

**ReLIANCE**

**Broadcast Network**

# **Annual Report**

**(October 1, 2010–March 31, 2011)**



## **Dhirubhai H. Ambani**

(December 28, 1932 – July 6, 2002)

Reliance Group – Founder and Visionary

## Reliance Broadcast Network Limited

(formerly Reliance Media World Limited)

Board of Directors	Contents	Page No.
Shri Gautam Doshi	Notice of Annual General Meeting.....	4
Shri Rajesh Sawhney	Directors' Report.....	8
Shri Anil Sekhri	Management Discussion and Analysis .....	12
Shri Darius Jehangir Kakalia	Practicing Company Secretary's	
Shri Pradeep Shah	Certificate on Corporate Governance .....	18
Shri Prasoon Joshi	Corporate Governance Report.....	19
	Investor Information.....	29
	Auditors' Report on Financial Statements .....	35
	Annexure to Auditors' Report .....	36
	Balance Sheet .....	38
	Profit and Loss Account .....	39
	Cash Flow Statement.....	40
	Schedules and Notes.....	41
	Balance Sheet Abstract and Company's General	
	Business Profile.....	60
	Auditors' report on Consolidated	
	Financial Statements.....	61
	Consolidated Balance Sheet .....	62
	Consolidated Profit & Loss Account.....	63
	Consolidated Cash Flow Statement.....	64
	Schedules and Notes forming part of Consolidated	
	Financial Statements.....	65
	Attendance Slip and Proxy Form .....	85

### Company Secretary and Manager

Shri Gururaja Rao

### Auditor

M/s. Chaturvedi & Shah

### Registered Office

401, 4<sup>th</sup> Floor, Infinity  
Link Road, Oshiwara, Andheri West  
Mumbai 400 053  
Maharashtra, India

### Registrar and Transfer Agent

#### Karvy Computershare Private Limited

Madhura Estate, Municipal No. 1-9/13/C  
Plot No. 13 & 13 C, Survey No. 74 & 75  
Madhapur Village, Hyderabad 500 081  
Andhra Pradesh, India  
Website: [www.karvy.com](http://www.karvy.com)

### Investor Helpdesk

Toll free no (India) : 1800 4250 999  
Telephone no. : +91 40 4030 8000  
Fax no. : +91 40 2342 0859  
Email : [rbln@karvy.com](mailto:rbln@karvy.com)  
Post your request : <http://kcpl.karvy.com/adag>

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited.

**7<sup>th</sup> Annual General Meeting on Thursday, September 29, 2011 at 10.00 a.m. at Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.**

*This Annual Report can be accessed at [www.reliancebroadcast.com](http://www.reliancebroadcast.com)  
This Report is printed on environmental friendly paper.*

# Reliance Broadcast Network Limited

## Notice

Notice is hereby given that the 7<sup>th</sup> Annual General Meeting of the Members of **Reliance Broadcast Network Limited** will be held on Thursday, September 29, 2011 at 10.00 a.m. at Auditorium, Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065, to transact the following business:

### Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the financial period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Pradeep Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Darius Kakalia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, (Firm Registration 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 shall be fixed by the Board of Directors."

### Special Business:

5. **Issue of equity shares to the Qualified Institutional Buyers.**

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

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

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

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

## Notice

- in the Company or of the capital of the Company.
- f. RESOLVED FURTHER that for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution / trustees / agents and similar agreements / and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g. RESOLVED FURTHER that for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / hypothecation/ charge on the Company's assets under Section 293(1)(a) of the Companies Act, 1956 in respect of the QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- h. RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

**By Order of the Board of Directors**

**Gururaja Rao**  
**Company Secretary & Manager**

Registered Office:  
 401, 4<sup>th</sup> Floor, Infiniti  
 Link Road, Oshiwara  
 Andheri West, Mumbai 400 053  
 May 28, 2011

## Notes

- A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of herself/himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.**
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
- Members / proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of the Annual Report to the Meeting.
- 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 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.
- Relevant documents referred to 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 Meeting. The certificate from the Auditors of the Company confirming compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 for the Company's ESOS Plan will be available for inspection at the Meeting.
- The Company's Register of Members and the Share Transfer Books will remain closed from Wednesday, September 21, 2011 to Thursday, September 29, 2011 (both days inclusive) for the purpose of Annual General Meeting.
- Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrars and Transfer Agents, 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.
  - 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.
- Re-appointment of Directors:  
 In terms of the Section 256 of the Companies Act, 1956, Shri Pradeep Shah and Shri Darius Kakalia, Directors, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommend their respective re-appointments. Brief resume of all Directors including those proposed to be

## Reliance Broadcast Network Limited

### Notes

- re-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 pursuant Clause 49 of the listing agreement are furnished in the Report on Corporate Governance forming part of this Annual Report.
11. 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 the 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 / Registrars and Transfer Agents, Karvy Computershare Private Limited.
  12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com) under the section 'Investor Desk'.
  13. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
  14. Members are requested to fill in and send the Feedback Form provided in the 'Investor Desk' section on the Company's website [www.reliancebroadcast.com](http://www.reliancebroadcast.com) to aid the Company in its constant endeavour to enhance the standards of service to investors.
  15. 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.
  16. Green initiative in Corporate Governance: Ministry of Corporate Affairs (MCA) has vide its circular dated April 29, 2011 stated that service of notice / documents including Annual Report to the members can be made by e-mail. To support this green initiative of the MCA, members who have not yet registered their email addresses are requested to do so (i) in respect of the electronic holdings through their concerned depository participants and (ii) in respect of the physical holdings to Karvy Computershare Private Limited.

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 28, 2011.

#### Item No. 5 Issue of equity shares to the Qualified Institutional Buyers

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

As per Regulation 88 (1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR) the QIP should be completed within a period of 12 months from the date of passing the Special Resolution. The Company had earlier obtained the approval of its shareholders for QIP vide Postal Ballot on June 14, 2010 and then subsequently on March 31, 2011 respectively. However, in view of the then prevailing market conditions and certain other considerations, the Company could not complete the placements to Qualified Institutional Buyers pursuant to the said earlier resolutions passed in this regard. The validity of the resolution passed on March 31, 2011 will expire on March 30, 2012. In light of the expansion plans of the Company and means of finance thereof it is proposed to seek enabling authorization from the Shareholders to the Board by way of a special resolution passed in super session of the earlier resolutions in this regard to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants

/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The said QIP by the Board shall be subject to the provisions of the SEBI ICDR (as amended from time to time) including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by issue of QIP Securities shall not exceed ₹ 1000 crore.

The Securities issued under QIP issue pursuant to offer, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders / Trustees in favour of Security Holders / Trustees for the holders of the said securities. As the documents to be executed between the security holders / trustees for the holders of the said securities and the Company may contain the power to takeover any asset or undertaking of the Company or to takeover the management of the company in certain events, enabling approval is also sought under Section 293(1)(a) of the

## Reliance Broadcast Network Limited

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 28, 2011.

Companies Act, 1956.

Section 81 of the Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges, provide, *inter alia*, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

Your Directors therefore recommend the said resolution for your approval.

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

**By Order of the Board of Directors**

**Gururaja Rao**  
**Company Secretary & Manager**

Registered Office:

401, 4<sup>th</sup> Floor, Infiniti  
Link Road, Oshiwara  
Andheri West, Mumbai 400 053  
May 28, 2011



# Reliance Broadcast Network Limited

## Directors' Report

Dear Members,

Your Directors present the 7<sup>th</sup> Annual Report, together with the audited statement of accounts of the Company for the financial period ended March 31, 2011.

## Financial Results

The standalone performance of the Company for the financial period ended March 31, 2011 is summarized below:

(Amount in ₹)

Particulars	Financial Period Ended March 31, 2011 (October 1, 2010 to March 31, 2011)	Financial Period Ended September 30, 2010 (April 1, 2010 to September 30, 2010)
Gross Income	1,408,296,310	1,105,077,765
Expenditure	1,302,714,039	1,080,987,833
<b>Profit / (Loss) Before Depreciation, Interest &amp; Tax</b>	<b>105,582,271</b>	24,089,932
Interest & Finance Charges	36,529,793	135,443,389
Depreciation and Amortisation	184,020,024	182,628,538
<b>Profit/(Loss) Before Tax</b>	<b>(114,967,546)</b>	(293,981,995)
Tax	-	190,745
<b>Profit/(Loss) After Tax</b>	<b>(114,967,546)</b>	(294,172,740)
Balance brought forward from previous year	(2,030,762,935)	(1,736,590,195)
<b>Total</b>	<b>(2,145,730,481)</b>	(2,030,762,935)
<b>Appropriations</b>		
General Reserve	-	-
Proposed Dividend	-	-
Dividend Tax	-	-
Balance carried forward	(2,145,730,481)	(2,030,762,935)

## Financial Performance

The financial results covered and forming part of this Report include 6 month period from October 1, 2010 to March 31, 2011.

The total income from operations of the Company for the period ended March 31, 2011 was ₹ 1,373,551,513/- and other income was ₹ 34,744,797/-. Income from operations has been derived from Sale of Airtime ₹ 940,220,657/-, Experiential Marketing ₹ 273,928,758/-, Out of Home Media Income ₹ 123,763,477/- and Other income from operations being ₹ 35,638,621/-.

The operating profit i.e. Profit before Depreciation Interest and Tax of the Company for the period ended March 31, 2011 was ₹ 105,582,271/-. The loss after interest, depreciation and amortization was ₹ 114,967,546/- primarily on account of depreciation and amortization of ₹ 184,020,024/- and interest & finance charges of ₹ 3,65,29,793/-.

## Dividend

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

## Management Discussion and Analysis

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

The Company has entered into various contracts in the areas of FM Radio, Out of Home and Broadcasting businesses. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

## Review of Operations

The Company is a multi-media entertainment conglomerate with play across radio, television, intellectual properties and out of home. The Radio segment/division of the Company viz. 92.7 BIG FM is India's largest FM Radio Network with 45 Stations reaching over 3.57 Crore Indians each week.

Apart from Radio, the Company's divisions currently include BIG CBS, BIG Magic, BIG Live and BIG Street.

BIG CBS Networks Private Limited (BIG CBS), the Company's Joint Venture with CBS Studios International (through its Wholly Owned Subsidiary viz. Reliance Television Private Limited) has launched three English language General Entertainment Channels viz. BIG CBS PRIME, BIG CBS LOVE and BIG CBS SPARK. The channels were launched on November 29, 2010, March 21, 2011 and May 4, 2011 respectively.

The Company made its mark in the regional entertainment space with the launch of the channel "BIG Magic" on April 11, 2011. BIG Magic is positioned as India's only Channel exclusively for the core Hindi heartland of Uttar Pradesh, Madhya Pradesh and Bihar, featuring locally relevant entertainment around Humor, Music and Bollywood.



## Directors' Report

The Company had also executed a joint venture agreement through its wholly owned subsidiaries with RTL Group S.A. (Company incorporated in Luxembourg) in connection with owning and/or operating a bouquet of several English language thematic channels in India through the joint venture Company.

The Company has created the following intellectual properties during the period under review:

BIG Ahomiya Music Awards, BIG Punjabi Music Awards, BIG Telugu Television Awards, BIG Marathi Television Awards, BIG Kannada Television Awards, BIG Bangla Television Awards, BIG Gujarati Entertainment Awards, BIG Oriya Entertainment Awards, BIG Tamil Entertainment Awards, BIG Star Entertainment Awards, BIG Star IMA Awards and BIG Star Television Awards.

For more details refer to "Management Discussion and Analysis" Section which forms part of the Annual Report.

### Subsidiary Companies

During the period under review, Cinestar Advertising Private Limited and Big Showbiz Broadcast Limited (formerly known as Imagine Showbiz Limited) became subsidiaries of the Company.

As per general approval granted by the Ministry of Corporate Affairs vide Circular No.02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the subsidiary companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required by the above circular is disclosed under 'Financial Information of Subsidiary Companies', which forms part of the Annual Report.

The Company will make available hard 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 shareholders at the Registered Office of the Company and that of respective subsidiary companies.

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

### Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the Financial Statements received from subsidiaries and joint venture, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statements', notified under Section 211(3C) of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006, as applicable.

### Fixed Deposits

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

### Directors

In terms of the provisions of the Companies Act, 1956, Shri Pradeep Shah and Shri Darius Kakalia, Directors of the Company,

retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, 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 Corporate Governance forming part of this Annual Report.

### Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the financial period ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the period ended on that date;
- 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
- the Directors had prepared the accounts for the financial period ended March 31, 2011 on a "going concern" basis.

### Group

Pursuant to an intimation received 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.

### Employees Stock Option Scheme

During the period under review, the Company has not granted any options to the employees of the Company. Your Company had obtained Members' approval through Postal Ballot on June 14, 2010 for introduction and implementation of the Employees Stock Option Scheme.

Employees Stock Option Scheme was approved and implemented by the Company and options were granted to employees under ESOS Plan A in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS, Remuneration & Compensation Committee constituted in accordance with the SEBI Guidelines, administers and monitors the scheme.

The applicable disclosures as stipulated under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as at March 31, 2011 are given below:

## Reliance Broadcast Network Limited

### Directors' Report

Particulars	ESOS Plan A
a. Total number of options granted	2018000 options
b. Number of options surrendered	Nil
c. Pricing formula decided by ESOS Remuneration & Compensation Committee	Decided by the ESOS Compensation Committee and/or by the Board of Directors
d. Options vested	Nil
e. Options exercised	Nil
f. Total number of equity shares arising as a result of exercise of options	Nil
g. Option lapsed during the period	69000 options
h. Variation of terms of Options	None
i. Money realized by exercise of options during the period	Nil
j. Total number of options in force at the end of the period	1949000 options
k. Employee wise details of options granted to –	
i. Senior Managerial Personnel i.e. (Managing Director/Whole-time director / Manager)	Shri Gururaja Rao, Company Secretary & Manager- 25000 Options
ii. Employee who receives grant in any one year of option amounting to 5 percent or more of the options granted during the year.	Shri Tarun Katial, Chief Executive Officer – 460000 Options Shri Soumen Ghosh Choudhury, Business Head – FM Radio – 150000 Options Shri Anand Chakravarthy, Senior Vice-President – Promotions – 120000 Options Shri John Lancelot Cutinha, Senior Vice-President – Human Resources – 120000 Options Shri Ismail Abdulkadar Dabhoya, Chief Financial Officer – 120000 Options Shri Rabe Iyer, Head – Big Street & Allied Businesses – 150000 Options
iii. Identified employees who were granted options during any one year equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
l. Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS – 20.	NA There would not be any fresh issue of equity shares of the Company upon exercise of options by employees.
m. The difference between employee compensation cost using intrinsic value method and fair value of the options and impact of this difference on:-	
1. Profits	Net Profit would be lower by ₹ 12958430
2. EPS of the Company	EPS would be lower by ₹ 0.16
n. Weighted – average exercise prices of options granted during the period where exercise price is less than, equals or exceeds market price.	Nil
o. Weighted – average fair value of options granted during the period where exercise price is less than, equals or exceeds market price.	Nil
p. Significant assumptions made in computation of the fair value.	
i. Risk-free interest rate	6.65 % to 7.39 %
ii. Expected life	3.5 years to 6.5 years
iii. Expected volatility	55 %
iv. Expected dividend yield	4%
v. Price of underlying shares in market at the time of grant of options	₹ 68.50

The Company has received a certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants, that the Scheme and the ESOS Plan A have been implemented in accordance with the SEBI Guidelines and as per the resolution passed through postal ballot on June 14, 2010.