid is dependent on the achievement of the projections as regards operating performance by the subsidiaries.

49 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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
Anil Sekhri
Pradeep Shah
Darius Jehangir Kakalia
Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Independent Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF 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 31 March, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs). 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2014;
- 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
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to following notes to the financial statements:

- Note no. 27 which described the uncertainty about the realisability of certain deposits and advances which are outstanding for a long period, as the matter is into litigations/ arbitrations. Pending outcome of such litigations/ arbitrations, the Company has not made any provision/ adjustment for said deposits and advances in the accounts.
- Note no. 49 the Group's net worth is fully eroded; the Company has incurred a loss of ₹ 12,554.67 lakh for the year ended 31 March, 2014, indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this financial statement is prepared on a going concern basis.
- Note no. 50 regarding no impairment required for Goodwill on Consolidation for the reasons stated therein;

Our opinion is not qualified in respect of this matter.

Other Matter

- The financial statements of two subsidiaries for the year ended 31 March, 2014 have been audited by us. The consolidated financial statements include total assets of ₹ 12,332.52 lakh as at 31 March, 2014, total revenues of ₹ 2,495.74 lakh and net cash outflows aggregating ₹ 7.47 lakh for the year ended on that date in respect of the aforementioned subsidiaries.
- We did not audit the financial statements and other financial information of two subsidiaries. The consolidated financial statements includes total assets of ₹ 6,845.02 lakh as on 31 March, 2014 and total Revenue of ₹ 600.24 lakh and net cash outflow aggregating ₹ 92.58 lakh for the year 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

Place: Mumbai
Date: 30 May, 2014

Reliance Broadcast Network Limited

Consolidated Balance Sheet as at 31 March 2014

(Currency: Indian ₹ in lakh)

| Particulars | Notes | As At 31 March 2014 | As At 31 March 2013 |
|--------------------------------|--------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 3,972.56 | 3,972.56 |
| Reserves and Surplus | 3 | <u>(17,900.41)</u> | <u>(4,295.90)</u> |
| | | (13,927.85) | (323.34) |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 35,150.29 | 30,701.75 |
| Other Long term liabilities | 5 | 195.29 | 383.41 |
| Long-term provisions | 6 | <u>3,035.86</u> | <u>1,316.87</u> |
| | | 38,381.44 | 32,402.03 |
| Current Liabilities | | | |
| Short-term borrowings | 7 | 5,815.50 | 4,731.51 |
| Trade payables | 8 | 3,249.66 | 3,177.11 |
| Other current liabilities | 9 | 18,791.87 | 7,324.95 |
| Short-term provisions | 10 | <u>71.65</u> | <u>72.86</u> |
| | | 27,928.68 | 15,306.43 |
| | Total | <u>52,382.27</u> | <u>47,385.12</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 5,879.99 | 7,998.92 |
| Intangible assets | 11 | 5,150.05 | 7,494.17 |
| Capital work-in-progress | | - | 15.98 |
| Goodwill on consolidation | | 2,509.63 | 1,507.98 |
| Long term loans and advances | 12 | 9,205.13 | 8,427.86 |
| Other non-current assets | 13 | <u>249.28</u> | <u>253.91</u> |
| | | 22,994.08 | 25,698.82 |
| Current assets | | | |
| Inventories | 14 | 3,411.27 | 2,998.54 |
| Trade receivables | 15 | 8,020.37 | 7,700.53 |
| Cash and bank balances | 16 | 1,947.34 | 618.58 |
| Short-term loans and advances | 17 | 12,757.12 | 9,561.94 |
| Other current assets | 18 | <u>3,252.09</u> | <u>806.71</u> |
| | | 29,388.19 | 21,686.30 |
| | Total | <u>52,382.27</u> | <u>47,385.12</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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney

Anil Sekhri

Pradeep Shah

Darius Jehangir Kakalia

Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Reliance Broadcast Network Limited

Statement of Consolidated Profit and Loss for the year ended 31 March 2014

| Particulars | Notes | (Currency: Indian ₹ in lakh) | |
|---|-------|-------------------------------------|-------------------------------------|
| | | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| Income | | | |
| I. Revenue from operations | 19 | 24,935.80 | 23,292.60 |
| II. Other Income | 20 | 446.09 | 234.83 |
| III. Total Revenue (I+II) | | 25,381.89 | 23,527.43 |
| IV. Expenses | | | |
| i. Direct Expenses | 21 | 12,477.32 | 10,272.39 |
| ii. Employee benefit expense | 22 | 5,913.06 | 5,618.94 |
| iv. Finance costs | 23 | 3,116.26 | 3,007.24 |
| iii. Depreciation, amortization and impairment expense | 24 | 4,626.18 | 3,951.39 |
| v. Other expenses | 25 | 11,803.07 | 9,841.84 |
| V. Total Expenses | | 37,935.89 | 32,691.80 |
| (Loss) before tax | | (12,554.00) | (9,164.37) |
| VI. Tax expense | | | |
| Current tax | | 0.48 | 0.44 |
| (Loss) for the year before Minority Interest and losses of associate | | (12,554.48) | (9,164.81) |
| Minority Interest | | 0.19 | - |
| Share of losses of an associate | | - | 0.25 |
| (Loss) for the year after Minority Interest and losses of associate | | (12,554.67) | (9,165.06) |
| Earning per equity share [Nominal Value of Share ₹ 5] | | | |
| Basic (In ₹) | 36 | (15.80) | (11.54) |
| Diluted (In ₹) | 36 | (15.80) | (11.54) |

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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
Anil Sekhri
Pradeep Shah
Darius Jehangir Kakalia
Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Reliance Broadcast Network Limited

Consolidated Cash Flow Statement for the year ended 31 March 2014

| | (Currency: Indian ₹ in lakh) | |
|--|-------------------------------------|-------------------------------------|
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit / (loss) before taxes | (12,554.00) | (9,165.06) |
| Adjustments for: | | |
| Interest Income | (278.68) | (65.54) |
| Interest Expense | 3,116.26 | 3,007.24 |
| Depreciation, amortisation and impairment | 4,626.18 | 3,951.39 |
| Provision for Doubtful debts | 33.20 | - |
| Bad Debts | 51.28 | - |
| Advances Written Off | 67.96 | 22.96 |
| Deposits Written Off | 15.05 | - |
| Provision for assets held for sale | 15.84 | - |
| Provision for Doubtful Deposits/Advances | 658.46 | 357.14 |
| Foreign Exchange (Loss) Net | 30.52 | (13.43) |
| Foreign Currency Translation Reserve | - | - |
| Excess Accruals Written Back | 236.10 | (566.76) |
| Sundry Credit Balance Written Back | 240.50 | (512.24) |
| (Profit) / Loss on sale of fixed assets (net) | 59.16 | 27.38 |
| Operating profit/ (loss) before working capital changes | (3,682.17) | (2,943.49) |
| (Increase)/ Decrease in Inventories | (227.92) | (1,486.27) |
| (Increase)/ Decrease in Loans and Advances | (3,742.70) | (1,658.82) |
| (Increase)/ Decrease in Debtors | 317.59 | 571.22 |
| Increase/(Decrease) in Current Liabilities and Provisions | (2,424.51) | (4,711.76) |
| Cash generated from operations | (9,759.71) | (10,229.13) |
| Taxes Paid | (237.80) | (276.02) |
| Net cash generated from / (used in) operating activities (A) | (9,997.51) | (10,505.15) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (177.11) | (1,172.09) |
| Sale Proceeds from Fixed Assets | 6.70 | 95.05 |
| Purchase of Investments | (7.10) | (1,069.30) |
| Sale of Current Investments | - | - |
| Interest Income | 252.19 | 62.56 |
| Net cash generated from / (used in) investing activities (B) | 74.68 | (2,083.78) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net Increase/(Decrease) in Short Term Loans | (142.05) | (7,043.09) |
| Proceeds from Long Term Loans | 15,000.00 | 4,500.00 |
| Repayment of Long Term Loan | (479.79) | (8,408.48) |
| Proceeds from Issue of Debentures (net of Debenture Issue Expenses) | - | 29,152.76 |
| Redemption of debentures | - | (1,000.00) |
| Membership Interest | - | - |
| Interest Paid | (3,154.29) | (6,170.66) |
| Net cash generated from / (used in) financing activities (C) | 11,223.87 | 11,030.53 |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 1,301.04 | (1,558.40) |
| Cash and cash equivalents at beginning of the year | 596.14 | 711.24 |
| Cash and cash equivalents acquired on purchase of OOH division | - | 98.71 |
| Cash and cash equivalents received on acquisition of stake in subsidiary | 26.31 | 1,344.59 |
| Cash and cash equivalents at end of the year | 1,923.49 | 596.14 |

Note: Previous year's figures has 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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney
Anil Sekhri
Pradeep Shah
Darius Jehangir Kakalia
Gautam Doshi

Company Secretary and Manager

Gururaja Rao

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Summary of significant accounting policies

i Basis of preparation

The financial statements are prepared and presented under the historical cost convention on the accrual basis and in accordance with the Accounting Standards ('AS') notified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), read with General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of section 133 of the Companies Act, 2013 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, 2014.

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 2014 | Ownership Interest 31 March 2013 |
|--------------------------------------|--------------------------|----------------------------------|----------------------------------|
| 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% | 100% |

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

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 2014 | Ownership Interest 31 March 2013 |
|---|--------------------------|----------------------------------|----------------------------------|
| Azalia Distribution Private Limited (Formerly known as BIG CBS Networks Private Limited)* | India | 100% | Nil |
| Reliance TV US LLC# | United States of America | 65% | Nil |
| Georgeville Television Private Limited# | United States of America | 81% | Nil |

* Pursuant to Joint Venture Termination Agreement and Share Purchase Agreement entered in to between Reliance Television Private Limited and CBS Studios Inc, Reliance Television Private Limited acquired 50% stake of CBS studios Inc. w.e.f 20 December 2013. As a result, Azalia Distribution Private Limited has become the wholly owned subsidiary of Reliance Television Private Limited.

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 were made by the Subsidiary Company for a short term purpose with an intention to partly sell these investments in the near future. On 28 March, 2013, RBN US LLC had sold its 19% stake in Reliance TV US LLC. Therefore, Reliance TV US LLC was considered as an associate company, for the purpose of consolidated financial statements of the RBN US LLC in the previous year. During the current year, RBN US LLC has reacquired 19% stake in Reliance TV US LLC on 25 March 2014. As a result, Reliance TV US LLC and its step down subsidiary Georgeville Television Private Limited became the subsidiary of RBN US LLC w.e.f. 25 March 2014.

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 2014 | Ownership Interest 31 March 2013 |
|--|--------------------------|----------------------------------|----------------------------------|
| BIG RTL Broadcast Private Limited | India | 50% | 50% |
| Azalia Distribution Private Limited (Formerly known as BIG CBS Networks Private Limited) | India | Nil** | 50% |

** Ceased to be Joint Venture w.e.f. 20 December, 2013

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 2014 | Ownership Interest 31 March 2013 |
|-----------------------|--------------------------|----------------------------------|----------------------------------|
| Reliance TV US LLC@ | United States of America | 46% | 46% |

@ - Upto 24 March, 2014

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.

Notes to the consolidated financial statements for the year ended 31 March 2014

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% |

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 lakh 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 realizable 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.

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

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 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.

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 amortize over three financial years from the date of telecast as per management estimates of future revenue potential. 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.

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 rights to use 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.

xv 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.

xvi 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.

xvii 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.

xviii 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.

xix 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.

xx 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.

xxi 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.

xxii 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.

xxiii 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 2014

(₹ in lakh)

2. Share Capital

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Authorised Shares | | |
| 20,00,00,000 (Previous Year: 20,00,00,000) Equity Shares of ₹ 5/- each | 10,000.00 | 10,000.00 |
| 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>15,000.00</u> |
| Issued, Subscribed and Paid Up | | |
| 7,94,51,170 (Previous Year: 7,94,51,170) Equity Shares of ₹ 5/- each fully paid up | 3,972.56 | 3,972.56 |
| Total issued, subscribed and paid-up share capital | <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 2014 | | As At 31 March 2013 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | 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 | - | - | - | - |
| Outstanding at the end of the year | <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

| | As At 31 March 2014 | | As At 31 March 2013 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | No of Shares | Percentage of holding | No of Shares | Percentage of holding |
| Equity shares of ₹ 5 each fully paid | | | | |
| Reliance Land Private Limited | 39,661,766 | 49.92 | 38,096,416 | 47.95 |
| Reliance Capital Limited | 15,727,957 | 19.80 | 15,727,957 | 19.80 |
| Reliance Share & Stock Brokers Private Limited | 14,359,866 | 18.07 | - | - |

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

3. Reserve & Surplus

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Capital Reserve | | |
| Balance as per last balance sheet | 3,497.24 | 3,497.24 |
| Securities Premium Account | | |
| Balance as per last balance sheet | 35,407.20 | 37,471.28 |
| Less: Debenture Issue Expenses | - | 847.23 |
| Less: Premium Payable on Redemption of Debentures | 2,043.33 | 1,216.85 |
| | <u>33,363.87</u> | <u>35,407.20</u> |
| Capital Reserve on Consolidation | 993.48 | - |
| (Deficit) in the statement of Profit & Loss | | |
| As per last balance sheet | (43,200.33) | (34,035.27) |
| Add: Loss for the year | (12,554.70) | (9,165.06) |
| | <u>(55,755.00)</u> | <u>(43,200.33)</u> |
| Total Reserve & Surplus (refer note 28) | <u>(17,900.41)</u> | <u>(4,295.89)</u> |

4. Long Term Borrowings

| | As At 31 March 2014 | | As At 31 March 2013 | |
|--|---------------------|------------------|---------------------|------------------|
| | Current | Non-current | Current | Non-current |
| Secured | | | | |
| Loans from body corporates (Refer note a) | 551.47 | 150.29 | 479.79 | 701.75 |
| Non-Convertible Debentures (Refer note b) | 10,000.00 | 5,000.00 | - | 15,000.00 |
| | <u>10,551.47</u> | <u>5,150.29</u> | <u>479.79</u> | <u>15,701.75</u> |
| Unsecured | | | | |
| Zero Coupon Debentures (Refer note c) | - | 15,000.00 | - | 15,000.00 |
| Loan from Bank (Refer note d) | - | 15,000.00 | - | - |
| | <u>-</u> | <u>30,000.00</u> | <u>-</u> | <u>15,000.00</u> |
| Total | <u>10,551.47</u> | <u>35,150.29</u> | <u>479.79</u> | <u>30,701.75</u> |

- Loan from body corporates of ₹ 701.75 lakh (Previous Year: ₹1,181.54 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 i.e. 1 April, 2012. 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.
- In previous year, the Company has issued 11.50% 1,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 15,000 lakh 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).
- In previous year, the Company has issued 1,500 Zero Coupon unsecured redeemable non convertible Debentures amounting to ₹ 15,000 lakh, having face value of ₹ 10.00 each on a private placement basis. These Debentures are redeemable on 8th August, 2015 i.e. 1,095 days from the date of issue i.e. 9 August, 2012 and has an implicit yield of 12.60% in form of redemption premium.
- Loan from Bank of ₹ 15,000.00 lakh (Previous Year: NIL) carries interest rate of 10%. The terms of repayment is repayment in full after 36 months from the drawdown date (drawdown date 28 March, 2014) except in case of the exercise of the Call /Put Option by either party providing 7 (Seven) days written notice to other party on option date, to repay all outstanding due (Option date is the date occurring on the expiry of 18 (Eighteen) months from the drawdown date. Unconditional and irrevocable corporate guarantee is given by one of the shareholders of the Company.

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

5. Other Long Term Liabilities

| | As At 31 March 2014 | As At 31 March 2013 |
|----------------------|------------------------|------------------------|
| Lease Rent Liability | 142.02 | 324.32 |
| Security Deposits | 53.27 | 59.09 |
| | <u>195.29</u> | <u>383.41</u> |

6. Long Term Provisions

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Provision for employee benefits (refer note 33) | | |
| - Gratuity | 95.59 | 93.99 |
| - Leave benefits | 6.11 | 6.03 |
| Premium payable on Redemption of Debentures | 2,934.16 | 1,216.85 |
| | <u>3,035.86</u> | <u>1,316.87</u> |

7. Short Term Borrowings

| | As At 31 March 2014 | As At 31 March 2013 |
|---|------------------------|------------------------|
| Loans repayable on demand (secured) | | |
| From Banks (refer note a) | 3,089.46 | 3,431.51 |
| Other loans & advances (Unsecured) | | |
| From Body corporates (refer note b & c) | 2,726.04 | 1,300.00 |
| | <u>5,815.50</u> | <u>4,731.51</u> |

Nature of security and other terms:

- Loan from bank ₹ 3,089.46 lakh (Previous year: ₹ 3,431.51 lakh) 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.
- Unsecured Loan from body corporates ₹ 1,500.00 lakh (Previous Year: ₹ 1,300.00 lakh) 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 ₹ 1,226.04 lakh (Previous Year: ₹ Nil) is carrying interest at the rate of 18%.

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

8. Trade Payables

(₹ in lakh)

| | As At 31 March 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Micro, Small and Medium Enterprises (Refer Note 8.1) | 0.03 | 0.12 |
| Others | <u>3,249.63</u> | <u>3,176.99</u> |
| | <u>3,249.66</u> | <u>3,177.11</u> |

8.1 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 2014 | As At 31 March 2013 |
|--|------------------------|------------------------|
| Principal amount remaining unpaid | 0.03 | 0.12 |
| 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. | - | - |
| | <u>0.03</u> | <u>0.12</u> |

9. Other Current Liabilities

| | As At 31 March 2014 | As At 31 March 2013 |
|---|-------------------------|------------------------|
| Current maturities of long term borrowings (refer note 4) | 10,551.47 | 479.79 |
| Interest accrued but not due on borrowings | 896.69 | 911.98 |
| Interest accrued and due on borrowings | 48.93 | 71.67 |
| Others | | |
| Deposits from customers employees & others | 8.80 | 6.43 |
| Production Development Contribution | 577.29 | - |
| Advance from Customers | 458.01 | 327.60 |
| Unearned revenue | 314.23 | 10.46 |
| Statutory Dues Payable | 768.83 | 943.66 |
| Employee Benefits Payable | 135.55 | 176.26 |
| Capital Creditors for Capital Expenditure | 12.60 | 12.72 |
| Provision for Expenses | 4,866.76 | 4,231.67 |
| Other Payables | <u>152.71</u> | <u>152.71</u> |
| | <u>18,791.87</u> | <u>7,324.95</u> |

10. Short Term Provisions

| | As At 31 March 2014 | As At 31 March 2013 |
|---|------------------------|------------------------|
| Provision for employee benefits (Refer note 33) | | |
| - Gratuity | 66.00 | 67.04 |
| - Leave benefits | 5.59 | 5.33 |
| Provision for Tax | <u>0.06</u> | <u>0.49</u> |
| | <u>71.65</u> | <u>72.86</u> |

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

| Particulars | Gross Block | | | Depreciation/Amortisation | | | Impairment | Net Block | |
|---|--------------------|---|---------------------------|---------------------------|--|---------------------------|---------------|---------------------|---------------------|
| | As on 1 April 2013 | Additions/ Adjustments* during the Year | Deletions during the Year | As on 31 March 2014 | For the year/ Adjustments* during the Year | Deletions during the Year | | As on 31 March 2014 | As on 31 March 2013 |
| Tangible Assets | | | | | | | | | |
| Plant & Machinery | 14,665.87 | 139.58 | 187.33 | 14,618.12 | 1,797.63 | 125.90 | - | 4,464.39 | 6,183.87 |
| Office Equipments | 433.52 | 18.06 | 4.84 | 446.74 | 44.60 | 3.50 | - | 194.35 | 222.23 |
| Furniture & Fixtures | 241.88 | 16.67 | 10.39 | 248.16 | 22.86 | 1.48 | - | 64.55 | 79.65 |
| Data Processing Machines | 893.69 | 8.72 | 13.48 | 888.93 | 43.65 | 13.48 | - | 80.80 | 115.73 |
| Leasehold Improvements | 3,372.67 | 34.73 | 25.81 | 3,381.59 | 335.11 | 16.77 | - | 1,052.43 | 1,361.85 |
| Vehicles | 223.48 | 3.72 | 2.50 | 224.70 | 15.84 | 2.50 | - | 23.47 | 35.59 |
| Total | 19,831.11 | 221.48 | 244.35 | 19,808.24 | 2,259.69 | 163.63 | - | 5,879.99 | 7,998.92 |
| Previous Year | 19,650.66 | 434.85 | #254.40 | 19,831.11 | 2,043.81 | #118.63 | - | 7,998.92 | 9,743.65 |
| Intangible Assets | | | | | | | | | |
| (other than internally generated) | | | | | | | | | |
| Radio broadcasting license (Refer Note v (b) of note 1) | 16,028.87 | - | - | 16,028.87 | 1,602.89 | - | - | 4,567.02 | 6,169.91 |
| Computer Software | 1,140.43 | 169.00 | 217.14 | 1,092.29 | 304.12 | 213.58 | - | 440.04 | 578.72 |
| Copyrights | 76.83 | - | - | 76.83 | 7.67 | - | - | 37.59 | 45.26 |
| Goodwill | 841.11 | - | - | 841.11 | 52.69 | - | - | 105.40 | 668.31 |
| Branding | 30.76 | - | - | 30.76 | 6.48 | - | - | - | 25.59 |
| Website | 7.69 | - | - | 7.69 | 6.38 | - | - | - | 6.38 |
| Total | 18,125.69 | 169.00 | 217.14 | 18,077.55 | 1,999.34 | 213.58 | 510.22 | 5,150.05 | 7,494.17 |
| Previous Year | 17,383.97 | 788.97 | #39.57 | 18,125.69 | 1,913.73 | #0.10 | - | 7,494.17 | 8,664.77 |

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

- 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 2014

| | (₹ in lakh) | |
|---|-----------------|-----------------|
| | As At | As At |
| | 31 March 2014 | 31 March 2013 |
| 12. Long Term Loans and Advances | | |
| Unsecured and considered good unless otherwise stated | | |
| Capital Advances | 8.04 | 8.62 |
| Security Deposit | | |
| Considered good | 2,742.43 | 2,890.92 |
| Considered doubtful | 163.68 | 22.50 |
| | <u>2,906.11</u> | <u>2,913.42</u> |
| Less: Provision for doubtful security deposit | 163.68 | 22.50 |
| | <u>2,742.43</u> | <u>2,890.92</u> |
| Loans and Advances to others | - | 739.69 |
| Other loans and advances | | |
| Advance Tax (net of provision for tax) | 2,406.25 | 2,168.45 |
| Prepaid Expenses | 493.07 | 390.87 |
| Cenvat credit receivable | 2,142.88 | 570.27 |
| Advance to Reliance Broadcast Network ESOS Trust (refer note 32) | 1,658.90 | 1,659.04 |
| Less: Provision for Diminution in the value of Shares | 246.44 | - |
| | <u>6,454.66</u> | <u>4,788.63</u> |
| | <u>9,205.13</u> | <u>8,427.86</u> |
| | As At | As At |
| | 31 March 2014 | 31 March 2013 |
| 13. Other Non-Current Assets | | |
| Unsecured, considered good unless stated otherwise | | |
| Interest accrued on Fixed Deposits | 26.32 | 22.91 |
| In Fixed Deposits with original maturity of more than twelve months | 30.00 | 30.00 |
| Margin Deposits* | 192.96 | 201.00 |
| | <u>249.28</u> | <u>253.91</u> |
| * Balances in margin money accounts represent fixed deposits with banks with maturity of more than twelve months. | | |
| | As At | As At |
| | 31 March 2014 | 31 March 2013 |
| 14. Inventories (valued at lower of cost and net realizable value) | | |
| Events / Contents | 7.67 | 34.22 |
| Television Programmes and movie rights | | |
| Under Production | 15.62 | 92.00 |
| Unamortised | 3,358.72 | 2,828.67 |
| Merchandise | 39.01 | 43.65 |
| Less: Provision for obsolescence | 9.75 | - |
| | <u>29.26</u> | <u>43.65</u> |
| | <u>3,411.27</u> | <u>2,998.54</u> |
| | As At | As At |
| | 31 March 2014 | 31 March 2013 |
| 15. Trade Receivables | | |
| Unsecured, considered good | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 1,215.49 | 1,101.61 |
| Other Debts | 6,804.88 | 6,598.92 |
| | <u>8,020.37</u> | <u>7,700.53</u> |
| Unsecured, considered doubtful | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 1,239.53 | 2,142.07 |
| Other Debts | - | - |
| | <u>1,239.53</u> | <u>2,142.07</u> |
| Less: Provision for doubtful receivables | 1,239.53 | 2,142.07 |
| | <u>-</u> | <u>-</u> |
| | <u>8,020.37</u> | <u>7,700.53</u> |

Notes to the consolidated financial statements for the year ended 31 March 2014

| | As At 31 March 2014 | (₹ in lakh) As At 31 March 2013 |
|--|------------------------|---------------------------------------|
| 16. Cash and Bank Balances | | |
| Cash and Cash Equivalents | | |
| Balances with banks: | | |
| In Current Accounts | 1,917.78 | 490.37 |
| In Fixed Deposits with original maturity of less than three months | - | 100.00 |
| Cash on hand | 5.71 | 5.77 |
| | <u>1,923.49</u> | <u>596.14</u> |
| Other Bank Balances | | |
| Margin Deposits with maturity of less than twelve months | 23.85 | 22.44 |
| | <u>1,947.34</u> | <u>618.58</u> |
| | As At 31 March 2014 | As At 31 March 2013 |
| 17. Short Term Loans and Advances | | |
| Unsecured and considered good unless otherwise stated | | |
| Security Deposit | 41.31 | 22.20 |
| Loans & Advances to Others | 73.36 | 87.39 |
| Loans to unpronounceable production | 1,202.00 | - |
| Loans and advances to employees | 66.17 | 59.04 |
| Other loans and advances | | |
| Prepaid Expenses | 1,388.25 | 753.26 |
| Advance to Vendors | 3,812.19 | 2,303.63 |
| Claims/Other receivable | 4,287.17 | 4,849.06 |
| Deposit with Service Tax Authorities | 52.75 | 20.64 |
| Other Advances | 14.76 | 8.39 |
| Cenvat Credit Receivable | 2,450.47 | 1,792.95 |
| | <u>12,005.59</u> | <u>9,727.93</u> |
| Less: Provision for doubtful advances | 631.31 | 334.64 |
| | <u>12,757.12</u> | <u>9,561.92</u> |
| | As At 31 March 2014 | As At 31 March 2013 |
| 18. Other Current Assets | | |
| Assets held for sale (Refer Note 47) | 34.04 | 32.64 |
| Less: Provision for assets held for sale | 15.84 | - |
| | <u>18.20</u> | <u>32.64</u> |
| Advance towards share application money | 3,199.74 | 763.00 |
| Interest accrued on Fixed Deposits | 6.32 | 1.70 |
| Interest receivable | 27.83 | 9.37 |
| | <u>3,252.09</u> | <u>806.71</u> |
| | As At 31 March 2014 | As At 31 March 2013 |
| 19. Revenue from Operations | | |
| Sale of Services | 23,419.30 | 20,533.40 |
| | <u>24,930.04</u> | <u>23,292.60</u> |
| Other Operating Revenue | | |
| Management Fees | 378.68 | 1,141.90 |
| Excess Accruals Written Back | 236.10 | 566.76 |
| Sundry Credit Balances Written Back | 240.50 | 512.24 |
| Other Revenue | 661.22 | 538.30 |
| | <u>1,516.50</u> | <u>2,759.20</u> |
| Revenue from Operations | <u>24,935.80</u> | <u>23,292.60</u> |

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

| | (₹ in lakh) | |
|--|---|---|
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 19. Revenue from Operations (Contd..) | | |
| Details of services rendered | | |
| Sale of radio airtime | 19,286.48 | 15,235.77 |
| Experiential Marketing | - | 266.48 |
| Television Programme Production Income | 1,945.55 | 2,325.99 |
| Out of Home Media Income | 49.96 | 781.17 |
| Income from Television media operation | 2,137.31 | 1,923.99 |
| | <u>23,419.30</u> | <u>20,533.40</u> |
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 20. Other Income | | |
| Interest Income on | | |
| Bank Deposits | 28.18 | 56.18 |
| Others | 219.19 | 9.37 |
| Income Tax Refund | 31.31 | - |
| Income from facility sharing | 151.76 | 156.62 |
| Foreign Exchange Loss (Net) | 12.86 | - |
| Miscellaneous Income | 2.79 | 12.66 |
| | <u>446.09</u> | <u>234.83</u> |
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 21. Direct Costs | | |
| Royalty | 372.98 | 364.93 |
| Event Expenses | 34.22 | 409.56 |
| Transmission Expenses | 824.61 | 823.15 |
| Out of Home Media Expenses | 640.75 | 528.17 |
| Television Programme Production Expenses | 3,118.30 | 2,439.40 |
| Revenue Sharing License Fees | 1,013.93 | 830.47 |
| Content Cost | 1,875.15 | 1,475.00 |
| Placement Fees | 3,317.66 | 1,927.77 |
| Equipment Hire Charges | 27.53 | 22.66 |
| Editing Charges | 53.42 | 185.49 |
| Other Production Expenses | 1,198.77 | 1,265.79 |
| | <u>12,477.32</u> | <u>10,272.39</u> |
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 22. Employee Benefit Expenses | | |
| Salaries, wages and bonus | 5,452.49 | 5,183.27 |
| Contribution to Provident and other funds | 229.90 | 225.52 |
| Gratuity Expense | 46.29 | 33.67 |
| Leave Encashment | 0.72 | - |
| Staff Welfare Expenses | 183.66 | 176.48 |
| | <u>5,913.06</u> | <u>5,618.94</u> |
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 23. Finance Costs | | |
| Interest | 3,040.02 | 2,877.42 |
| Other Borrowing Costs | 76.24 | 129.82 |
| | <u>3,116.26</u> | <u>3,007.24</u> |

Note: Finance cost for the year ended 31 March 2013 includes ₹ 471.67 lakh relating to previous year ended 31 March 2012.

Notes to the consolidated financial statements for the year ended 31 March 2014

| | (₹ in lakh) | |
|---|-------------------------------------|-------------------------------------|
| | For The Year Ended 31 March 2014 | For The Year Ended 31 March 2013 |
| 24. Depreciation, amortisation and impairment expense | | |
| Depreciation of tangible assets | 2,228.33 | 2,043.81 |
| Amortisation of intangible assets | 2,397.85 | 1,907.58 |
| | <u>4,626.18</u> | <u>3,951.39</u> |
| 25. Other Expenses | | |
| Advertisements | 3,305.79 | 3,070.70 |
| Distribution and advertisements rights expenses | 1,008.04 | 767.16 |
| Management and distribution service fees | 62.78 | 79.95 |
| Bank Charges | 29.37 | 26.25 |
| Bad Debts | 51.28 | 143.35 |
| Business Promotion | 90.42 | 85.54 |
| Rent, Rates and Taxes | 2,313.03 | 1,685.95 |
| Travelling and Conveyance | 497.90 | 397.34 |
| Payment to Auditor (Refer note below) | 53.12 | 59.62 |
| Electricity Charges | 423.38 | 441.94 |
| Insurance Charges | 18.79 | 16.99 |
| Legal and Professional Fees | 925.01 | 888.11 |
| Director's Sitting Fees | 5.60 | 4.20 |
| Loss on Sale/Disposal of Assets (net) | 59.16 | 27.38 |
| Communication Expenses | 189.87 | 187.58 |
| Printing and Stationery | 41.05 | 32.95 |
| Provision for Doubtful Debts (Net of Doubtful debts written off ₹ 968.94 lakh (Previous year: ₹ 325.58 lakh) | 33.20 | - |
| Provision for Doubtful Deposits/Advances (Net of Doubtful debts written off ₹ Nil (Previous year: ₹ 790.00 lakh) | 658.46 | 357.14 |
| Provision for assets held for sale | 15.84 | |
| Advances Written Off | 67.96 | 22.96 |
| Deposits Written Off | 15.05 | |
| Repairs and Maintenance | | |
| - Repairs to Machinery | 299.47 | 152.44 |
| - Repairs to Others | 570.33 | 525.27 |
| Security Charges | 129.23 | 98.11 |
| Housekeeping Charges | 138.05 | 103.81 |
| Foreign Exchange Loss (Net) | - | 13.43 |
| Computer / Internet / Intranet | 248.58 | 228.04 |
| Conference Expense | 97.61 | 71.22 |
| Telecast and uplinking fees | 167.83 | 145.63 |
| Sales Incentive | 190.32 | 129.32 |
| Provision for Inventory Obsolescence | 9.75 | |
| Other Miscellaneous Expenses | 86.80 | 79.46 |
| | <u>11,803.07</u> | <u>9,841.84</u> |
| Payment to auditor | | |
| As auditor: | | |
| Audit fee | 37.12 | 37.12 |
| Tax audit fee | - | 6.50 |
| In other capacity: | | |
| Other services (certification fees) | 16.00 | 16.00 |
| | <u>53.12</u> | <u>59.62</u> |

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

26. Contingent Liabilities

(₹ in lakh)

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|-----------------|-----------------|
| Bank Guarantees | 1,065.61 | 1,109.93 |
| Claims against the company not acknowledged as debt | 649.19 | 115.45 |
| Disputed Service tax demand (excluding penal interest) | 1,396.85 | 1,396.85 |
| Disputed Income tax demand | 31.66 | 31.66 |
| Disputed Stamp duty | 6.70 | 6.70 |
| Disputed Property Tax | 2,465.30 | - |
| Disputed Sales tax | 68.04 | 68.04 |
| | 5,683.35 | 2,728.63 |

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. The Company is into litigations and arbitrations with various Statutory Corporations, Copyright Society and private parties for the claims made on or by the Company. These matters are subjudice and pending before various courts/ arbitrators. Pending the outcome of the said litigations and arbitrations, the Company has not made any provisions/adjustment for the Security deposits and Advances paid to them aggregating to ₹ 3,800.00 lakh. The Company is hopeful of recovering the said deposits and advances.
28. Azalia Distribution Private Limited, step down subsidiary company has filed a Scheme of Arrangement with the Honorable High Court of Judicature at Bombay for the demerger of its 'Digital Marketing Business'. Pending the outcome of the said Scheme of Arrangement, the financial statements are prepared without giving effect to the same.

29 Commitment

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 6.66 | 5.21 |

30. Other Commitment

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.

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

31. Disclosure of Segment Reporting under AS 17

| Particulars | Radio Broadcasting | | Outdoor | | Production | | Television | | Others | | Total | |
|---|--------------------|------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|--------------------|-------------------|
| | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 | 31 March 2014 | 31 March 2013 |
| Segment Revenue | 20,771.48 | 16,592.63 | 116.46 | 1,755.95 | 3,375.66 | 2,750.37 | 4,013.59 | 2,911.97 | 253.59 | 836.51 | 28,530.78 | 24,847.43 |
| Inter Segment Revenue | (1,071.93) | (717.60) | (4.57) | (38.58) | (1,211.20) | (355.32) | (939.50) | (254.25) | (179.99) | (159.56) | (3,407.19) | (1,525.31) |
| Total Income | 19,699.55 | 15,875.03 | 111.89 | 1,717.37 | 2,164.46 | 2,395.05 | 3,074.09 | 2,657.72 | 73.60 | 676.95 | 25,123.59 | 23,322.12 |
| Others/ (Unallocated) Revenue | - | - | - | - | - | - | - | - | - | - | 258.30 | 205.31 |
| Total Revenue | 19,699.55 | 15,875.03 | 111.89 | 1,717.37 | 2,164.46 | 2,395.05 | 3,074.09 | 2,657.72 | 73.60 | 676.95 | 25,381.89 | 23,527.43 |
| Result | | | | | | | | | | | | |
| Segment Result | 2,889.58 | 817.79 | (2,702.19) | (90.64) | (173.58) | (32.65) | (9,439.16) | (6,668.03) | 42.15 | 42.41 | (9,383.20) | (5,931.12) |
| Unallocated Corporate Expenses (Net of Unallocated Income) | - | - | - | - | - | - | - | - | - | - | 333.22 | 291.56 |
| Interest Expenses (Net of Income) | - | - | - | - | - | - | - | - | - | - | 2,837.58 | 2,941.69 |
| Income Taxes | - | - | - | - | - | - | - | - | - | - | 0.48 | 0.44 |
| Net Profit After Tax | | | | | | | | | | | (12,554.48) | (9,164.81) |
| Other Information | | | | | | | | | | | | |
| Segment Assets | 21,593.74 | 22,457.96 | 5,566.96 | 8,710.91 | 3,812.04 | 750.40 | 11,662.01 | 8,224.70 | 17.63 | 1,043.84 | 42,652.38 | 41,187.81 |
| Segment Liabilities | 3,106.07 | 3,023.29 | 2,471.14 | 1,648.01 | 3,962.56 | 479.99 | 32,124.79 | 27,244.66 | 78.23 | 620.31 | 41,742.79 | 33,016.26 |
| Unallocated Corporate Liabilities (Net of Unallocated Corporate Assets) | - | - | - | - | - | - | - | - | - | - | 14,837.44 | 8,949.64 |
| Capital Expenditure | - | - | - | - | - | - | - | - | - | - | 390.49 | 1,223.82 |
| Depreciation and amortisation | - | - | - | - | - | - | - | - | - | - | 4,626.19 | 3,951.39 |

The Group has disclosed the Business Segment as primary segment. The business of the Group is primarily divided into five segments – Radio Business, Outdoor Business, 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 consists of operating advertisement contracts on outdoor media properties awarded under tender and through private tenders/contracts. 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 Experiential Marketing, 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 2014

(₹ in lakh)

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 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 ₹ 1,412.46 lakh (net of provision of ₹ 246.44) (Previous year ₹ 1,659.04 lakh (net of provision:Nil)) 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, 2014. The fair value of option granted estimated on the date of grant using the Black Scholes Model valued by a valuer with the following assumptions:

| Particulars | Plan A | | | |
|---|-----------|-----------|-----------|-----------|
| | Vest 1 | Vest 2 | Vest 3 | Vest 4 |
| Date of Grant | 17-Jul-10 | 17-Jul-10 | 17-Jul-10 | 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% |
| Weightage Average Fair Value (₹) | 26 | 26 | 26 | 26 |

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 | 1,111,000 | 80 | 1 to 4 |
| Granted | - | - | - |
| Exercised | Nil | N.A. | N.A. |
| Lapsed/Forfeited/Surrendered | 1,111,000 | N.A. | N.A. |
| Outstanding at the end of the year | - | N.A. | N.A. |
| Exercisable at the end of the year | - | N.A. | N.A. |

During the current year, Company has discontinued the Employee Stock Option Plan A as none of the options had been exercised by the employees till 31 March, 2014. The option holders have sent letters to the Company and the Trust for relinquishing/surrendering their right, interest, or claim in respect of the options granted to them. In view of the same, the said scheme is discontinued and the grants made there under stand cancelled.

33. Employee Benefits

Defined Contribution Plan

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

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Employers contribution to Provident fund and other funds | 229.90 | 225.52 |

Other long term employee benefits comprises encashment of leave. The obligation for leave encashment is recognised based on actuarial valuation carried out using the Projected Unit Credit Method. Expense recognised in the Statement of Profit and Loss during the current year is ₹ 0.72 lakh (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, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Gratuity (Unfunded) | | |
| Defined Benefit obligation at beginning of the year | 161.67 | 162.04 |
| Current Service Cost | 33.90 | 37.50 |
| Interest Cost | 12.64 | 14.21 |
| Actuarial (gain)/loss | 4.20 | (19.35) |
| Past Service Cost | - | (1.38) |
| Benefits Paid | (50.82) | (31.23) |
| Defined Benefit obligation at the end of the year | 161.59 | 161.79 |

II. Reconciliation of fair value of assets and obligations

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Gratuity (Unfunded) | | |
| Fair value of plan assets at the end of the year | - | - |
| Present value of obligation at the end of the year | 161.59 | 161.79 |
| Liability recognised in the Balance Sheet | 161.59 | 161.04 |

III. Expense/(Income) recognised during the year

| Particulars | 31 March, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Gratuity | | |
| Current Service Cost | 33.90 | 37.23 |
| Interest Cost | 12.64 | 12.26 |
| Expected return on plan assets | - | - |
| Actuarial (gain) / loss | 4.20 | (19.35) |
| Past Service Cost | - | - |
| Expense/(Income) recognised during the year | 50.74 | 30.14 |

IV. Experience Adjustments

| Particulars | 31 March, 2014 | 31 March, 2013 | 31 March, 2012 | 31 March, 2011 | 30 September, 2011 |
|--|----------------|----------------|----------------|----------------|--------------------|
| Defined Benefit Obligation | 161.59 | 161.04 | 132.27 | 122.90 | 116.71 |
| Plan Assets | - | - | - | - | - |
| Surplus / (Deficit) | (160.70) | (160.33) | (120.82) | (122.90) | (116.71) |
| Experience Adjustments on Plan Liabilities | 9.52 | (23.01) | (16.00) | (28.14) | (15.74) |
| Experience Adjustments on Plan Assets | (1.74) | - | - | - | - |

V. Actuarial assumptions

| Particulars | 31 March, 2014 | | 31 March, 2013 | |
|--|------------------------|-----------------------------------|------------------------|-----------------------------------|
| | Gratuity (Unfunded) | Leave Encashment (Unfunded) | Gratuity (Unfunded) | Leave Encashment (Unfunded) |
| Mortality Table (LIC) | 2006-08 (Ultimate) | 2006-08 (Ultimate) | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.65% | 8.65% | 7.80% | 7.80% |
| 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 including supply and demand in the employment market. The above information is certified by the actuary.

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

34. 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 (upto 06 July, 2012) |
| Key Managerial Personnel | Asheesh Chatterjee | Chief Financial Officer |

Relative of Key Managerial Personnel:

| | |
|--------------------------|--|
| Spouse of Gururaja Rao | Mrs. Akshata Rao |
| Spouse of Ismail Dabhoya | Mrs. Irfana Dabhoya (upto 06 July, 2012) |

Joint Venture Entity of Subsidiary Companies:

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

Alzalia Distribution Private Limited (Formerly known as Big CBS Networks Private Limited) (upto 20 December, 2013)

Associate Company of Subsidiary Company:

Reliance TV US LLC (w.e.f. 29 March, 2013 upto 24 March, 2014)

Others:

CBS Studios Inc., USA (upto 20 December, 2013)

CBS Broadcast International BV, Netherlands (upto 20 December, 2013)

CBS CSI International BV, Netherlands (upto 20 December, 2013)

CBS International Television, USA (upto 20 December, 2013)

Showtime Networks Inc., USA (upto 20 December, 2013)

RTL Group Beheer B.V., Netherlands (w.e.f. July 31, 2012)

RTL Group Licensing Asia GmbH, Germany (w.e.f. July 31, 2012)

RTL Group Cable & Satellite GmbH, Germany (w.e.f. July 31, 2012)

Fremantle Media Limited, Australia (w.e.f. July 31, 2012)

Transactions with Related Parties

| Particulars | 31 March, 2014 | 31 March, 2013 |
|---|----------------|----------------|
| Key Managerial Personnel | | |
| Remuneration to Tarun Katial | 181.00 | 178.85 |
| Remuneration to Gururaja Rao | 58.85 | 47.24 |
| Remuneration to Ismail Dabhoya | - | 21.65 |
| Remuneration to Asheesh Chatterjee | 92.05 | 80.07 |
| Receiving of Car Hire Services from Relative of Key Managerial Personnel | | |
| Mrs. Akshata Rao | 1.80 | 1.80 |
| Mrs. Irfana Dabhoya | - | 0.48 |
| Others | | |
| CBS Studio Inc., USA | | |
| Purchase of content | - | 572.55 |
| Closing Balance | | |
| Sundry Creditors | - | 233.83 |
| CBS CSI International BV, Netherlands | | |
| Purchase of Content | - | 81.22 |
| Closing Balance | | |
| Sundry Creditors | - | 16.58 |
| CBS International Television, USA | | |
| Purchase of Content | - | 8.72 |

Notes to the consolidated financial statements for the year ended 31 March 2014

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| (₹ in lakh) | | |
| Closing Balance | | |
| Sundry Creditors | - | 2.06 |
| Showtime Network Inc., USA | | |
| Purchase of Content | - | 14.44 |
| RTL Group Beheer B.V., Netherlands | | |
| Purchase of Assets | 54.49 | 62.66 |
| Dubbing cost and other expenses on programs | - | 62.70 |
| Management fees | 50.70 | 62.70 |
| Closing Balance | | |
| Sundry Creditors | 21.73 | 8.22 |
| RTL Group Licensing Asia GmbH, Germany | | |
| Purchase of Programs | 95.77 | 95.77 |
| RTL Group Cable & Satellite GmbH, Germany | | |
| Purchase of Programs | - | 7.12 |
| Fremantle Media Ltd, Australia | | |
| Purchase of Programs | 35.32 | 46.36 |
| Closing Balance | | |
| Sundry Creditors | 39.14 | 14.19 |

35. 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, 2014 | 31 March, 2013 |
| Amounts due within one year from the balance sheet date | 605.85 | 586.86 |
| Amounts due in the period between one year and five years | 464.61 | 1,037.40 |
| Amounts due after five years | 28.59 | 39.64 |
| | 1,099.04 | 1,663.90 |

The Lease rentals recognised in the profit and loss account is amounting to ₹ 2574.30 (Previous Year ₹ 2022.08).

(₹ in lakh)

36. Earnings Per Share ('EPS')

| Particulars | 31 March, 2014 | 31 March, 2013 |
|--|----------------|----------------|
| Net (loss) available for equity shareholders | (12,554.67) | (9,165.06) |
| Weighted average number of equity shares outstanding during the year | 79,451,170 | 79,451,170 |
| Basic/ Diluted Earnings Per Share | (15.80) | (11.54) |
| Nominal value per share | 5 | 5 |

37. 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.

38. Interest in Joint Venture

The Company's interest in jointly controlled entity (incorporated joint venture)

| Name of Joint Venture | Country of Incorporation | Ownership Interest 31 March 2014 | Ownership Interest 31 March 2013 |
|--|--------------------------------|--|--|
| Big RTL Broadcast Private Limited | India | 50% | 50% |
| Azalia Distribution Private Limited (Formerly known as BIG CBS Networks Private Limited) | India | Nil * | 50% |

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

Details of Joint Venture

| Particulars | 31 March 2014 * | 31 March 2013 |
|---|-----------------|---------------|
| I Assets | | |
| 1 Non-current assets | | |
| i Fixed assets | | |
| Tangible assets | 12.13 | 73.31 |
| Intangible assets | 0.76 | 68.15 |
| ii Long-term loans and advances | 34.93 | 630.75 |
| 2 Current assets | | |
| Inventories | 256.73 | 1,197.25 |
| Trade receivables | 70.78 | 409.36 |
| Cash and bank balances | 106.22 | 396.49 |
| Short-term loans and advances | 414.84 | 746.70 |
| II Liabilities | | |
| 1 Shareholder's fund - reserves and surplus | (2,353.61) | (3,961.74) |
| 2 Share application money pending allotment | - | 1,097.23 |
| 3 Non-current liabilities | | |
| Long-term provisions | 0.45 | 0.89 |
| Current liabilities | - | |
| Short-term borrowings | 73.36 | 146.59 |
| Trade payables | 465.63 | 1,206.77 |
| Other current liabilities | 22.33 | 460.12 |
| Short-term provisions | 0.13 | 0.18 |
| III Income | | |
| 1 Income from Media Operations | 442.83 | 623.77 |
| 2 Other Income | 7.66 | 27.19 |
| IV Expenses | | |
| 1 Employee benefits expense | 286.34 | 183.70 |
| 2 Depreciation and amortization expense | 118.39 | 871.49 |
| 3 Other expenses | 7,674.96 | 4,006.39 |
| Loss before Taxation | (7,629.20) | (4,410.62) |
| Provision for Tax (including deferred tax) | - | - |
| Loss After Tax | (7,629.20) | (4,410.62) |
| V Other Matters | | |
| 1 Contingent Liabilities | NIL | NIL |
| 2 Capital and other commitments | NIL | NIL |

* - Ceased to be Joint Venture w.e.f. 20 December, 2013.

39. Goodwill on consolidation

During the year, the Company has further acquired 19 % equity stake in one company through its subsidiary company. (Previous year: sale of 50% equity stake in one company through its subsidiary). On consolidation, the Company has recognised the following goodwill:

| Particulars | 31 March 2014 | 31 March 2013 |
|---|---------------|---------------|
| Opening balance of Goodwill on consolidation | 1,507.98 | 1,740.33 |
| Goodwill on acquisition of subsidiaries (net) | 1,001.65 | - |
| Goodwill / (capital reserve) on sale of stake in subsidiaries | - | (232.35) |
| Closing balance of Goodwill on consolidation | 2,509.63 | 1,507.98 |

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

40. Capital Reserve on consolidation

During the year, the Company has further acquired 50 % equity stake in one company through its subsidiary company. On consolidation, the Company has recognised the following capital reserve:

| Particulars | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| Opening balance of Capital Reserve on consolidation | - | - |
| Capital reserve on acquisition of subsidiaries (net) | 993.48 | - |
| Closing balance of Capital Reserve on consolidation | 993.48 | - |

41. Foreign currency exposures (other than investments) not covered by forward contracts

| Particulars | 31 March, 2014 | | | 31 March, 2013 | | |
|---------------------------------|----------------|-------------------------|---------------|----------------|------------------------------------|--------------------------|
| | Currency | Foreign Currency Amount | Indian Rupees | Currency | Foreign Currency Amount (In Lakhs) | Indian Rupees (In Lakhs) |
| Trade Receivables | USD | 1.81 | 109.03 | USD | 0.93 | 50.78 |
| | CAD | 2.45 | 133.05 | CAD | 0.76 | 408.05 |
| Trade Payables | USD | 0.71 | 42.44 | USD | 10.00 | 544.05 |
| | EURO | 0.33 | 27.08 | EURO | 0.24 | 16.44 |
| Security Deposit from Customers | USD | 0.22 | 13.51 | USD | 0.22 | 12.22 |

42. Change in accounting estimate for amortisation of inventory

In case of a wholly owned subsidiary, change in estimate in the previous year would have resulted the Content amortization charge for the previous 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.

43. Termination of Joint Venture Agreement with Co-venturer

The Company has investments in equity and loans and advances aggregating to ₹ 12,978.46 lakh into its wholly owned subsidiary Reliance Television Private Limited ('RTPL') as on 31 March, 2014. RTPL has further investments in a step down entity viz. Azalia Distribution Private Limited (formerly known as 'Big CBS Networks Private Limited'), which was earlier a Joint Venture entity. During the year, the joint venture agreement was mutually terminated and RTPL acquired the remaining 50% stake of the co-venturer on December 20, 2013. Consequent upon this acquisition Azalia became a wholly owned subsidiary of RTPL on and from the said date.

44. Acquisition of Out of Home division of Reliance Big Entertainment Private Limited

During the previous year, the Company had acquired Out-of-Home division of Reliance Big Entertainment Private Limited on 31 August, 2012 with effect from 1 April, 2012 and goodwill of ₹ 577.64 lakh had been recognised as an intangible asset and has been impaired during the current year.

45. Incorporation of wholly owned subsidiary

During the previous year, 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 had 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. During the current year 19% holding in Reliance TV US LLC was required by RBN US LLC on 25 March, 2014.

46. During the previous year, RTL Group Beheer B.V., Netherlands had 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 had become a Joint Venture entity of Wholly owned subsidiary of Cinestar Advertising Private Limited on and from the said date.

47. Asset held for sale

During the previous years, the company had obtained ownership of two flats from customers as a consideration against outstanding receivables. On 31 March, 2014, these flats have been held for sale by the Company.

48. 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, 2014.

Reliance Broadcast Network Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

(₹ in lakh)

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 2014 | 31 March 2013 |
|--------------------------------------|---------------|---------------|
| Current Liabilities | | |
| Short-term borrowings | 146.71 | 174.78 |
| | <u>146.71</u> | <u>174.78</u> |
| Current Assets | | |
| Trade receivables | 29.21 | 29.21 |
| Security deposits | 1.97 | 1.97 |
| Advance recoverable in cash or kind | 25.33 | 25.33 |
| Balance with service tax authorities | 83.03 | 111.10 |
| Advance income tax | 7.17 | 7.17 |
| | <u>146.71</u> | <u>174.78</u> |

49. The Company's net worth has eroded, however, having regard to financial support from one of its promoters, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
50. Goodwill on consolidation includes goodwill of Rs. 1,336.60 lakh arising on acquisition of one of its subsidiary company, namely, Cinestar Advertising Private Limited. The subsidiary continues to incur losses and show negative net worth as on 31 March, 2014. An external valuation report obtained by the management covers the carrying value of the assets including goodwill. The subsidiary's financial statements continue to be prepared on a "Going Concern" basis. Based on the valuation report, no impairment of Goodwill is required to be recognised..
51. The Ministry of Corporate Affairs Governance of India, vide General circular No. 2 and 3 dated February 8, 2011 and February 21, 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 31st March 2014, 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 | (12,112.95) | (6,789.80) | (2,177.46) | (1.83) |
| 3 | Total Asset | 10,505.56 | 3,287.53 | 1,875.07 | 3,569.80 |
| 4 | Total Liabilities | 22,613.52 | 10,036.24 | 4,050.68 | 3,299.69 |
| 5 | Investment included in Total Assets | - | - | - | - |
| 6 | Turnover | 2,473.02 | 508.14 | 116.75 | 219.19 |
| 7 | Loss before Tax | (5,002.00) | (3,239.79) | (1,486.33) | 0.38 |
| 8 | Provision for tax | - | - | - | 0.48 |
| 9 | Loss after tax | (0.05) | (0.03) | (1,486.33) | (0.11) |
| 10 | Proposed Dividend | - | - | - | - |

52. 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 30, 2014

For and on behalf of the Board of Directors

Directors

Rajesh Sawhney

Anil Sekhri

Pradeep Shah

Darius Jehangir Kakalia

Gautam Doshi

Company Secretary and Manager

Gururaja Rao



Reliance Broadcast Network Limited

Registered Office: 401, 4th Floor, INFINITI, Link Road, Oshiwara, Andheri (West), Mumbai 400 053
 CIN: L64200MH2005PLC158355, Tel: +91 22 3068 9444 Fax: +91 22 3988 8927
 Website: www.reliancebroadcast.com, E-mail: investors@reliancebroadcast.com

**ATTENDANCE SLIP
 ANNUAL GENERAL MEETING**

| | | |
|----------------------|--|--|
| *DP Id / Client Id | | Name and Address of the registered Shareholder |
| Regd. Folio No. | | |
| No. of Share(s) held | | |

(* Applicable for investors holding share(s) in electronic form)

I/ We hereby record my/our presence at the **10th Annual General Meeting** of the Members of Reliance Broadcast Network Limited held on Saturday, September 27, 2014 at 10:30 A.M. or soon after conclusion of the Annual General Meeting of Reliance MediaWorks Limited convened on the same day, whichever is later, at Film City Complex, Goregaon (East), Mumbai - 400065.

 Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

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Reliance Broadcast Network Limited

Registered Office: 401, 4th Floor, INFINITI, Link Road, Oshiwara, Andheri (West), Mumbai 400 053
 CIN: L64200MH2005PLC158355, Tel: +91 22 3068 9444 Fax: +91 22 3988 8927
 Website: www.reliancebroadcast.com, E-mail: investors@reliancebroadcast.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

| | | |
|-----------------------|--|-----------------|
| Name of the Member(s) | | |
| Registered Address | | |
| E-mail Id | | |
| *DP Id / Client Id | | Regd. Folio No. |

(* Applicable for investors holding share(s) in electronic form)

I / We, being the member(s) of shares of the above named company, hereby appoint:

- (1) Name: Address:
 E-mail Id: Signature..... or failing him
- (2) Name: Address:
 E-mail Id: Signature..... or failing him
- (3) Name: Address:
 E-mail Id: Signature..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **10th Annual General Meeting** of the Company, to be held on Saturday, September 27, 2014 at 10.30 A.M. or soon after conclusion of the Annual General Meeting of Reliance MediaWorks Limited convened on the same day, whichever is later, at Film City Complex, Goregaon (East), Mumbai - 400 065, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Matter of Resolution | For | Against |
|----------------|---|-----|---------|
| 1. | To consider and adopt: a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon. | | |
| 2. | To appoint a director in place of Shri Gautam Doshi (DIN: 00004612) who retires by rotation and being eligible, offers himself for re-appointment. | | |
| 3. | To appoint Auditors and to fix their remuneration. | | |

Signed this _____ day of _____, 2014.



Signature of the Shareholder Signature of Proxy holder(s)

Note: This form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

If undelivered please return to :

Karvy Computershare Private Limited
(Unit: Reliance Broadcast Network Limited)

Madhura Estates, 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 : rbl@karvy.com