

**Annual Report
2009 - 10**



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Gautam Doshi, Director

Shri Rajesh Sawhney, Director

Shri Anil Sekhri, Director

Shri Darius Jehangir Kakalia, Director

Shri Pradeep Shah, Director

Shri Prasoon Joshi, Director

COMPANY SECRETARY AND MANAGER

Shri Gururaja Rao

AUDITORS

M/s Chaturvedi & Shah

BANKERS

HDFC Bank Ltd.

Yes Bank Limited

REGISTERED OFFICE

Reliance Broadcast Network Limited

401, 4th Floor, Infiniti,

Oshiwara, Link Road,

Andheri (West),

Mumbai – 400 053.

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited

(Unit: Reliance Broadcast Network Limited)

Madhura Estate

H. No. 1-9/13/C

Plot No. 13 & 13 C

Madhapur Village

Hyderabad – 500 081

E-mail : rbnl@karvy.com

Website : www.karvy.com

Telephone Nos. : 040 – 4438100, 40308000

Contact Person : Praveen Chaturvedi

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Investor Helpdesk

Toll free no. (India): 1800 4250 999

Telephone : +91 40 4438 8100

Fax : +91 40 2342 0859

Email : rbnl@karvy.com

Reliance Broadcast Network Limited

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of Reliance Broadcast Network Limited will be held on Tuesday, August 31, 2010, at 1:00 p.m. or soon after the Annual General Meeting of Reliance MediaWorks Limited convened on the same day at Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. 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, (ICAI Reg. No. 101720W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Shri Gautam Doshi, who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Shri Rajesh Sawhney, who was appointed as an Additional Director on the

Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Anil Sekhri, who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Darius Jehangir Kakalia, who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Ordinary Resolution**:

"RESOLVED THAT Shri Pradeep Shah, who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing

NOTICE

- Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Ordinary Resolution**:
- "RESOLVED THAT Shri Prasoon Joshi, who was appointed as an Additional Director on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom a Notice has been received in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
- By Order of the Board of Directors**
- Gururaja Rao
Company Secretary & Manager
- Registered Office**
401, 4th Floor, Infiniti,
Oshiwara, Link Road,
Andheri West, Mumbai – 400 053
July 24, 2010
- Notes:**
1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.**
 2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
 3. Members / proxies should fill-in the attendance slip for attending the Meeting.
 4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 5. Members who hold shares in electronic form are requested to write their Client ID and DP 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. Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report to the Meeting.
 6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
 7. All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
 8. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 25, 2010 to Tuesday, August 31, 2010 (both days inclusive).
 9. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
 10. Appointment and Re-appointment of Directors: At the ensuing Annual General Meeting, as all the existing Directors are Additional Directors, none of the Directors are liable to retire by rotation. Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi, Additional Directors hold office upto the date of the Annual General Meeting and are proposed to be appointed as Directors under Section 257 of

Reliance Broadcast Network Limited

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the Companies Act, 1956. Brief resume of all Directors proposed to be appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship, membership and chairmanship of board committees, shareholding and relationships between Directors inter-se, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Report on Corporate Governance forming part of the Annual Report.

11. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all the material facts relating to special business:-

Item Nos. 3 to 8

Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia and Shri Pradeep Shah were appointed as Additional Directors with effect from June 30, 2009 and Shri Prasoon Joshi was appointed with effect from January 29, 2010 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 48 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi, hold office upto the date of the ensuing Annual General Meeting. The Company has received notices in writing from members of the Company, along with a deposit of Rs 500/-, as per the provisions of Section 257 of the Companies Act, 1956 proposing their candidature for the office of Director.

Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi, are not disqualified from being appointed as Directors in terms of Section 274(1) (g)

of the Companies Act. The Company has received the requisite Form 'DD-A' from Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi, in terms of the Companies (Disqualifications of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming their eligibility for such appointment.

Profile of Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi is given in the Report on Corporate Governance forming part of the Annual Report. Keeping in view the experience and qualification in their respective fields, your Directors considered it to be in the interest of the Company, if Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi are appointed as Directors of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

The aforesaid Directors, may be deemed to be concerned or interested in the resolution relating to their respective appointments. None of the other Directors are in any way concerned or interested in the said resolution.

By Order of the Board of Directors

Gururaja Rao
Company Secretary & Manager

Registered Office

401, 4th Floor, Infiniti,
Oshiwara, Link Road,
Andheri West, Mumbai – 400 053
July 24, 2010

Reliance Broadcast Network Limited

DIRECTORS' REPORT

To the Members,

Your Directors present the Fifth Annual Report and the Audited Accounts of the Company for the financial year ended March 31, 2010.

Financial Results

The performance of the Company for the financial year ended March 31, 2010 is summarised below:

(Amount In Rs.)

Particulars	31 March 2010	31 March 2009
Gross Income	1,847,909,049	11,132,283
Expenditure	1,969,538,239	172,416
Profit / (Loss) Before Depreciation, Interest & Tax	(121,629,190)	10,959,867
Interest	275,434,254	1,628,767
Depreciation and Amortisation	364,203,610	16,719
Profit/(Loss) Before Tax	(761,267,054)	9,314,381
Tax	-	3,214,645
Short provision for tax in respect of earlier years	-	-
Profit/(Loss) After Tax	(761,267,054)	6,099,736
Balance brought forward from previous year	(975,323,141)	8,057,197
Total	(1,736,590,195)	14,156,933
Appropriations		
General Reserve	-	-
Proposed Dividend	-	-
Dividend Tax	-	-
Balance carried forward	(1,736,590,195)	14,156,933
Total	(1,736,590,195)	14,156,933

Financial Performance

The Honorable High Court of Judicature at Bombay has sanctioned a Scheme of Arrangement (Scheme) between the Company and Reliance MediaWorks Limited [formerly Adlabs Films Limited (AFL)], for the demerger of Radio Division and other allied business from AFL to be vested in the Company with effect from April 1, 2008. The Statutory Accounts of the Company for the Year 2008 - 09 were approved by Shareholders of the Company on May 25, 2009, before the Scheme was filed with the Registrar of Companies on June 30, 2009, hence the Audited financials of the Company for the year 2008 - 09 do not have effect of the Scheme. Thus, the previous year's results are not comparable.

The total income from operations of the Company for the year ended March 31, 2010 was Rs.1,807,246,500 and other income was Rs.40,662,549. Income from operations has been derived from Sale of Airtime Rs.1,505,754,727, Activation Revenue Rs. 87,069,557, Events Income Rs.50,311,440, Out of Home Media Income

Rs. 157,583,822 and Other Income from operations being Rs.6,526,954.

Operating Loss (PBDIT) for the year was Rs.121,629,190 and loss after interest, depreciation and amortization was Rs.761,267,054 primarily on account of depreciation of Rs.198,202,429, amortization of Rs.166,001,181 and interest cost of Rs. 275,434,254.

Dividend

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

Management Discussion and Analysis

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

Review of Operations

The Company has entered into various contracts for its Radio, Activations, Out of Home (OOH) and

Reliance Broadcast Network Limited

DIRECTORS' REPORT

Events. While benefits from such contracts will arrive in future years, their progress is periodically reviewed.

In the recent past the Company has established a strong and dominant presence for OOH business in India and has successfully acquired rights to install eight gantries and six cantilevers across Hyderabad City. During the year, OOH has acquired rights to operate several billboards in Bangalore. Also, the right to develop the Zone 6 (from Powai to Ghatkopar) in Mumbai for the Mumbai Beautification Project of Municipal Corporation of Greater Mumbai was awarded to OOH division of the Company.

The OOH division marked its presence in the Northern India by being awarded marketing rights for 50 LED Screens across Delhi and advertisements rights on 3000 buses of Haryana Road Transport Corporation.

Scheme of Arrangement

The Scheme of Arrangement among Reliance MediaWorks Limited {formerly Adlabs Films Limited} (RML), the Company and their respective shareholders and creditors, providing, inter alia, for the demerger of radio and allied business of RML in favour of the Company was sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 4, 2009. The appointed date was April 1, 2008 and the effective date was June 30, 2009.

Pursuant to the effectuation of this Scheme, the Company has issued and allotted one equity share of Rs. 5/- each for every one equity share of Rs. 5/- each held by the shareholders in RML to all those shareholders whose names were registered on RML's Register of Members as Beneficial Owners at the close of business hours as on August 7, 2009, the "Record Date" fixed by the Board of Directors.

The Equity Shares of the Company, allotted pursuant to the Scheme, have been listed and admitted to trading on Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. December 4, 2009.

Change of name

The name of the Company was changed to 'Reliance Broadcast Network Limited' vide fresh certificate of Incorporation consequent upon Change of Name issued by the Registrar of Companies, Mumbai dated June 17, 2010.

Subsidiaries

The Company does not have any subsidiaries.

Fixed Deposits

The Company has not accepted any fixed deposit during the year under review.

Directors

Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi were appointed as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956. They hold office up to the date of the ensuing Annual General Meeting.

The Company has received notices in writing from members of the Company, under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Gautam Doshi, Shri Rajesh Sawhney, Shri Anil Sekhri, Shri Darius Jehangir Kakalia, Shri Pradeep Shah and Shri Prasoon Joshi for the office of Directors, liable to retirement by rotation.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and / or Memberships / Chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the section of Report on Corporate Governance forming part of this Annual Report.

During the year under review Shri Abhijit Banerjee, Shri Ashish Karyekar, Shri Paresb Rathod and Shri Tarun Katial ceased to be Directors of the Company. The Board wishes to place on record its sincere appreciation for the valuable services rendered and guidance extended by them during their tenure as Directors of the Company.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are

DIRECTORS' REPORT

- reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the loss of the Company for the year under review;
- c) the Directors have 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
- d) the Directors have prepared the accounts for the financial year ended March 31, 2010 on a "going concern" basis.

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Auditors

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to be re-appointed as Statutory Auditors of the Company, subject to the approval of the members in the ensuing Annual General Meeting.

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

Auditors' Report

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.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (2) Foreign Exchange earnings and outgo:

Earnings	- Rs. 53,10,313
Outgo	- Rs. 3,14,32,682

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 name and other particulars of employees are set out in the Annexure to the Directors' Report. Having regard to the provisions of the Section 219(1) (b) (iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Corporate Governance

The Company has adopted "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, process and policies conforming to International Standards. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report. A Certificate from the Practising Company Secretary conforming compliance with conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Annual Report.

Acknowledgements

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

For and on behalf of the Board of Directors

Gautam Doshi
Director

Rajesh Sawhney
Director

July 24, 2010
Mumbai

Reliance Broadcast Network Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. However, readers are cautioned that this discussion may contain "forward-looking statements" by Reliance Broadcast Network Limited ("RBNL") that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives are based on the current belief, assumptions, expectations, estimates and projections of the directors and management of RBNL about the business, industry and markets in which RBNL operates. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RBNL's control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

Such statements are not, and should not be construed, as a representation as to future performance or achievements of RBNL. In particular, such statements should not be regarded as a projection of future performance of RBNL. It should be noted that the actual performance or achievements of RBNL may vary significantly from such statements.

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

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company" or "RBNL" shall mean Reliance Broadcast Network Limited.

Industry Structure & Developments

Global Economic Overview:

Recovery in the global economy picked up momentum in the fourth quarter of 2009. The speed of recovery, however, remains significantly divergent. The projections for global output for 2010 generally point to consolidating recovery, led by the Emerging Market Economies (EMEs). The risks to the overall global macroeconomic environment have, however, increased because of large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment

rates, impaired financial systems and premature exit from the policy stimulus. Closer home, the improvement in global macroeconomic conditions is reflected in the turnaround in India's exports and the return of capital flows. With stronger recovery in EMEs driven largely by domestic demand, improving exports and return of capital flows, EMEs face the risks of inflation and asset price build up.

With the improving growth outlook, monetary and fiscal exit measures have started. While recovery in private demand needs to be stronger to reinforce the growth momentum, the already elevated headline inflation suggests that the weight of policy balance may have to shift to containing inflation, since high inflation itself will dampen recovery in growth. In the emerging macroeconomic scenario, monetary policy management in 2010-11 will be dominated by the challenge of moderating inflation and anchoring inflation expectations, while remaining supportive of growth impulses.

Indian Economic Overview:

India's growth-inflation dynamics are in contrast to the overall global scenario. The economy is recovering rapidly from the growth slowdown caused by the crisis but inflationary pressures, which were triggered by supply side factors, are now developing into a wider inflationary process. Current estimates are that real GDP had grown at 7.2 per cent during fiscal year 2009-10, up from 6.7 per cent during 2008-09. The Reserve Bank of India (RBI) has placed the baseline projection of real GDP growth for 2010-11 at 8.0 per cent with an upside bias.

The monetary and fiscal stimulus measures initiated in the wake of the global financial crisis played an important role, first in mitigating the adverse impact from the crisis contagion and then in ensuring that the economy recovered quickly. After contracting for twelve straight months, exports have turned around since October 2009 reflecting revival of external demand. Various lead indicators of service sector activity also suggest increased economic activity. On the whole, the economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement.

In the later half of 2009, the economy made a u-turn for the better. Index of Industrial production (IIP), a barometer for economic growth, reached to 16% in January 2010 compared to 1% in January 2009. It is expected to remain at double digits for next several months. A strong saving and investment

MANAGEMENT DISCUSSION AND ANALYSIS

rate has contributed towards shortening the length and severity of the current slowdown, and also towards a faster revival. A large domestic population, along with the increase in its per capita income on the back of sustained economic growth over the past few years is expected to provide enough of a demand stimulus to ensure continued economic growth for India.

India entered 2010 on a surge in growth driven by domestic demand along with a sharp lift in inflation. The next big growth driver for India is in the rural market, which comprises 72 percent of the population. FMCG sales in the rural sector last year grew 18 percent, while the urban sector increased 11 percent. With 62 percent of goods sold out of India coming from the rural sector, it is no wonder the government increased spending from 0.7 percent in 2006 to 1.5 percent last year. 'Indo-vation'—"innovation happening in India" will act as a catalyst to drive continued growth.

Indian Media & Entertainment Industry overview:

As per recent report (2010) published by FICCI, the Media & Entertainment (M&E) in spite of the economic downturn the industry showed a growth of 1.4 percent in 2009 over the previous year.

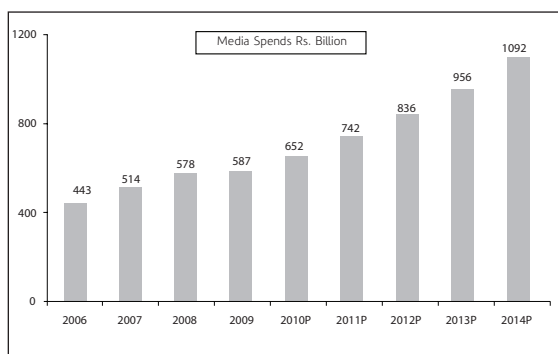


Figure 1: Media and Entertainment Industry past revenues and projected growth as per FICCI KPMG 2010 Report

The media spends comprises of spends on films, television, print, radio, music, animation & VFX, Gaming, internet and outdoor.

Radio and OOH segments in which the company operates were affected by the economic slowdown. Radio industry was affected by the slowdown, showing a decline of about 7 per cent during 2009, where the revenues for individual players stayed flat

or de-grew by up to 10 per cent in the same year. However, the situation improved during the course of the year, with the industry returning to modest growth during the last quarter. The industry clocked revenues of Rs. 780 crores. The growth forecasts for the FM Radio industry are as below:

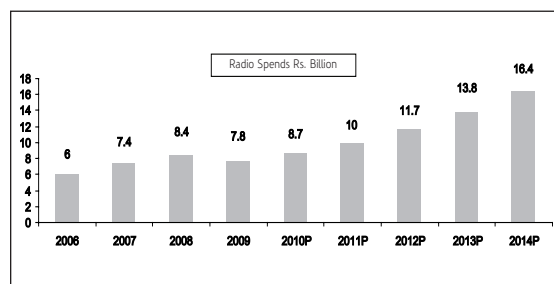


Figure 2: Radio Industry past revenues and projected growth as per FICCI KPMG 2010 Report

The report expects the radio industry to grow at a CAGR of 16 per cent over the next five years and reach a size of Rs 1640 crores by the end of the five year period. Key drivers of this growth include increase in the number of radio stations in the proposed Phase 3 FM Licensing, expected regulatory reforms that are likely to improve profitability and stimulate foreign investments, enhancement of current measurement systems and growth in locally targeted advertising. Radio industry is expected to grow at 12 % in 2010.

Event management industry also called the Live entertainment industry, on which Reliance Broadcast Network Limited is now enlarging focus by its Experiential Marketing team BIG LIVE, is largely fragmented but is purported to be growing on a fast track. The revenue from this segment is classified under BTL category. The Ernst and Young report on the New Market Shehers which analyses Marketing spends and potential of emerging markets in India pegs the current industry size of BTL spends in 2009 at Rs 20,000 Crores up from Rs 13,200 Crores in 2006 (CAGR 14.9%).

This industry has an enormous growth potential riding on the increasing importance of Tier II & Tier III cities and rural India consumers and in the advertiser's inability to reach them through mass media due to limited media reach and or poor media measurability. Reliance Broadcast Network Limited has launched BIG Rural to cater to these media needs which works under the Experiential Marketing arm, BIG LIVE.

OOH industry was hit relatively harder because of