

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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Telephone : +91 40 4030 8000		
Fax No. : +91 40 2342 0859		
Email : rbnl@karvy.com		
Post your request : http://kcpl.karvy.com/adag		

**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:

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 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:

1. **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.**
2. **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.**
3. 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.
4. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
5. 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.
6. 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.
7. 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.
8. 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.
9. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement; and
 - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. 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.
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 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.
12. 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.
13. 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.
14. 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 Abys 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 Bhagao 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:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards 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).
 - (e) 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)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification;
- c) In our opinion, the Company has not disposed off a substantial part of the fixed assets during the year and the going concern status of the Company is not affected;
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
- b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) The Company is maintaining proper records of inventory; No material discrepancies were noticed on physical verification;
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act;
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, purchase of fixed assets and also for the sale of telecast rights and rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control in respect of these areas;
- v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register required to be maintained under section 301 of the Act;
- vi) The Company has not accepted any deposits from the public;
- vii) *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;*
- viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under section 209 (1) (d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.