

Reimagining Radio

Entertainment Network (India) Limited

Annual Report 2011 - 12

 **98.3 FM**
RADIO MIRCHI
It's hot!

www.radiomirchi.com



Contents



Reimagining Radio	01	Corporate Information	26	Statement Pursuant to Section 212 of the Companies Act, 1956	92
Internet Radio Stations	02	Notice	27	Auditors' Report on Consolidated Financial Statements	93
Mirchi on Social Media	03	Directors' Report	33	Consolidated Balance Sheet	94
Mirchi Mobile	07	Report on Corporate Governance	37	Consolidated Statement of Profit & Loss	95
Mirchi Music Awards	08	Management Discussion & Analysis	50	Consolidated Cash Flow Statement	96
International Operations	15	Auditors' Report	59	Notes forming part of the Consolidated Financial Statements	98
Perfect Ten	16	Balance Sheet	62		
Awards & Recognition	17	Statement of Profit & Loss	63		
ED's Message	19	Cash Flow Statement	64		
Financial Highlights	22	Notes forming part of the Financial Statements	66		
Board of Directors	23				

Financial Highlights

22

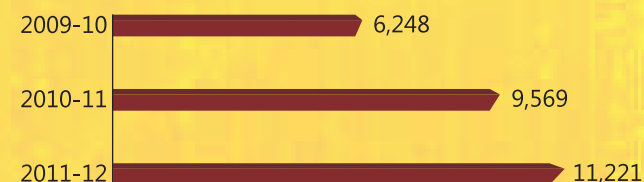


PARTICULARS	2011-12	2010-11	2009-10
(₹ in lakhs)			
Results of Operations			
Total Revenue	31,294.75	28,468.48	23,373.11
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) & Exceptional items	11,221.06	9,568.77	6,247.78
Depreciation	3,246.25	3,359.60	3,697.75
Finance Costs	0.14	111.83	722.55
Profit/(Loss) before Tax	7,974.67	6,097.34	1,827.48
Exceptional Item	-	1,268.48	-
Net Profit / (Loss)	5,650.95	5,220.89	1,786.69
Financial Position			
Equity Share Capital	4,767.04	4,767.04	4,767.04
Reserves and Surplus	39,253.93	33,602.98	28,382.08
Networth	44,020.97	38,370.02	33,149.12
Fixed assets	14,982.51	18,007.20	21,181.78
Investments	18,503.19	9,310.03	4,002.50
Net Current / Non Current Assets	10,535.28	11,052.79	7,964.84
Stock Information			
No. of Shares	47,670,415	47,670,415	47,670,415
Earnings per share (Basic & Diluted) (in ₹)	11.85	10.95	3.75

TOTAL REVENUE (₹ in lakhs)



EBITDA (₹ in lakhs)



NET PROFIT / (LOSS) (₹ in lakhs)



Board of Directors



Mr. Vineet Jain,
Chairman & Non-Executive Director

A trustee and board member of several organizations, Mr. Vineet Jain - Chairman & Non Executive Director (ENIL) holds a Bachelor's degree (B. Sc.) in International Business Administration in Marketing from Switzerland.

As the Managing Director of Bennett, Coleman & Co. Ltd., Mr. Jain is acknowledged as a thought leader in transforming the Times Group from a publishing house to a diversified media conglomerate. He has made a significant difference to the landscape of the new age media in India. His leadership in the domain of Internet, Radio and Out of Home has added a new impetus to the categories.

He is on the managing committees of philanthropic organizations viz. The Times Foundation, The Times of India Relief Fund and the S.P. Jain Foundation.

Mr. Jain is also a member of the Board of Directors of The Press Trust of India Ltd.



Mr. N. Kumar,
Independent Non- Executive Director

Mr. N. Kumar, an Engineering Graduate in Electronics and Communication, is the Vice-Chairman of The Sanmar Group, a well known industrial conglomerate with global presence in niche businesses of Chemicals (including Speciality Chemicals), Engineering Technologies (Products and Steel Castings) and Shipping. He is the Honorary Consul General of Greece in Chennai.

Mr. Kumar is an active spokesperson of industry and trade and is a Past President of Confederation of Indian Industry (CII), a leading industrial body. He participates in the functioning of various other prominent apex bodies. Mr. Kumar is also on the Boards of several public limited companies and carries with him a vast experience in the sphere of Technology, Management and Finance.



Mr. Ravindra Kulkarni,
Independent Non- Executive Director

Mr. Ravindra Kulkarni holds a Masters degree in Law from University of Mumbai. Having been in the legal arena for nearly four decades, Mr. Kulkarni has vast experience as a legal practitioner, particularly on matters relating to foreign collaborations, joint ventures, mergers and acquisitions, capital markets, public offerings for listing of securities in India as well as in international markets, infrastructure projects, etc.

He is a senior partner of M/s. Khaitan & Co., one of India's leading law firms and heads their Mumbai office. He is on the Boards of several listed companies as an independent director. He is also a member of the Advisory Committee and also a faculty member of the Post Graduate Diploma Course in Securities Law at the Government Law College, Mumbai.

Board of Directors

24



Mr. Richard Saldanha,
Independent Non-Executive Director

Mr. Richard Saldanha, a graduate Mechanical Engineer, served Hindustan Lever & Unilever plc with distinction for 30 years. He spent almost 10 years in Latin America. He was Technical Director of Unilever Venezuela, Vice-President - Supply Chain for Unilever Andina, (Venezuela, Colombia, Ecuador) rising to be Chairman and CEO of Unilever Peru and a Member of the Unilever Latin America Board.

As Managing Director of Haldia Petrochemicals Ltd., a \$ 1.5 bn enterprise, Mr. Saldanha brought to the Company, experience and expertise gained in Unilever Companies worldwide as well as in India. He defined his Role at Haldia as 'a role that provides clear vision and strategic direction, that builds culture, business ethic, structure and processes to deliver outstanding business performance and Good Corporate Governance'.

He is currently an Executive Director of Blackstone India and before that he was a Member of the Board of The Times of India Group where he spent 5 years to help build organizational capability, culture and competitiveness.

His 45 years of corporate experience in a gamut of functions that ranged from Manufacturing and Planning to Corporate Development and General Management have given him learning and insights which have proved to be invaluable for restructuring and reorganizing companies as well as for managing partnerships and strategic alliances in an international arena. He has been a Board Member since the mid 80's on several Boards nationally and internationally.

Mr. Saldanha has been associated with various chambers of commerce and industry bodies, both in India and globally, in various capacities. He was also the Founder President of Bal Raksha Bharat, India and a Former President of Delhi Management Association.



Mr. Ravindra Dhariwal,
Non- Executive Director

Mr. Ravindra Dhariwal is the Executive Director and CEO, Bennett, Coleman & Co. Limited. Prior to this, Mr. Dhariwal was the Vice President, Franchise, SE Asia, PepsiCo International.

During his illustrious career, he has held various positions at companies like Hindustan Lever Limited, Rexona Prop. Limited - Sydney, Pepsi Foods Industries and PepsiCo International. He holds a B. Tech degree from IIT Kanpur and a post graduate diploma in management from IIM, Calcutta.

Board of Directors



Mr. A. P. Parigi,
Non- Executive Director

An alumnus of the Delhi School of Economics and Faculty of Management Studies, of the University of Delhi, Mr. Parigi has for the past 2 decades held senior positions in various industries. Prior to joining the Times Group, he was the CEO of BPL Mobile, Mumbai. After he stepped down as the Managing Director- ENIL, he joined Eros International Media Ltd. as the Managing Director & Group CEO- India operations- from October 2009 till February 2010.

In April 2009, he was awarded The William F Glaser'53, 'Rensselaer's Entrepreneur of the Year', in Troy, Albany, USA. June 2010- Member, The Oxford University, Said Business School, Business Advisory Council. In July, he was elected to the Advisory Council of Fordham Graduate Business School, New York. In May 2011, he was appointed Advisor - N.E.A.; India. N.E.A. is a leading venture capital

and growth equity firm in the USA.

Mr. Parigi was honored with the Life Time Achievement Award by the World Brand Congress in 2009. He serves on the Boards of several companies including Bennett, Coleman & Company Limited (Times of India Group), Times Global Broadcasting Company Limited (Times Now), Accel Frontline Limited, Absolute Radio, UK.



Mr. Prashant Panday,
Executive Director & CEO

Forty seven years of age, Mr. Prashant Panday is an Engineering graduate in Electronics & Communications, and has done his PGDM from IIM Bangalore (1990).

Mr. Panday is the Executive Director and Chief Executive Officer of the Company. He has been associated with the Company since August 2000 and has played a key role in

bringing in the radio revolution in India. Over the last 10 years, he has played a significant role in making Mirchi the #1 radio brand in the Country in terms of listenership (IRS Q4, 2011: 39.51 million). as well as total income (₹ 313 crores in FY12). In 2008, Mirchi was rated the #1 media brand – ahead of The Times of India and Star Plus – in the IMRB- Pitch survey. Mirchi also received most successful radio company of the year award for the third year in a row from FICCI. He leads a team of about 750 professionals in the Company.

Mr. Panday has total experience of 22 years in industries ranging from Advertising, Banking, FMCG & Media. Prior to joining the Company, he has worked with Citibank, Pepsi, HUL, Mudra and Modi Revlon. His areas of strength include Marketing & Sales, Analytics & Strategy and People management. Mr. Panday is the Chairman of the FICCI Radio committee, Sr. VP in the Association of Radio Operators of India (AROI), a member of the MRUC Governing Board, and a member of the CII Entertainment Committee. He also served as a member of the Ministry of I&B's committee on fighting piracy. He is a speaker at various industry forums.

Corporate Information



BOARD OF DIRECTORS

(As on May 25, 2012)

Mr. Vineet Jain, Chairman

Mr. N. Kumar

Mr. Ravindra Kulkarni

Mr. Richard Saldanha

Mr. A. P. Parigi

Mr. Ravindra Dhariwal

Mr. Prashant Panday, ED & CEO

MANAGEMENT TEAM

Prashant Panday, ED & CEO

N. Subramanian, Group CFO

Hitesh Sharma, Chief Operating Officer

Tapas Sen, Chief Programming Officer

Sujata Bhatt, CMO & Head of HR

Sameer Sainani, Chief Revenue Officer

Mahesh Shetty, Chief Strategy Officer

Anand Parameswaran, Executive VP
& Regional Director- South Region

Vanditta Malhotra Hegde, VP &
Legal Head

COMPANY SECRETARY

Mehul Shah, VP- Compliance & Company Secretary

AUDITORS

M/s. Price Waterhouse & Co.,

Chartered Accountants

LEGAL ADVISORS

Mrs. Pratibha M. Singh, Advocate
Advocates Halai & Co., Advocates

BANKERS

HDFC Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS (R & TA)

Karvy Computershare Private Limited,

Unit: - Entertainment Network (India) Limited,
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081.

Phone: 040 44655000, Fax: 040 23420814.

REGISTERED OFFICE

4th Floor, A-Wing,
Matulya Centre, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.

CORPORATE OFFICE

Trade Gardens, Ground Floor,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.

Ph: 022- 67536983.

NOTICE



NOTICE is hereby given that the **THIRTEENTH** Annual General Meeting of the Members of **ENTERTAINMENT NETWORK (INDIA) LIMITED** will be held at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Near Mantralaya, Nariman Point, Mumbai - 400021, on Tuesday, August 14, 2012, at 3.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2012, the Profit and Loss Account (the Statement of Profit and Loss) and Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vineet Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravindra Kulkarni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Price Waterhouse & Co., Chartered Accountants - Firm Registration Number 007567S, as Auditors to hold office from the conclusion of the Thirteenth Annual General Meeting until the conclusion of the Fourteenth Annual General Meeting and to authorize the Board of Directors to fix their remuneration as agreed to between the Board of Directors and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses incurred in connection with the audit of accounts of the Company.

Special Business:

5. To consider and, if thought fit, to pass with or without

modification(s), the following Resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, Policy on Foreign Direct Investment, the Companies Act, 1956 and all other applicable rules, regulations, notifications, circulars, guidelines, policies, laws, etc. (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions, sanctions, etc. and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, etc. which may be agreed to by the Board of Directors of the Company and/or a duly authorized Committees thereof, for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as 'the Board'), the consent of the Company be and is hereby accorded for investments by registered Foreign Institutional Investors including their sub-accounts (hereinafter referred to as 'FIIs'), Qualified Foreign Investors (hereinafter referred to as 'QFIs'), any other permitted foreign investors in the equity shares or debentures convertible into shares of the Company, by purchase or acquisition under the Portfolio Investment Scheme or under any other approved, authorized scheme or mode or manner under FEMA/ relevant policies/ rules/ regulations/ notifications/ circulars, etc., subject to the condition that the total holding of all FIIs, QFIs, any other permitted foreign investors put together shall not exceed 26% (twenty six percent) of the paid up equity capital or paid up value of the respective series of the convertible debentures of

the Company as may be applicable or such other maximum sectoral cap/ statutory limit as applicable or as may be prescribed from time to time;

RESOLVED FURTHER THAT the Board be and is hereby severally authorized to do all such acts, deeds, matters and things; and execute all applications, documents, writings, etc. as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto;

RESOLVED LASTLY THAT the Board be and is hereby severally authorized to delegate all or any of its powers which can be so delegated by law to any director or officer or person(s) to give effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Circular no. 28/ 2011 dated May 20, 2011, issued by the Ministry of Corporate Affairs and Sections 4, 13, 81 and other applicable provisions, if any, of the Information Technology Act, 2000, the existing Article 206 of the Articles of Association of the Company be and is hereby deleted and in its place, the following new Article 206 be inserted and read as under:

206. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings

Notice

shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit. The Directors or members of any Committee may participate in meetings of the Board or respective Committees through video-conference facility or any other permissible electronic mode, if and to the extent permitted by the relevant authorities in the manner prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute and file the relevant documents, forms, etc. with the Registrar of Companies, Maharashtra, Mumbai and other regulatory bodies and to do all such acts, deeds, matters and things, including to delegate all or any of the powers hereof conferred by this resolution to any director or to any committee or to any person(s) to give effect to this Resolution."

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

"**RESOLVED THAT** pursuant to the provisions of Sections 31, 53 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Circular no. 17/ 2011 dated April 21, 2011 and Circular no. 18/ 2011 dated April 29, 2011, issued by the Ministry of Corporate Affairs and Sections 4, 13, 81 and other applicable provisions, if any, of the Information Technology Act, 2000, the existing Articles 248 and 249 of the Articles of Association of the Company be and are hereby deleted and in their places, the following new Articles 248 and 249 be inserted and read as under:

248. A document or notice may be served or given by the Company on any Member either personally or by sending

it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him or through electronic mail/ electronic mode, if and to the extent permitted by the relevant authorities in the manner prescribed from time to time.

- 249. Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected if it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of a meeting, at the expiration of forty eight hours (48) after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post and in case of service through electronic mail/ electronic mode (if and to the extent permitted by the relevant authorities in the manner prescribed from time to time), at the time when electronic mail/ electronic communication is sent to a Member.*

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute and file the relevant documents, forms, etc. with the Registrar of Companies, Maharashtra, Mumbai and other regulatory bodies and to do all such acts, deeds, matters and things, including to delegate all

or any of the powers hereof conferred by this resolution to any director or to any committee or to any person(s) to give effect to this Resolution."

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY, WHO NEED NOT BE A MEMBER, TO ATTEND AND VOTE ON BEHALF OF HIMSELF/HERSELF. The instrument appointing the Proxy should be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the Meeting.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 7, 2012 to Tuesday, August 14, 2012, both days inclusive.
- (c) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ('the Act'), setting out material facts relating to the business at Item nos. 5, 6 and 7 of the Notice as set out above is annexed hereto. Pursuant to the Clause 49 of the Listing Agreement, relevant details of the Directors seeking re-appointment at Item nos. 2 and 3 of the Notice are annexed hereto.
- (d) In terms of Section 205C of the Act, the application money received by the Company for allotment of any Securities and due for refund, which remain unpaid or unclaimed for a period of 7 (seven) years from the date they become due for payment shall be credited to the Investor Education and Protection Fund ('IEPF').
- (e) Particulars of the employees as required under the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the annexure and form part of the Directors' report. In terms

Notice

29

of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid annexure. Any Member interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

(f) The Ministry of Corporate Affairs ('MCA') has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by companies. The Company shall use the e-mail addresses of the Members obtained from the Depositories / Depository Participants/ available with the Company's Registrar & Share Transfer Agents- Karvy Computershare Private Limited ('R & TA') to send all future Members' communications like notices, the Company's Annual Reports, etc. through electronic mode. In case the Members have not furnished their e-mail addresses, they are requested to furnish the same to their Depository Participants. Members are requested to notify immediately of any change of address, e-mail address, bank account details:

- (i) to their Depository Participants (DPs) in respect of their shareholdings in electronic (demat) form and
 - (ii) to the Company's Registrar & Share Transfer Agents- Karvy Computershare Private Limited ('R & TA'), Unit:- Entertainment Network (India) Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, Phone: 040 - 44655000, Fax : 040 - 23420814, in respect of their shareholdings in physical form, if any, quoting their folio numbers.
- (g) In terms of Section 109A of the Act, every holder of shares in the

Company may at any time nominate, in the prescribed manner, a person to whom his/her shares in the Company shall vest, in the event of his/her death. Nomination forms can be obtained from the R & TA.

- (h) Members/ Proxies should bring the Attendance Slip sent herein, duly filled in, for attending the Meeting.
- (i) Members are requested to bring their copy of the Annual Report to the Meeting.
- (j) Members desiring any information pertaining to the accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Annual General Meeting.
- (k) Annual Report containing *inter alia* the Notice convening the Thirteenth Annual General Meeting, Audited Balance Sheet of the Company as at March 31, 2012, the Profit and Loss Account (the Statement of Profit and Loss) and Cash flow statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon, Report on Corporate Governance, Management Discussion & Analysis, etc. are available on the Company's web site at: www.enil.co.in. Copies of the aforesaid documents are available for inspection at the Registered Office of the Company during office hours.

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. In accordance with the circulars issued by the Ministry of Corporate Affairs, companies can now serve,

send various notices/ documents including Annual Reports to its members through electronic mode to their e-mail addresses. To support this initiative in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses with the Depository through their concerned Depository Participants, in respect of electronic holdings. Members, who hold shares in physical form, are requested to kindly register their e-mail addresses with the Company's Registrar & Share Transfer Agents- Karvy Computershare Private Limited ('R & TA') at the aforesaid address stated in para (f). The Company shall use the e-mail addresses of the Members obtained from the Depositories / Depository Participants/ available with the 'R & TA' to send all future Members' communications like notices, the Company's Annual Reports, documents etc. through electronic mode. This will ensure instant and definite receipt of the Members' communication by them.

**By Order of the Board of Directors
For Entertainment Network (India) Limited**

Mehul Shah
VP – Compliance
& Company Secretary

Mumbai, May 25, 2012.

Registered Office:

4th Floor, A-Wing, Matulya Centre,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013.

Notice

30

EXPLANATORY STATEMENT

Explanatory Statement as required under Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 5, 6 and 7 of the accompanying Notice dated May 25, 2012.

1. Item No. 5:- The registered Foreign Institutional Investors including their sub-accounts ('FII's), Qualified Foreign Investors ('QFIs') and other permitted foreign investors have assumed a crucial role in the Indian capital market. It is proposed to facilitate greater FIIs and other permitted foreign investment in the Company to broaden the Company's shareholding and also provide depth and liquidity to the Company's shares.
2. In terms of the provisions of Portfolio Investment Scheme under the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, FIIs may invest in the paid up equity capital or paid up value of each series of convertible debentures up to the sectoral cap / statutory limit as applicable to the Indian companies, subject to the approval of the Board of Directors and approval of the Members of the Company by way of a special resolution.
3. Until October 1, 2011, the maximum permissible foreign investment (FDI, NRI & PIO investments and portfolio investment) in Terrestrial Broadcasting FM (FM Radio) was 20%. While announcing the Phase III policy, the Ministry of Information & Broadcasting ['MIB'] approved the increase in the foreign investment from 20% to 26%. The higher limit of 26% has also been notified in the Consolidated FDI Policy effective from October 1, 2011 read with the Press Release dated September 30, 2011.
4. It is proposed to enhance the FII, QFI and other permitted foreign investment limit to 26% of the paid up equity capital or paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum sectoral cap/ statutory limit as applicable or as may be prescribed from time to time:
 - a) To increase the headroom for FIIs, QFIs and other permitted foreign investors and potentially expand the market for the Company's shares in the public markets;
 - b) To provide financial flexibility to the Company and enable optimal financial structuring of any expansion financing that may be required consequent to Phase III;
 - c) To reduce the procedural bottlenecks for FIIs, QFIs and other permitted foreign investors to increase their shareholding in the Company.
5. The Board of Directors of the Company, at its meeting held on January 30, 2012, *inter alia*, proposed, subject to approval of the Members by way of a special resolution, to enhance the said FII, QFI and other permitted foreign investment limit to 26 % (twenty six percent) of the paid up equity capital or paid up value of the respective series of the convertible debentures of the Company, as may be applicable, or such other maximum sectoral cap/ statutory limit as applicable or as may be prescribed from time to time.
6. The Special Resolution set out at Item No. 5 of the accompanying Notice will enable the FIIs, QFIs and other permitted foreign investors to acquire shares of the Company within the revised ceiling under the Portfolio Investment Scheme or under any other approved, authorized scheme or mode or manner under FEMA/ relevant policies/ rules/ regulations/ notifications/ circulars, etc.
7. The Board of Directors accordingly recommends the Special Resolution set out at Item No. 5 of the accompanying Notice for approval of the Members.
8. None of the Directors of the Company is, in any way, concerned or interested in the said Special Resolution.
9. Item Nos. 6 and 7:- The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies after considering the provisions of Sections 4, 13, 81 and other applicable provisions, if any, of the Information Technology Act, 2000 for legal validity of compliances under the Companies Act, 1956 through electronic mode and has issued various circulars including Circular no. 17/ 2011 dated April 21, 2011 and Circular no. 18/ 2011 dated April 29, 2011 stating that service of notice/ documents, etc. including Annual Reports can be effected through electronic mode; and Circular no. 28/ 2011 dated May 20, 2011 regarding participation by the Directors in meetings of Board/ Committees of Directors through electronic mode.
10. MCA has further clarified that a Company would have complied with the provisions of Sections 53, 219 and other applicable provisions of the Companies Act, 1956, if the service of the notice/ documents has been made through electronic mode.
11. MCA has also clarified that Directors of the Company may participate in a meeting of Board/ Committees of Directors under the provisions of the Companies Act, 1956 through electronic mode.

Notice

31

12. The Company is keen to support the initiative taken by MCA and proposes to send notices, documents, etc. to the Members through electronic mode. The Company proposes to amend the Articles of Association of the Company to enable the service of the documents through electronic mode and participation in a meeting of Board/ Committees through electronic mode.
13. Article 206 of the Articles of Association of the Company deals *inter alia* with the meetings of the Directors. Articles 248 and 249 of the Articles of Association of the Company provide *inter alia* that a document/ notice will be served upon any member either personally or through post and about its effective time

of service.

14. The Board of Directors, at its meeting held on May 25, 2012, proposed to replace the Articles 206, 248 and 249 of the Articles of Association of the Company as stated at the respective resolutions set out at Item Nos. 6 and 7.
15. Pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, any alteration in the Articles of Association of the Company requires approval of the Members by way of passing a special resolution. The Board of Directors recommends the aforesaid Special Resolutions set out at Item Nos. 6 and 7 for approval of the Members.

16. None of the Directors are interested in the said Special Resolutions, except to the extent of their shareholding.

**By Order of the Board of Directors
For Entertainment Network (India) Limited**

Mehul Shah
VP- Compliance
& Company Secretary

Mumbai, May 25, 2012.

Registered Office:
4th Floor, A-Wing, Matulya Centre,
Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.

Notice

32

ANNEXURE TO ITEM NOS. 2 AND 3 OF THE NOTICE.

Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting (pursuant to the Clause 49 of the Listing Agreement).

Name of the Director	Mr. Vineet Jain	Mr. Ravindra Kulkarni
Date of Birth	February 12, 1966	May 23, 1945
Nationality	Indian	Indian
Date of Appointment on the Board	January 19, 2007	January 19, 2007
Qualifications	B. Sc. degree in International Business Administration in Marketing from Switzerland	Masters degree in Law from University of Mumbai, also holds a Bachelors degree in Science from University of Mumbai.
Shareholding in the Company	Nil	Nil
List of Directorships held in other Companies	Bennett, Coleman & Company Limited; (Managing Director), Bharat Nidhi Limited; The Press Trust of India Limited; Times Global Broadcasting Company Limited; Times Infotainment Media Limited; Times Internet Limited; Zoom Entertainment Network Limited; a2z Shopping Limited; Times Mobile Limited; Times Websol Limited; Worldwide Media Private Limited.	Mahindra & Mahindra Limited; Tech Mahindra Limited, Elantas Beck India Limited; Alternate Brand Solutions (India) Limited; Styrolution ABS (India) Limited; Chowgule Steamships Limited; Shamrao Vithal Co-op Bank Limited; Khaitan Consultants Limited; Lavgan Dockyard Private Limited.
Committee membership	<ol style="list-style-type: none"> 1. Bennett, Coleman & Company Limited: [Chairman of Investment and Loans Committee, Member of Share Transfer Committee]. 2. The Press Trust of India Limited: [Member of Committee of Board]. 	<ol style="list-style-type: none"> 1. Elantas Beck India Limited: [Chairman of Audit Committee, Chairman of Shareholders'/ Investors' Grievance Committee]. 2. Mahindra & Mahindra Limited: [Member of Audit Committee, Member of Shareholders'/ Investors' Grievance Committee, Member of Governance- Remuneration & Nomination Committee]. 3. Entertainment Network (India) Limited: [Member of Audit Committee, Member of Remuneration/ Compensation Committee]. 4. Styrolution ABS (India) Limited: [Member of Audit Committee, Member of Remuneration Committee]. 5. Tech Mahindra Limited: [Chairman of Remuneration Committee].

Brief resume of all the Directors of the Company has also been furnished separately in the Annual Report.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Thirteenth Annual Report together with the Audited Accounts of the Company ['ENIL'] for the financial year ended March 31, 2012.

1. Financial Highlights

Amount in ₹

	Financial Year 2011-2012	Financial Year 2010-2011
Income	3,129,475,246	2,846,848,316
Profit before Tax & Exceptional item	797,466,918	609,734,330
Profit on sale of Long Term Investment	—	126,848,239
Tax expense	232,371,797	214,493,272
Profit after Tax	565,095,121	522,089,297
Profit brought Forward	1,475,081,244	952,991,947
Equity	476,704,150	476,704,150
Transfer to General Reserve	—	—
Surplus carried to Balance Sheet	2,040,176,365	1,475,081,244

2. Financial Performance

Your Company retained its position as the market leader in Private FM Radio Broadcasting Industry. Total income of the Company increased from ₹ 2,846,848,316 during the previous year to ₹ 3,129,475,246 during the year under review. Profit after tax was higher at ₹ 565,095,121. The performance is discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

3. Operations

The year has been a challenging one for the media industry. The slowdown in the economy with the GDP growth at 6.1% in the 3rd quarter of FY12 and the uncertainty about any recovery

happening soon has lead to advertisers curtailing or deferring ad spends. This has impacted your Company as well. ENIL's total income grew by a modest 9.9% this year to ₹ 312.9 crs. Your Company's EBITDA grew by 17.3% and crossed the ₹ 112.2 crs. milestone for the first time. Your Company's net profit stood at ₹ 56.5 crs., a growth of 43.0% (without exceptional items). In these trying times, your Company has maintained its revenue market share amongst private broadcasters at 33-35%.

The challenging conditions motivated your Company to focus on developing more innovative sales propositions and go-to market solutions for the advertisers. Your Company significantly

increased its investment in brand building so as to keep the listenership lead intact. Your Company has maintained its leadership in listenership this year as well. ENIL remained the number one brand in each of the quarterly IRS reports of the year. It also showed strong results in research conducted by RAM (Radio Audience Measurement).

You will be happy to know that your Company was recognized by FICCI, for the third continuous year, as the most successful radio company of the year. The strength of the Radio Mirchi brand and the prowess of its programming and marketing teams were also recognized at the Excellence in Radio Advertising (ERA) awards function at this year's India Radio Forum (IRF), where ENIL received the maximum number of awards. Your Company also received several other awards during the year, in recognition of its strong performance.

During the year, your Company entered the UAE through a tie-up with the Abu Dhabi Media Company (ADMC). Radio Mirchi can now be heard in Dubai, Al Ain, Abu Dhabi and the other emirates in the UAE. The initial reports from the UAE are very encouraging. As always, we are committed to providing the best entertainment to our listeners, wherever they are present.

Your Company made progress on the Digital side of the business also. As you know, the internet is fast expanding its presence in India with more than 120 million Indians using it for emails, social networking, e-commerce, entertainment, etc. This number is expected to grow to more than 300 million in the next 2-3 years. Keeping this in mind, your Company has made Digital very much a part of its overall programming and business strategy. Your Company launched two internet radio stations – Purani Jeans and Meethi Mirchi. You may access them on www.radiomirchi.com. Your Company also expanded

Directors' Report

the Mirchi Mobile service by adding a Bhojpuri radio feed created especially for the mobile platform.

Your Company continued its support to and appreciation of the highly creative music fraternity this year also. This year, we had an even bigger Hindi Mirchi Music Awards (MMA) function. In its 4th year, the awards saw even higher participation from the music fraternity. We feel proud that through these awards, your Company is giving the artists the true respect they deserve. We extended this reverence to the music fraternity in the four southern states two years back. This year, we launched the first edition of the Bangla Mirchi Music Awards.

Your Company is confident about the future. This confidence comes from recognizing the challenges that lie ahead, identifying the continuous changes in listener tastes and remaining sensitive to advertisers' needs. This confidence comes from constantly directing our efforts and resources towards creating a stronger, digitally robust and continuously innovating brand.

After getting unexpectedly delayed in FY12, we are hopeful that the Phase 3 policy will move ahead in FY13 with the auctioning process expected to begin in FY13. Phase 3 is an exciting opportunity for your Company to grow. The management has prepared detailed plans for participation in the auctions and the Directors of your Company are guiding management in the making of these plans.

4. Dividend

In order to conserve the resources for future growth, your Directors do not recommend any dividend for the financial year 2011-2012.

5. Fixed Deposits

The Company has not accepted any fixed deposits and, as

such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

6. Directors

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Vineet Jain and Mr. Ravindra Kulkarni retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships / chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are set out in the Annexure to the Notice forming part of the Annual Report.

7. Audit Committee

The Audit Committee of the Company presently comprises Mr. N. Kumar (Chairman), Mr. Ravindra Dhariwal, Mr. Ravindra Kulkarni and Mr. Richard Saldanha. The Internal Auditors of the Company report directly to the Audit Committee. Brief description of the terms of reference of the Audit Committee has been furnished in the Report on Corporate Governance.

8. Auditors

Messrs Price Waterhouse & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the Thirteenth Annual General Meeting and have confirmed their eligibility and willingness to accept office, if appointed.

Members are requested to appoint Messrs Price Waterhouse & Co., Chartered Accountants, as the Statutory Auditors of the

Company for the period commencing from the conclusion of the Thirteenth Annual General Meeting until the conclusion of the Fourteenth Annual General Meeting and to fix their remuneration.

9. Cost Auditor

The Company is required to comply with the relevant provisions of the Cost Accounting Records (Telecommunication Industry) Rules 2011, notified on December 7, 2011. Effective date of implementation of the aforesaid Rules is April 1, 2012. The Company is in the process of appointing the Cost Auditor as per the General Circular No. 15/ 2011 dated April 11, 2011 issued by the Ministry of Corporate Affairs, Cost Audit Branch, read with the Companies (Cost Audit Report) Rules, 2011 for cost audit of the cost records. The cost audit requirements of the cost records of the Company will be applicable from the financial year 2012-2013 onwards.

10. Buy-Back of Shares

During the financial year under review, the Company has not offered to buy-back any of its outstanding shares.

11. Conservation of Energy and Technology Absorption

The Company is in the business of FM Radio Broadcasting. Hence, most of the information required to be provided under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable.

However the information, as applicable, is given hereunder:

(i) Conservation of Energy:

The operations of the Company are not energy intensive. Nevertheless, continuous efforts are being made by the Company and its employees to reduce the wastage of scarce energy resources.

Directors' Report

35

(ii) Technology Absorption:

Whenever there is requirement, the Company evaluates the best technology available globally for improving the productivity and quality of its operations.

The Company is currently implementing Customer Relationship Management (CRM) by leveraging the existing SAP landscape to improve process control and sales efficiency. This will not only help the current 32 radio stations, but will also aid the future expansion.

(iii) Research & Development:

The Company is scaling up its digital and mobile presence in a significant way. The Company already streams 2 music feeds through Gaana.com platform. In mobile space, the Company offers 15 radio feeds on a dial-in IVR platform which is available across telecom networks.

12. Foreign Exchange Earnings & Outgo

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

- Activities relating to export, initiatives to increase exports, developments of new export markets for products and services and export plan:
The Company is actively exploring profitable business opportunities in the overseas market.
- Total foreign exchange earned and used:

	Amount in ₹	
	Financial Year 2011-2012	Financial Year 2010-2011
Foreign exchange earnings	13,164,105	—
Foreign exchange outgo	8,122,585	7,454,160

13. Particulars of Employees

Particulars of the employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the annexure appended hereto and forms part of this report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the Members excluding the aforesaid annexure. Any Member interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

14. Share Capital & Listing of Securities

The equity shares of the Company are listed and admitted to dealings on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) effective from February 15, 2006. Annual Listing Fee has been paid to each exchange.

15. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year under review as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges is set out in a separate section forming part of the Annual Report.

16. Corporate Governance

The Company is adhering to good corporate governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate report on Corporate Governance is enclosed as a part of the Annual Report along with the Certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance. Observation of the

Practicing Company Secretary in the aforesaid Certificate has been adequately dealt with in the report on Corporate Governance, which forms part of the Annual Report.

17. Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied the suggested accounting policies 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 for the financial year ended on March 31, 2012 and of the profit of the Company for that period;
- they 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, to the best of their knowledge and ability;
- they have prepared the annual accounts on a going concern basis.

18. Subsidiary Company

Alternate Brand Solutions (India) Limited (ABSL) is engaged in the business of events. ABSL classifies events into two types—Managed Events in which ABSL manages its clients' events on their behalf and IPR (Intellectual Property Rights) events in which ABSL builds its own event brands.

Directors' Report

36

During the year, ABSL decided not to carry out Managed Events on account of poor margins and excessive competition from the unorganized sector. Consequently, the results of this year are not comparable with those of the previous years. The total income recorded by ABSL during FY12 was ₹ 11.2 crs. with an EBITDA loss of ₹ 0.3 crs. ABSL ensured that its receivables position was handled satisfactorily.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Balance Sheet, the Profit and Loss Account (Statement of Profit and Loss) and other documents of its subsidiary companies to the Balance Sheet of the Company. Vide General Circular No. 2/ 2011 dated February 8, 2011 issued by the Government of India (Ministry of Corporate Affairs), general exemption has been granted to companies from attaching financial statements of subsidiaries, subject to fulfillment of conditions stated in the said circular. Accordingly, the Balance Sheet, the Profit and Loss Account (Statement of Profit and Loss) and other documents of the Subsidiary

Company are not attached to the Balance Sheet of the Company.

Relevant financial information of the Subsidiary Company is disclosed in the Annual Report. The Company shall make available the Annual Accounts and the related detailed information of its subsidiary to any Member of the Company or its subsidiary who may be interested in obtaining the same at any point of time. These documents will also be available for inspection during business hours at the Registered Office. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

19. Consolidated Financial Statements

In accordance with the Accounting Standard 21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are annexed and form part of the Annual Report.

20. Acknowledgements

Your Directors take this opportunity to convey their appreciation to all the members, listeners, advertisers, media agencies,

dealers, suppliers, bankers, regulatory and government authorities and all other business associates for their continued support and confidence in the management of the Company. Your Directors are pleased to place on record their appreciation of the consistent contribution made by employees at all levels through their hard work, dedication, solidarity and cooperation and acknowledge that their efforts have enabled the Company to achieve new heights of success.

For and on behalf of the Board of Directors

Vineet Jain
Chairman

Mumbai, May 25, 2012

Registered Office:

4th Floor, 'A' Wing, Matulya Centre,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013.

REPORT ON CORPORATE GOVERNANCE



Corporate Governance refers to the systems and policies that influence a corporation's administration. The core principles of Corporate Governance practices are fairness, transparency, accountability and responsibility. Effective Corporate Governance emphasizes efficiency, accountability and adaptability to the changing environment. Corporate Governance is a process to manage the business affairs of the company towards enhancing business prosperity and accountability with the objective of realizing long term shareholder value, while taking into account the interests of the other stakeholders.

The equity shares of the Company are listed and admitted to dealings on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Corporate Governance for the financial year ended March 31, 2012 is furnished below:

1. Company's Philosophy on Code of Governance

Your Company's philosophy on Corporate Governance envisages attainment of highest level of integrity, fairness, transparency, equity and accountability in all facets of its functioning and in its interactions with shareholders, employees, government, regulatory bodies, listeners and the community at large. Your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings.

The Company reiterates its commitment to adhere to the highest standards of Corporate Governance which is founded upon a rich legacy of integrity, fairness, transparency, equity and accountability. The Company recognizes that good Corporate Governance is a continuing exercise and is committed to follow and pursue the highest standard of governance in the overall interest of the stakeholders.

In compliance with the regulatory requirements and effective implementation of Corporate Governance practices, the Company has adopted the following codes of governance in accordance with the applicable regulations of Securities and Exchange Board of India:-

- Code of Conduct for Prevention of Insider Trading: for regulating the dealings of the Directors and Employees of the Company possessing or likely to possess price sensitive information, pertaining to the securities of the Company;
- Code of Corporate Disclosure Practices: for ensuring timely and adequate disclosure of price sensitive information;
- Code of Ethics and Business Principles for Directors and Employees under the SEBI (Prohibition of Insider Trading) Regulation.

These codes and their effective implementation re-affirm the commitment of the Company towards putting in place the highest standards of Corporate Governance in every sphere of its operations. The Company's philosophy of Corporate Governance is not only consistent with the statutory requirements but also underlines our commitment to operate in the best interest of the stakeholders.

The Company has a strong Enterprise Risk Management framework which is administered by the Senior Management. This team periodically reviews the risk events that could affect the Company and initiates appropriate mitigation procedures and also reviews the progress made with respect to the mitigation plans and the effectiveness of the same in addressing the relevant risk. The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures and these procedures are periodically reviewed.

2. Board of Directors

(i) Composition of the Board of Directors and other directorships and committee memberships of the Directors:

The Company believes that an active, well-informed and independent Board of Directors is vital to achieve the apex standard of Corporate Governance. The Board of Directors of the Company comprises an optimal combination of executive, non-executive and independent directors so as to preserve and maintain the independence of the Board. The Board of Directors comprises seven directors, each being eminent persons with professional experience in varied fields. Brief profile of all the Directors of the Company has been furnished separately in the Annual Report.

The Certificate dated May 25, 2012, issued by the Practicing Company Secretary on the compliance of conditions of Corporate Governance by the Company during the financial year under review contains an observation. The observation relates to the period from March 30, 2011 onwards, during which compliances under Clauses 49 I (A)(ii) and 49 I (C)(iv) relating to the composition of the Board of Directors of the Company could not be observed.

The Company wishes to place on record that Mr. Deepak Satwalekar (Independent Non- Executive Director) resigned from the Board of Directors effective from March 30, 2011. Post his resignation, the Board of Directors consisted of three independent directors, three non- executive directors and one executive director with effect from the date of resignation of independent director i.e. March 30, 2011. Clause 49 I (C) (iv) of the Listing Agreement stipulates that an independent director who resigns from the Board of the Company shall be replaced by a new independent director

Report on Corporate Governance

38

within a period not exceeding 180 days from the day of such resignation.

The Company has already identified two independent directors. The Company has applied to the Ministry of Information & Broadcasting and same is under consideration. The appointment of the independent directors is subject to approval/ permission/ no objection from the Ministry of Information & Broadcasting, Government of India and shall be effective only from the date of such permission. With the approval/ consent/ no objection from the Ministry of Information & Broadcasting, the composition of the Board of Directors will be in compliance with the requirements under Clause 49 of the Listing Agreement.

Composition of the Board of Directors, attendance at Board Meetings (BM) held during the financial year under review and at the last Annual General Meeting (AGM) is as follows:

Name of the Directors	Category	Financial Year 2011 – 2012 Attendance at	
		Board Meeting	Last AGM
Mr. Vineet Jain	Non- Executive Chairman	5	Yes
Mr. N. Kumar	Independent Non- Executive	5	Yes
Mr. Ravindra Dhariwal	Non- Executive	6	Yes
Mr. Ravindra Kulkarni	Independent Non- Executive	4	Yes
Mr. A. P. Parigi	Non- Executive	6	Yes
Mr. Richard Saldanha	Independent Non- Executive	6	Yes
Mr. Prashant Panday	Whole-time Director	6	Yes

Number of directorships, memberships and chairmanships of the Directors of the Company in other public limited companies as on the date of this report is as follows:

Name of the Directors	Category	As on date of this report		
		No. of other Directorships #	Other Committee positions #	
			Member	Chairman
Mr. Vineet Jain	Non- Executive Chairman	10	0	0
Mr. N. Kumar	Independent Non- Executive	5	1	4
Mr. Ravindra Dhariwal	Non- Executive	12	3	0
Mr. Ravindra Kulkarni	Independent Non- Executive	7	3	2
Mr. A. P. Parigi	Non- Executive	9	4	0
Mr. Richard Saldanha	Independent Non- Executive	3	1	0
Mr. Prashant Panday	Whole-time Director	0	0	0

For the purpose of considering the number of other directorships and committee positions, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, have been excluded and Committees other than Audit Committee and Shareholders'/Investors' Grievance Committee have been excluded.

None of the Directors are related with each other (*inter-se*) within the meaning of Clause 49 IV (G) (*ia*) of the Listing Agreement.

None of the above referred Non- Executive Directors have any material pecuniary relationship or transaction with the Company, which would affect the independence or judgment of the Board of Directors.

The Company has also not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management, etc. that may have potential conflict with the interest of the Company at large.

(ii) Board Meetings and Annual General Meeting held:

Six Board Meetings were held during the financial year under review, the dates of which were: May 23, 2011; July 21, 2011; November 1, 2011; January 30, 2012; March 14, 2012 and March 15, 2012.

The Twelfth Annual General Meeting was held on August 30, 2011.

- (iii) Declaration by the Whole-time Director & Chief Executive Officer under Clause 49(I)(D) of the Listing Agreement regarding adherence to the Code of Conduct is forming part of the Report on Corporate Governance.
- (iv) A certificate from the Whole-time Director & Chief Executive Officer and Chief Financial Officer, as stipulated under Clause 49 (V) of the Listing Agreement was placed before the Board of Directors.
- (v) In preparation of the Annual accounts, the applicable accounting standards have duly been followed and there are no material departures.

Report on Corporate Governance

3. Audit Committee

(i) Brief description of terms of reference:

The Company recognizes that the Audit Committee is indispensable for ensuring accountability amongst the Board, the Management and the Auditors, who are responsible for sound and transparent financial reporting. The Audit Committee is responsible for overseeing the processes related to the financial reporting and information dissemination. It assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The primary objective of the Audit Committee of the Company is to monitor and effectively supervise the financial reporting process of the Company with a view to ensure accurate, timely and proper disclosures and transparency and integrity of financial reporting.

The role and terms of reference of the Audit Committee *inter alia* include review of internal audit reports, review of financial statements, both quarterly and annual, before submission to the Board, review of Management Discussion and Analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters in conformity with the requirements of the Listing Agreement entered into with the Stock Exchanges and applicable provisions of the Companies Act, 1956.

(ii) Composition of the Audit Committee:

The Audit Committee of the Company is constituted in conformity with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee comprises of the following Directors as on date of the Report:

Mr. N. Kumar-Chairman (Independent Non- Executive Director)

Mr. Ravindra Kulkarni (Independent Non-Executive Director)

Mr. Ravindra Dhariwal (Non- Executive Director)

Mr. Richard Saldanha (Independent Non- Executive Director)

All the Members of the Audit Committee are financially literate and have relevant accounting and financial management expertise as required under Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary to the Audit Committee.

(iii) Meetings and attendance during the year:

During the financial year under review, the Audit Committee met five times, i.e. on May 23, 2011; July 21, 2011; November 1, 2011; January 30, 2012 and March 14, 2012. Details of attendance of each member are as follows:

Name	Number of Audit Committee Meetings attended
Mr. N. Kumar	4
Mr. Ravindra Kulkarni	3
Mr. Ravindra Dhariwal	5
Mr. Richard Saldanha	5

4. Subsidiary Company

As on date of this Report, the Company has one wholly owned subsidiary company, viz. Alternate Brand Solutions (India) Limited. The Audit Committee of the Company reviews *inter alia* the financial statements of its subsidiary company etc. as stipulated under Clause 49 of the Listing Agreement. The minutes of the Board Meetings of unlisted subsidiary company have been placed at the Board meetings of the Company

and other relevant provisions of the said Clause of the Listing Agreement are duly complied with, to the extent applicable.

5. Remuneration/ Compensation Committee

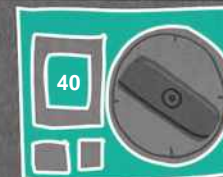
(i) Brief description of terms of reference:

The Remuneration/ Compensation Committee has been constituted to review and recommend the remuneration payable to the executive directors and senior management of the Company based on their performance and defined assessment criteria.

Brief terms of reference of the Remuneration/ Compensation Committee include:

- Determining the Company's policy on specific remuneration packages for the Company's Managing/ Joint Managing/ Deputy Managing/ Whole- time/ Executive Directors, including pension rights and any compensation payment;
- Determining and/ or recommending to the Board of Directors, the remuneration packages of the Company's Managing/ Joint Managing/ Deputy Managing/ Whole- time/ Executive Directors, including all elements of the remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees, etc.);
- Reviewing and determining the remuneration packages of the Company's top executives/ key management personnel who are one level below the Managing/ Joint Managing/ Executive Directors,

Report on Corporate Governance



including all elements of their remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees, etc.);

- Implementing, supervising and administering the present and future Employee Stock Option Scheme(s);
- Any other matter duly specified under the applicable provisions of the Companies Act, 1956, read with Clause 49 of the Listing Agreement.

(ii) Composition, name of members and Chairperson:

The Remuneration/ Compensation Committee of the Company is constituted in conformity with Clause 49 of the Listing Agreement read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

The Remuneration/ Compensation Committee comprises the following Directors as on date of the Report:

Mr. N. Kumar (Independent Non- Executive Director)

Mr. Ravindra Kulkarni (Independent Non- Executive Director)

Mr. Ravindra Dhariwal (Non- Executive Director)

Mr. Richard Saldanha (Independent Non- Executive Director)

(iii) Meetings and attendance during the year:

During the financial year under review, the Remuneration / Compensation Committee met four times, i.e. on May 23, 2011; July 21, 2011; January 30, 2012 and March 15, 2012. Details of

the attendance of each member are as follows:

Name of the Directors	Number of Remuneration/ Compensation Committee Meetings attended
Mr. N. Kumar	3
Mr. Ravindra Kulkarni	3
Mr. Ravindra Dhariwal	4
Mr. Richard Saldanha	4

(iv) Remuneration policy:

The remuneration policy of the Company is based upon well defined criteria such as success and performance of its managerial persons and the Company, industry benchmarks, the profile of the incumbent, the responsibilities shouldered, etc. Through its remuneration policy, the Company endeavors to attract, retain, develop and motivate its high skilled and dedicated workforce.

The Non-Executive Directors did not draw any remuneration (other than sitting fees) from the Company during the financial year under review.

(v) Details of remuneration:

(a) Details of remuneration paid to the Whole-time Director during the year 2011-2012 are given below:

Name	(Amount in ₹)
Mr. Prashant Panday, Whole- time Director	
Salary	20,102,555
Benefits*	536,340
Perquisites	15,000
Total	20,653,895

* Also includes Company's contribution to Provident and Superannuation Funds.

Notes:

- Mr. Prashant Panday is holding the office of Whole-time Director designated as 'Executive Director & Chief Executive Officer' of the Company with effect from July 1, 2010.
- Appointment, terms, conditions and payment of remuneration to the Whole-time Director is governed by the resolution(s) passed by the Remuneration/ Compensation Committee, Board of Directors and Members of the Company and approval from the Government of India, Ministry of Corporate Affairs, if and to the extent necessary. The remuneration structure comprises salary, incentive allowance, perquisites, allowance, contribution to provident fund and superannuation, etc.
- The aforesaid appointment may be terminated by either party by giving to other party not less than three months' prior notice in writing of such termination or payment in lieu of notice.
- Mr. Prashant Panday is holding 26900 equity shares of the Company as on the date of this Report.
- No option was granted to any Director of the Company under any scheme for grant of stock options during the financial year under review.

Report on Corporate Governance

(b) Details of sitting fees paid to the Non- Executive Directors for the financial year 2011- 2012:

Name of the Non- Executive Directors	Sitting Fees (In ₹)
Mr. Vineet Jain	100,000
Mr. N. Kumar	240,000
Mr. Ravindra Kulkarni	200,000
Mr. Ravindra Dhariwal	300,000
Mr. A. P. Parigi	120,000
Mr. Richard Saldanha	300,000

(c) Criteria for making payments to Non- Executive Directors:

Non- Executive Directors of the Company are paid sitting fees of ₹ 20,000/- (Rupees twenty thousand only) per meeting during the financial year under review, subject to deduction of applicable taxes, levies, etc., if any, for attending;

- Meeting of the Board of Directors;
- Meeting of the Audit Committee; and
- Meeting of the Remuneration/ Compensation Committee.

(d) Number of shares and convertible instruments of the Company held by Non- Executive Directors as on the date of this Report, are as follows:

Sr. No.	Name of the Directors	No. of equity shares held
1.	Mr. Vineet Jain	Nil
2.	Mr. N. Kumar	5580
3.	Mr. Ravindra Kulkarni	Nil
4.	Mr. Ravindra Dhariwal	Nil
5.	Mr. A. P. Parigi	8542
6.	Mr. Richard Saldanha	Nil

6. Shareholders'/ Investors' Grievance Committee

(i) Constitution and terms of reference of the Committee:

The Company has always valued its investors' and stakeholders' relationships. In order to ensure the proper and speedy redressal of shareholders'/ investors' complaints, the Shareholders'/ Investors' Grievances Committee was constituted. The constitution and terms of reference of the Shareholders'/ Investors' Grievance Committee is in conformity with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Shareholders'/ Investors' Grievances Committee is empowered to look into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other miscellaneous complaints. The Committee also ensures implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in conformity with SEBI

(Prohibition of Insider Trading) Regulations, 1992.

The Shareholders'/ Investors' Grievances Committee is headed by a Non- Executive Director and comprises of the following Directors:

Mr. Ravindra Dhariwal - Chairman
Mr. A. P. Parigi - Member

(ii) Name and designation of Compliance Officer:

Mr. Mehul Shah, *Vice President - Compliance & Company Secretary* is the Compliance Officer of the Company.

(iii) Shareholders' complaints:

Number of shareholders' complaints/ queries, etc. received during the financial year 2011- 2012	5
Number of complaints/ queries, etc. not resolved to the satisfaction of shareholders as on March 31, 2012. (Same has been resolved in consonance with the applicable provisions of the relevant rules/ regulations and acts for the time being in force).	0
No. of pending complaints/ queries, etc.	0

(iv) Meetings and attendance during the year:

During the financial year under review, the Shareholders'/ Investors' Grievances Committee met four times, i.e. on May 23, 2011; July 21, 2011; November 1, 2011 and January 30, 2012. All the Members of the said Committee attended all the Committee meetings.

Report on Corporate Governance

42

(v) Disclosure(s) pertaining to unclaimed shares:

Disclosure pursuant to the Clause 5A of the Listing Agreement in relation to unclaimed shares, based on the disclosure furnished by Karvy Computershare Private Limited, the Registrar and Transfer Agents (R&TA) of the Company, for the financial year ended March 31, 2012, is as below:

Clauses of the Listing Agreement	Particulars	Remarks
Clause 5A(g)(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. on April 1, 2011;	Number of Shareholders – 42 and Number of Outstanding shares –1786 equity shares.
Clause 5A(g)(ii)	Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2011-2012;	1 shareholder approached for transfer of 40 shares.
Clause 5A(g)(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2011-2012;	40 shares were transferred to 1 shareholder.
Clause 5A(g)(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	41 Shareholders with outstanding equity shares of 1746.
Clause 5A(g)(v)	Voting rights on these shares.	Voting rights on the equity shares lying in the suspense account shall remain frozen till the rightful owner of such equity shares claims those equity shares.

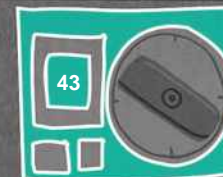
7. General Body Meetings

(i) Annual General Meetings:

Location, date and time of the Annual General Meeting (AGM) held during the preceding three years and the Special Resolutions passed thereat are as follows:

Year	Location	Date and Time	Special Resolution(s) passed
2010 – 2011 (Twelfth AGM)	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Near Mantralaya, Nariman Point, Mumbai – 400021.	August 30, 2011 3.00 p.m.	To enable payment of commission to non executive directors of the Company pursuant to section 309 of the Companies Act, 1956
2009 – 2010 (Eleventh AGM)	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Near Mantralaya, Nariman Point, Mumbai – 400021.	September 7, 2010 3.00 p.m.	To approve the appointment and terms of appointment including remuneration payable to Mr. Prashant Panday, Whole-time Director of the Company with effect from July 1, 2010.
2008 – 2009 (Tenth AGM)	Sir Sitaram & Lady Shantabai Patkar Convocation Hall of S.N.D.T. Women's University (Patkar Hall), 1, Nathibai Thackersey Road, New Marine Lines, Queens Road, Mumbai – 400 020.	September 4, 2009 3.00 p.m.	No special resolution passed.

Report on Corporate Governance



(ii) Special Resolution passed through Postal Ballot:

During the financial year under review, no resolution was passed through postal ballot.

(iii) Person who conducted the postal ballot exercise:

Not applicable.

(iv) Whether any special resolution is proposed to be conducted through postal ballot: No.

(v) Procedure for postal ballot:

The Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the Members by such process as per Section 192A and other applicable provisions of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

8. Other Disclosures

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

During the financial year under review, there were no materially significant related party transactions with the Promoters, Directors, etc. that may have potential conflict with the interests of the Company at large.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties, strictures have

been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.

(iii) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Board of Directors affirms and confirms that no personnel has been denied access to the Audit Committee. Bennett, Coleman & Company Limited ('BCCL')- the Ultimate Holding Company has introduced a policy of 'Whistle Blower' to reinforce the 'Code of Conduct' across BCCL and its group companies. Its applicability has been extended to the Company.

(iv) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause:

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, read with the observation of the Practicing Company Secretary in his certificate, dated May 25, 2012, relating to compliance with the aforesaid Clause 49 and response of the Company thereto under Para 2 (Board of Directors) of the Report on Corporate Governance. The status of compliance with the non-mandatory requirements of this clause has been detailed hereof.

9. Means of Communication

(i) Quarterly/ Half yearly/ Annual results:

Quarterly/ Half yearly/ Annual results are regularly submitted to the Stock Exchanges where the securities of the Company are listed pursuant to the provisions of the

Listing Agreement and are published in the newspapers. The Company has also displayed the results, as specified under Clause 41 of the Listing Agreement, on the Company's website i.e. www.enil.co.in

(ii) Newspapers wherein results are normally published:

Financial Express (English) and Maharashtra Times (Marathi, the regional language).

(iii) Any Website, where displayed:

www.enil.co.in

(iv) Whether Website also displays official news releases:

The Company has maintained a functional website [www.enil.co.in] containing basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, etc.

(v) Presentations made to institutional investors or to the analysts:

The presentations made to institutional investors/ analyst are posted on the Company's website i.e. www.enil.co.in

10. General Shareholder Information

(i) Annual General Meeting (AGM):

Day, Date, time : Tuesday, August 14, 2012 at 3.00 p.m.

Venue : Y. B. Chavan Auditorium,
Gen. Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Near Mantralaya, Nariman Point,
Mumbai - 400021.

Report on Corporate Governance

Stock Market data – BSE

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	Total Turnover (₹ In lacs)
April-11	251.70	267.00	238.00	242.05	199155	495.77
May-11	241.00	255.20	227.85	242.95	63587	154.03
June-11	244.00	285.70	236.00	257.50	916038	2415.77
July-11	258.10	295.90	253.80	262.75	1493183	4106.31
August-11	264.00	267.80	229.05	260.90	203809	514.34
September-11	261.80	295.00	246.70	261.05	290033	778.38
October-11	267.00	272.50	242.10	256.05	185823	475.02
November-11	255.00	267.00	211.30	247.65	107579	265.37
December-11	251.00	257.00	208.00	220.90	48396	112.73
January-12	220.05	232.00	194.00	229.95	354876	743.66
February-12	228.00	244.80	215.10	236.50	107914	247.22
March-12	236.00	236.00	194.30	217.50	137485	292.70

Stock Market data – NSE

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	Total Turnover (₹ In lacs)
April-11	246.20	268.25	239.00	241.25	298765	753.38
May-11	241.10	255.85	226.10	242.75	349633	847.69
June-11	243.50	285.00	236.25	257.35	2357461	6193.71
July-11	256.20	295.80	253.40	264.05	4479570	12295.88
August-11	264.10	268.00	230.10	262.90	805235	2030.61
September-11	255.15	298.35	245.10	260.35	1256753	3359.31
October-11	262.00	272.30	241.10	255.55	594419	1516.41
November-11	254.00	267.90	213.00	249.30	421465	1040.85
December-11	250.00	258.30	208.30	220.70	207954	476.67
January-12	222.00	234.00	194.00	230.95	1367268	2865.88
February-12	226.10	248.00	215.10	238.10	582011	1327.29
March-12	235.00	237.00	195.10	219.70	543979	1161.27

* (Source: This information is compiled from the data available on the website of BSE and NSE)

(ii) **Financial year:** April 1, 2011 to March 31, 2012.

(iii) **Date of Book closure:** Tuesday, August 7, 2012 to Tuesday, August 14, 2012, (both days inclusive) for taking record of the Members of the Company for the purpose of AGM.

(iv) **Dividend Payment Date:** Not Applicable

(v) **Listing on Stock Exchange:** The Company's shares are listed on the BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the National Stock Exchange of India Limited (NSE), Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra-(East), Mumbai – 400 051. The Company has paid the annual listing fees for the year 2012 - 2013, as applicable, to BSE and NSE.

(vi) **Stock code :**

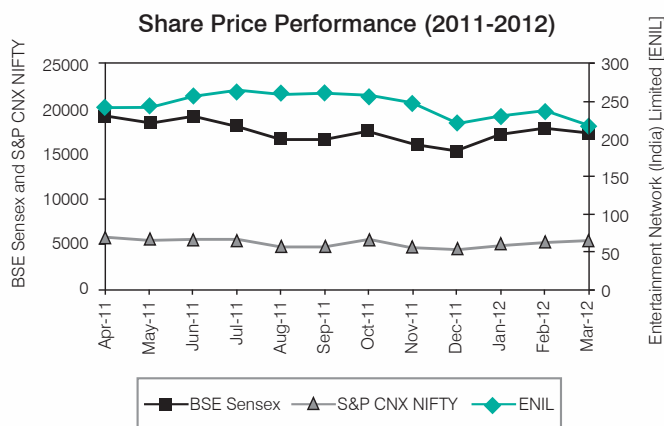
BSE Scrip Code	532700
NSE Trading Symbol	ENIL
ISIN Number for NSDL & CDSL	INE265F01028

(vii) **Market Price Data: High, Low during each month in last financial year***

The performance of the equity shares of the Company on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) depicting the liquidity of the Company's equity shares for the financial year ended March 31, 2012, on the said exchanges, is as follows:

Report on Corporate Governance

(viii) Stock Performance:



(ix) Registrar and Transfer Agents (R & TA):

Karvy Computershare Private Limited, Unit:- Entertainment Network (India) Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081, Phone: 040-44655000, Fax: 040-23420814.

(x) Share Transfer System:

Pursuant to the provisions of the Listing Agreement entered into with the Stock Exchanges, the Board of Directors of the

Company, in order to expedite the process, has delegated the power of approving transfer, transmission, etc. of the securities of the Company to the R & TA. Securities lodged for transfer, transmission, etc. are normally processed within the stipulated time as specified in the Listing Agreement and other applicable provisions of the Companies Act, 1956. The Company has duly obtained certificates on half yearly basis from the Practicing Company Secretary, certifying due compliance with the formalities of share transfer as required under Clause 47 (c) of the Listing Agreement entered into with Stock Exchanges and submitted a copy of the certificate to the Stock Exchanges

where the securities of the Company are listed.

(xi) Dematerialization of shares and liquidity:

99.99 % of the paid up equity share capital of the Company are in dematerialized form as on March 31, 2012. Trading in equity shares of the Company is permitted only in dematerialized form as per the notification issued by SEBI. The trading / liquidity details are given in clause (vii) hereinbefore.

(xii) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity:

Nil.

(xiii) Distribution of shareholding as on March 31, 2012:

Category	No. of Members	% of Members	Total Shares	% of Shares
1 - 5000	16245	97.15	894272	1.88
5001 - 10000	220	1.32	177234	0.37
10001 - 20000	105	0.63	158403	0.33
20001 - 30000	41	0.25	106831	0.22
30001 - 40000	14	0.08	51169	0.11
40001 - 50000	20	0.12	96022	0.20
50001 - 100000	25	0.15	177923	0.37
100001 & Above	51	0.31	46008561	96.52
Total	16721	100.00	47670415	100.00

As on March 31, 2012 and as on the date of this report, none of the Promoters and Promoters' Group of the Company have pledged any shares of the Company.

Report on Corporate Governance

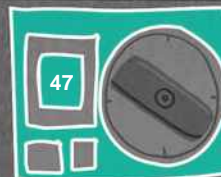
46

Shareholding pattern of the Company (as on March 31, 2012):

Category code	Category of shareholder	Number of shareholders	Total Number of shares	Total shareholding as a percentage of total number of shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian *			
(a)	Bodies Corporate	2	33918400	71.15
	Sub-Total (A)(1)	2	33918400	71.15
(2)	Foreign			
	Sub-Total (A)(2)	0	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	2	33918400	71.15
(B)	Public shareholding			
(1)	Institutions			
(a)	Mutual Funds/ UTI	9	257840	0.54
(b)	Financial Institutions/ Banks	2	1170	0.00
(c)	Foreign Institutional Investors	21	7483700	15.70
	Sub-Total (B)(1)	32	7742710	16.24
(2)	Non-institutions			
(a)	Bodies Corporate	331	3371347	7.07
(b)	Individuals -			
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	16147	1429944	3.00
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	18	1163618	2.44
(c)	Other			
	Non Resident Indians	133	26943	0.06
	Trust	3	42	0.00
	Clearing Members	55	17411	0.04
	Sub-Total (B)(2)	16687	6009305	12.61
	Total Public Shareholding (B) = (B)(1) + (B)(2)	16719	13752015	28.85
	TOTAL (A) + (B)	16721	47670415	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00
	GRAND TOTAL (A) + (B) + (C)	16721	47670415	100.00

*The Indian Promoter Group comprises of Times Infotainment Media Limited (TIML) and Bennett, Coleman and Company Limited.

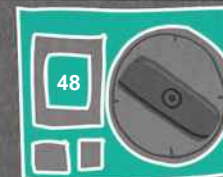
Report on Corporate Governance



(xiv) Location of Studios:

1. Ahmedabad	The Times of India Press Premises, Vejalpur, Ahmedabad – 380 051.
2. Aurangabad	F 8, 9, 10, 5 th Floor, Aurangabad Business Centre, Adalat Road, Opposite Session Court, Aurangabad – 431 005.
3. Bengaluru	39/2, 3 rd Floor, Sagar Building, Banerghatta Road, Bengaluru – 560 029.
4. Bhopal	2 nd Floor, C. P. Square, 2, Malviya Nagar, Opposite Old Vidhansabha, Bhopal – 462 003.
5. Chennai	6 th & 7 th Floor, Fathima Akhtar Court, No. 453, Anna Salai, Teynampet, Chennai – 600 018.
6. Coimbatore	8 th Floor, Classic Towers, 1547 Trichy Road, Coimbatore – 641 018.
7. Delhi	Plot No. 6, 3 rd Floor, Sector 16A, Film City, Noida, Uttar Pradesh- 201 301.
8. Hyderabad	1 st Floor, Queen's Plaza, Sardar Patel Road, Opposite Begumpet Police Station, Begumpet, Secunderabad – 500 003.
9. Indore	9 th Floor, Industry House, 15 AB Road, Indore – 452 001.
10. Jabalpur	2 nd Floor, Shukla Bhawan, 1415, Wright Town, Jabalpur – 482 002.
11. Jaipur	Prestige Tower, 6 th Floor E – 1, Amrapali Road, Vaishali Nagar, Jaipur – 302 021.
12. Jalandhar	6 th Floor, Shakti Tower, Adjoining Swani Motors, GT Road, Near BMC Chowk, Jalandhar City – 144 001.
13. Kanpur	14/ 113, Kan Chambers, 6 th Floor, Civil Lines, Kanpur – 208 001.
14. Kolhapur	Gemstone, Part B, 1 st Floor, Rao Bahadur Rajirao Vichare Complex, 517/2 E Ward, New Shahupuri, Kolhapur – 416 001.
15. Kolkatta	Shantiniketan Building, 13 th Floor, 8, Camac Street, Kolkata – 700 017.
16. Lucknow	6 th Floor, Plot TV 57/V Shalimar Tower, Vibhuti Khand, Gomtinagar, Lucknow – 226 010.
17. Madurai	2 nd Floor, Nataraja Complex, Opposite New District Court, 128 Melur Road, KK Nagar, Madurai – 625 020.
18. Mumbai	4 th Floor, 'A' Wing, Matulya Centre, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.
19. Mangalore	5 th and 6 th Floor, Maximus Commercial Complex, LHH Road, Opposite KMC, Mangalore – 575 001.
20. Nagpur	# 1, 2 nd Floor, Narang Towers, 27 Palam Road, Civil Lines, Nagpur – 440 001.
21. Nashik	3 rd Floor, United Legend, Plot 1, Serial 733/1/2, Off Village Nashik, Link Road, Opposite Parijat Nagar Bus Stop, Nashik – 422 005
22. Panajim	1 st Floor, Vivenda De Hassan Building, D. B. Marg, Miramar PTS 16, Miramar, Panjim, Goa – 403 001.
23. Patna	Times of India Building, Fraser Road, Patna – 800 001.
24. Pune	3 rd Floor, Krishna Keval Commercial Complex, Above ICICI Bank, Kondhwa Khurd, Pune – 411 048.
25. Raipur	1 st Floor, Chawla Towers, Telibandha Ward No. 28, Near Bottle House, Shankar Nagar, Raipur – 492 007.
26. Rajkot	Property No. 23,24/P, Radhika House, Near Kinnari Flats, Opposite Princess School, Kalawad Road, Rajkot – 360 007.
27. Surat	601, International Trade Center, 2/1932/2-A, Majuragate Crossing, Ring Road, Surat – 395 002.
28. Thiruvananthapuram	3 rd Floor, Andoor Buildings, General Hospital Road, Vanchiyoor P.O., Thiruvananthapuram – 695 035.
29. Vadodara	Property No. 1001/1002, 10 th Floor, Gunjan Tower, Off. Alembic - Gorwa Road, Vadodara – 390 023.
30. Varanasi	2 nd floor, Unit 201-A & 204, RH Tower, The Mall, Cantt, Varanasi – 221 002.
31. Vijaywada	4 th Floor, 'Matha Towers', Bishop's House, Door No. 59 A 1-7, Vijayawada – 520 010.
32. Vishakhapatnam	5 th Floor, Varun Towers, Kasturba Marg, Siripuram, Vishakhapatnam – 530 003.

Report on Corporate Governance



(xv) Address for correspondence:

Investor Correspondence

(a) For share transfer / dematerialisation of shares / other queries relating to the securities:

Karvy Computershare Private Limited, Unit:- Entertainment Network (India) Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Phone: 040 – 44655000, Fax: 040 – 23420814.

(b) For queries on Annual Report or investors' assistance:

Mr. Mehul Shah,
Vice President - Compliance & Company Secretary,
Trade Gardens, Ground Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013. Ph: 022 – 67536983.
mehul.shah@timesgroup.com

Investors can register their complaints/ grievances on the Company's designated e-mail id:
mehul.shah@timesgroup.com

The aforesaid e-mail id and other relevant details have been displayed on the website of the Company i.e. www.enil.co.in

Non- Mandatory Requirements

The Company has complied with the following non-mandatory requirements of Clause 49 of the Listing Agreement:

1. The Board:

The Company does not defray any expenses of the Chairman's Office. Independent Directors do not have a tenure exceeding,

in the aggregate, a period of nine years, on the Board of the Company. The Company ensures that all the persons being appointed as Independent Directors of the Company have the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable them to contribute effectively to the company in their capacity as Independent Directors.

2. Remuneration Committee:

As stated earlier, the Company has constituted Remuneration/ Compensation Committee to review and recommend the remuneration of the Managing/ Executive Director based on his/her performance and defined assessment criteria. Details regarding composition and scope of the Remuneration/ Compensation Committee are given in the earlier part of this Report.

3. Shareholder Rights:

The Company's quarterly and half-yearly results are furnished to the Stock Exchanges and are also published in the newspapers and on the website of the Company and therefore results were not separately sent to the Members. Quarterly/ Half yearly/ Annual results of the Company are also displayed on the website of the Company i.e. www.enil.co.in

4. Audit qualifications:

There are no audit qualifications in the Audit Report for the financial year under review.

5. Training of Board Members:

No training is provided to the Board Members as on date of this Report.

6. Mechanism for evaluating non-executive Board Members:

No formal mechanism for evaluation of the performance of Non-executive Directors is in place as on date of this Report.

7. Whistle Blower Policy:

The Company has adopted the Code of Ethics & Business Principles for Directors and Employees. Bennett, Coleman & Company Limited ('BCCL')- the Ultimate Holding Company has introduced a policy of 'Whistle Blower' to reinforce the 'Code of Conduct' across BCCL and its group companies. Its applicability has been extended to the Company.

For and on behalf of the Board of Directors

Mumbai, May 25, 2012

Registered Office:

4th Floor, 'A' Wing,
Matulya Centre,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013.

Vineet Jain
Chairman

Report on Corporate Governance



DECLARATION BY THE CEO UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

To the best of our knowledge and belief, this is to affirm and declare, on behalf of the Board of Directors of the Company and senior management personnel, that:

- The Board of Directors has laid down a code of conduct for all Board members and Senior Management of the Company ['the Code of Conduct'];
- The Code of conduct has been posted on the website of the Company;
- All the Directors and Senior Management personnel have affirmed their compliance and adherence

with the provisions of the Code of Conduct for the financial year ended March 31, 2012.

**For and on behalf of the Board of Directors and
Senior Management Personnel**

Prashant Panday

Executive Director & Chief Executive Officer

Mumbai, May 25, 2012

CERTIFICATE

To the Members of ENTERTAINMENT NETWORK (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by ENTERTAINMENT NETWORK (INDIA) LIMITED ("the Company"), for the financial year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement entered into with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement subject to one observation during the period from March 30, 2011 onwards. During the said

period, compliances under the Clauses 49 I (A)(ii) and 49 I (C)(iv) relating to the composition of the Board of Directors of the Company could not be observed.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Hemanshu Kapadia & Associates
Company Secretaries**

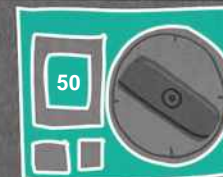
Hemanshu Kapadia

Proprietor

C.P. No. 2285

Mumbai, May 25, 2012

MANAGEMENT DISCUSSION & ANALYSIS



Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

A. Media Industry Structure and Developments

World economy continues to struggle

According to the world economic outlook report by the IMF released in April 2012, the world economy has grown at just 3.9% this year compared to 5.3% in CY10. The overall state of the world economy was very well captured in the title for this year's report 'Growth Resuming, Dangers Remain'.

The report said "Improved activity in the United States during the second half of 2011 and better policies in the euro area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. Accordingly, weak recovery will likely resume in the major advanced economies, and activity is expected to remain relatively solid in most emerging and developing economies. However, the recent improvements are very fragile. Policymakers need to continue to implement the fundamental changes required to achieve healthy growth over the

medium term. With large output gaps in advanced economies, they must also calibrate policies with a view to supporting still-weak growth over the near term".

The world economy is expected to remain fragile and to see a further slowdown in growth in CY12 to 3.5%. It is however expected to gain some momentum in CY13 with a growth rate of 4.1%.

The advanced economies grew at just 1.6% in CY11 and are expected to grow at 1.4% and 2.0% in CY12 and CY13 respectively. The emerging economies are however likely to shape up better with a growth of 6.2% in CY11 and estimated growth of 5.7% and 6.0% in CY12 and CY13 respectively.

Indian economy – short term slowdown but long term optimism

In his budget speech this year, the Honorable Finance Minister stated that the economy's growth rate for FY12 was expected to be 6.9%, a slowdown from the 8.4% in the preceding 2 years. This slowdown is attributable mainly to deceleration in industrial growth. While the government believes that the growth rates will improve to 7.6% in FY13, there are others who believe the growth could fall below even the FY12 number.

While GDP growth slowed down significantly in FY12, the Indian economy continued to be one of the fastest growing major economies. While the current state of the economy is a worry, there is optimism about the recovery and about growth getting back on track in the long run.

Global Advertising to pick up steam

The Advertising industry depends on the overall economic sentiment for growth. A fast growing country sees an even faster growing advertising industry. However, when the economy slows down, the advertising industry is the first sector to take

a tumble. The advertising industry is like an early sensor of economic growth. A looming economic slowdown is quickly picked up by the advertising industry, since the first impact of belt tightening undertaken by companies in response to a slowdown is immediately felt on the advertising budgets.

According to ZenithOptimedia Adspend Forecast Update Dec 2011, the Global Ad spends were up by just 3.5% in CY11, in line with the overall weak economic sentiment during the year. While the agency pegs expected CY12 growth slightly higher at 4.7%, it remains a tentative estimate at best considering that the economic activity is expected to slow down further. What may explain the agency's optimism about CY12 growth are perhaps the Quadrennial events (Summer Olympics, US elections and European Football Championship) during the year.

Total global ad spends, forecast at \$458.4 billion for CY11, are expected to grow cumulatively by about 16.7% to roughly \$534.4 billion in CY14.

The agency's forecast is more positive for developing countries. According to the report, the top ten developing markets will deliver half the growth in global adspend between CY11 and CY14. Overall, the developing markets are expected to increase their share of the global ad market from 32.3% to 35.9% in the next three years.

The Indian Media & Entertainment Industry is set for growth

The entertainment segments of the M&E space are expected to grow faster than the core media segments in the next four years. The growth is expected to be led by Gaming, Animation and VFX while music and films are expected to trail behind. The overall M&E industry is expected to grow at a CAGR of 14.9% till CY16 reaching a size of ₹ 1457 Bn by CY16.

Management Discussion & Analysis

51

The forecast for the media & entertainment industry is as follows:

INR Bn	2010	2011	2012 (P)	2013 (P)	2014 (P)	2015 (P)	2016 (P)	CAGR (2011-16)
Television	297.0	329.0	380.0	435.0	514.0	618.0	735.0	17%
Print	192.9	208.8	226.0	246.8	270.0	294.9	323.4	9%
Film	83.3	92.9	100.0	109.7	121.1	134.5	150.3	10%
Radio	10.0	11.5	13.0	16.0	20.0	24.0	29.5	21%
Music	8.6	9.0	10.0	11.3	13.1	15.4	18.2	15%
Out of Home	16.5	17.8	19.5	21.5	23.6	26.0	29.0	10%
Animation and VFX	23.6	31.0	36.3	43.0	51.1	61.0	69.0	17%
Gaming	10.0	13.0	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	10.0	15.4	19.9	25.8	33.5	43.7	57.0	30%
Total (rounded off)	652.0	728.0	823.0	932.0	1076.0	1254.0	1457.0	14.9%

(Source: FICCI KPMG M & E report 2011)

Indian Advertising Industry – Temporary weakness....but long term robust growth

According to the FICCI KPMG M&E report 2012, the advertising industry grew by nearly 13.1% in CY11. This is slower than the 16.7% growth that was recorded last year. While CY12 is expected to witness only a modest growth of around 12.3%, the longer term forecast for the Indian Advertising market remains optimistic and higher.

The advertising industry is expected to grow at a CAGR of 14.3% to become ₹ 586 Bn by CY16.

Advertising Revenue estimates

INR Bn	2010	2011	2012 (P)	2013 (P)	2014 (P)	2015 (P)	2016 (P)	CAGR (2011-16)
Television	103.0	116.0	130.0	148.0	170.0	197.0	230.0	14.7%
Print	126.0	139.4	154.1	172.4	192.9	215.0	240.6	11.5%
Radio	10.0	11.5	13.0	16.0	20.0	24.0	29.5	20.7%
Out of Home	16.5	17.8	19.5	21.5	23.6	26.0	29.0	10.0%
Digital Advertising	10.0	15.4	19.9	25.8	33.5	43.7	57.0	29.9%
Total (rounded off)	266.0	300.0	337.0	384.0	440.0	506.0	586.0	14.3%

(Source: FICCI KPMG M & E report 2012)

Radio growth to outpace other traditional media

As per the FICCI KPMG M&E report CY12, Radio is expected to be the fastest growing traditional media segment in the next four years. It is expected to outpace all other traditional media segments. With a CAGR of 20.7% till CY16, it is expected to outpace TV, Print and OOH, which will grow at CAGR of 14.7%, 11.5% and 10% respectively. Radio is expected to grow from the current ₹ 11.5 Bn to ₹ 29.5 Bn by CY16.

In line with the overall weak sentiment in CY12, Radio is also expected to grow at a modest 13% in CY12 becoming ₹ 13 Bn in size. From there on, it is expected to grow faster and reach a size of ₹ 16.0 bn, 20.0 bn, 24.0 bn and 29.5 bn in CY13, CY14, CY15 and CY16 respectively.

B. Radio Industry – Future Outlook, Opportunities and Threats

1) Phase 3 policy

The long awaited announcement of the Phase 3 policy for private FM Radio was finally made in July 2011. This has paved the way for a significant increase in the reach of private FM across the country. With 839 new frequencies to be added to the present 245, the number of cities/towns where private FM becomes available would reach 313 – more than 3.5 times of the present 86.

Salient features of the policy:

The salient features of the Phase 3 policy and their likely impact on the radio industry and ENIL are as follows:

a) Multiple frequencies:

Apart from geographical growth (from 86 to 313 towns), the other major part of Phase 3 policy is the removal of restriction on ownership of more than one channel in

Management Discussion & Analysis



one city. Broadcasters will now be allowed to own up to 40% of the available frequencies in a town, rounded off to the nearest integer. For eg. if the city of Mumbai has 9 private FM frequencies, a single broadcaster could own and operate as many as 4 channels. With this initiative, the artificial restriction on ownerships (that doesn't exist in any other media segment) has finally been removed.

Impact on the Industry:

With more channels available to a single broadcaster, a number of different programming formats will become available. This will increase programming diversity and will help attract new listeners to the broadcaster and to the FM medium overall. Further, broadcasters will be able to offer a better reach and more distinct target segments to advertisers and enhance their advertising revenues.

b) License Period:

The license period for the new licenses to be issued under Phase 3 has been increased from the present ten years to fifteen. This is a realization by the government that the radio business is a difficult one to operate and broadcasters need to put in a lot of investment and hence need a longer timeframe to recover their initial losses and generate healthy returns on equity.

Impact on the Industry:

Very positive, since broadcasters will now be able to invest in brand building and experiment with new listenership-building measures. This change will also have a major impact on the valuation of broadcasting companies. While the one time fees paid to get the licenses may become higher due to the longer duration of licenses, it will allow

for better ROIs in the long run. With a longer period like this, the business will have greater ability to absorb initial losses also.

c) Tradability of licenses:

Change of ownership has been permitted after 3 years of operationalization of a license instead of 5 years at present. This policy will help the FM industry become like any other industry where acquiring and demerging business units are part of a routine business strategy.

Impact on the Industry:

This policy will help the FM industry consolidate. At present there are too many broadcasters, many of them uninterested in running their stations after the losses they have suffered since the launch. But these broadcasters are not allowed to sell their stakes in their companies for five years after going on air. With the license period only 10 years, there is little value left after the lock-in period. With the license period becoming 15 years and with the lock-in reduced to 3 years, many such players would now be able to exit the business and limit their losses. At the same time large radio networks such as ENIL, which run their operations more efficiently, would get an opportunity to acquire new frequencies directly from present owners rather than waiting to acquire them from the Government.

d) Networking:

Radio broadcasters have now been allowed to network without restrictions. This means that smaller stations could take their content from larger stations without having to invest substantially in creating new and unviable infrastructure and incurring huge operating costs. Under

the previous policy, networking was only permitted between C and D category towns.

Impact on the Industry:

This policy will make smaller stations viable and will help in the spread of FM across the country – even in the very small towns with population as low as 1 lac. Further, it will allow richer content from the bigger towns to reach the smaller towns which were hamstrung by budget constraints to produce it locally. The policy will also help create cost synergies (talent, marketing, broadcasting premises and administrative) and reduce overall costs of operations, thus improving profitability of radio stations.

e) News & Current Affairs allowed:

Radio broadcasters will now be permitted to broadcast news and current affairs but the sourcing of such content would be limited only to All India Radio (AIR).

Impact on the Industry:

While the sourcing part of the policy is very restrictive, radio broadcasters are hopeful that this policy would be amended in due course of time. In the current form, it is not likely to have any significant impact on listenership or revenues since the content would likely be the same across broadcasters. Also private broadcasters may have to pay for access to these news feeds, which would make it an unviable option for many radio broadcasters.

Weaknesses of the policy:

While there are many positives in the Phase 3 policy, there are certain measures which could be detrimental to the industry:

i. Simultaneous ascending e-auction methodology:

The government has decided that the allocation of

Management Discussion & Analysis



FM licenses would be done through the simultaneous ascending e-auction process which was followed for 3G and BWA auctions. While this may have been appropriate for the telecom industry, this e-auction methodology is fundamentally flawed for radio. One of the features of the proposed e-auctions is that all licenses in a city are auctioned for the exact same price. In media and particularly in radio, where diversity of content is a key policy necessity, the auction methodology may actually lead to sameness of content and elimination of diversity.

ii. High Reserve price:

The bigger issue in the Phase 3 policy is the way the Reserve price (the price at which the bidding starts) is to be set;

- In cities where a private broadcaster already exists today (as part of Phase 2), the highest bid received in Phase 2 would become the base price for Phase 3.
- In cities where no private broadcaster exists today and which are being taken up for bidding for the first time under phase 3, the Reserve OTEF shall be the highest bid received during Phase 2 in a city of the same category in the same region.

Setting the base price for bidding in this manner would lead to many cities either not being bid for at all or result in high bid values which will make them unviable.

2) TRAI recommends reducing channel separation to 400 KHz

ENIL has been impressing upon the government the need to release additional FM frequencies for the medium to grow. In a competitive media environment, where every other medium

is growing rapidly, it is necessary for FM industry also to add frequencies. However, the FM band is limited. ENIL has been seeking a modern policy on FM spectrum allocation to bring it on par with global standards. One of the ways to ensure better utilization of spectrum is to halve the separation between two adjacent FM channels from the current 800 KHz to 400 KHz.

Halving channel separation would help double the number of channels available in a city. At present, the metros of India have only nine private FM channels. If the channel separation was reduced to 400 KHz, there could be as many as eighteen private FM channels made available. Thus at present, as many as nine channels are lying unutilized; a fact the country cannot afford. Had these nine channels been made available, there would have been far more programming variety available. Most big cities worldwide, where FM radio has developed, have as many as 25-45 FM channels. For example, there are more than 25 channels in Colombo and Singapore. There is no reason why India should remain a laggard; that too when the Government stands to gain financially and otherwise by efficient utilization of FM spectrum.

Reduction in the channel spacing will be beneficial to the people of the country. They will be able to get more programming variety. Broadcasters will be able to offer a rich variety of programming options to cater to the tastes of their listeners. This will attract new listeners to the medium which will help grow the appeal of the medium to advertisers.

ENIL's position has been supported by TRAI, which in its response to the Government has recommended halving channel separation to 400 KHz. The matter is now with the Ministry of Information & Broadcasting ('Ministry of I&B') and we are hopeful that it will accept TRAI's recommendations. If

accepted, this recommendation of TRAI will help grow the radio business at a faster clip over the next 5-7 years and take the share of radio in the overall advertising pie to 7-9% from the present 4 to 4.5%.

3) Policy uncertainty on renewal of Phase 2 licenses

While the government's intention to renew Phase 2 licenses upon their expiry has been expressed by the Minister of I&B while announcing the Phase 3 policy, the industry is still awaiting clarity with regard to the process to be followed and the price to be paid by broadcasters upon renewal. This has led to some degree of confusion and wariness in the minds of broadcasters who need to plan their resources for this eventuality. The Government has indicated that it will announce the renewal policy after Phase 3 auctions are completed and before the renewals become due.

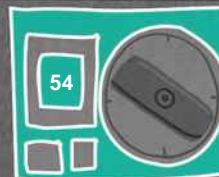
4) Rulings on music royalty – an update on ongoing cases with music providers

Recent court rulings in matters related to music royalties have brought relief to radio broadcasters. These rulings have brought the royalty regime in India in line with global practices, thus rationalizing the royalties required to be paid by broadcasters to music societies. This augurs well for the growth of the FM radio business as well as for the viability of FM broadcasters. An update on the matters is provided below:

Sound Recording matters:

In a landmark judgment dated August 25, 2010, the Hon'ble Copyright Board fixed the music royalty payout from radio broadcasters to all music providers (like Music labels/ Collection societies, etc.) at 2% of the net advertising revenues earned by each broadcaster, to be distributed on a pro rata basis amongst

Management Discussion & Analysis



music providers. This order has been challenged by PPL in the Hon'ble Madras High Court. However the Hon'ble Madras High Court and subsequently the Hon'ble Supreme Court have both refused to stay the order. The matter will now be heard in the Hon'ble Madras High Court in due course of time.

Similarly, South India Music Companies Association (SIMCA) also challenged the aforesaid ruling of the Hon'ble Copyright Board before the Hon'ble Madras High Court *inter-alia* on the ground that its members were not parties to the said Copyright Board proceedings and hence the order of the Hon'ble Copyright Board should be stayed. The Hon'ble Madras High Court dismissed the application for stay of the Copyright Board Order. The Hon'ble Supreme Court also refused to stay the Copyright Board order.

Super Cassettes Industries Limited (T-Series) also challenged the Copyright Board order before the Hon'ble Delhi High Court on the ground that it was not a party to the proceedings in which the judgment was passed. The Hon'ble Delhi High Court passed an order on September 15, 2010 granting a stay on the Copyright Board order with respect to only T-Series. Being aggrieved by the aforesaid order, ENIL filed an Appeal before the Division Bench of the Hon'ble Delhi High Court. After hearing the parties the Hon'ble Delhi High Court was pleased to pass an order dated May 11, 2011 that it would be up to the Hon'ble Copyright Board to decide the matter on merits.

Performing Rights matters:

In arbitration proceedings held between ENIL and Indian Performing Rights Society Ltd. (IPRS), the Arbitrator passed an Award in December 2011 where it was held that there was no exploitation of the works (literary / musical) in which the IPRS's members own the copyright, when a sound recording

is broadcast from ENIL's radio stations. It has therefore been held that the IPRS is not entitled to any royalty from ENIL when a sound recording is broadcast from its radio stations.

Similar views have been expressed by the Bombay, Delhi and Kerala High Courts in separate judgments. ENIL has taken steps to file proceedings for recovery /refund of monies paid to IPRS based on the Award and Court rulings.

IPRS has challenged the Award passed by the Arbitrator before the Hon'ble Bombay High Court. The matter will come up for hearing in due course of time.

5) Copyright Amendment Bill

The Copyright Amendment Bill 2012 has been passed by both Houses of Parliament - first by the Rajya Sabha on May 17, 2012 and then by the Lok Sabha on May 22, 2012.

This Copyright Bill brings about many changes in the Copyright Act, 1957. But most importantly, it protects both the creators and users of music. In doing so, it brings about a harmonious balance between the two.

The amendment provides for the availability of music to any broadcasting organization (both radio and television) through the mechanism of Statutory Licensing on the payment of royalty to be determined by the Copyright Board. To broadcast music, the broadcaster has to give the stipulated notice to the music owner. The objective of Statutory License is to ensure that music content becomes available to every broadcaster desirous of the same without any discrimination and on reasonable royalties to be fixed by the Copyright Board.

At the same time, the amendments make the rights of the creators to receive royalties inalienable. This will give creators a share of royalties generated in perpetuity for the work that they

produce during their lifetime. The amended law benefits every creative person in India, be it a composer, lyricist, etc., who was hitherto been deprived of his/her due.

The amendments are a step in the right direction. They shall positively expand the symbiotic relationship between Radio and Music Composers/Lyricists/Artists.

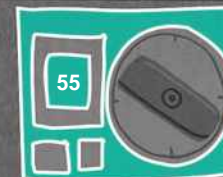
ENIL has also been petitioning the Ministry of Human Resource Development as well as the Ministry of I&B and Ministry of Law & Justice that there is an imperative need for the Copyright Board to function as a full time Tribunal/Body so that quick closures of matters pertaining to Radio Industry vis-à-vis Music industry can take place. This matter is likely to be addressed shortly by the Government.

6) Digital Media

The growth of the digital media may be seen as a major opportunity or a threat by FM broadcasters. Either way, its presence needs to be acknowledged and factored into the business strategy.

According to the FICCI KPMG M&E report 2012, Digital advertising grew by almost 54% in CY11. It is likely to continue to grow at a CAGR of 30% till CY16 becoming a ₹ 57 Bn industry by then. While digital media in India is still evolving, it is slowly becoming a competitor to traditional media. It is therefore important for all mediums to have a digital strategy, which can be leveraged to not only aggregate more listeners/viewers but also to monetize them. Radio as an industry also faces this threat from digital media. However, there are many opportunities that radio broadcasters can exploit in the digital space which can help them be part of the digital story rather than compete with it. ENIL is increasing its orientation towards digital and would have

Management Discussion & Analysis



a significant brand and monetization play in the digital space in the years to come. Some initiatives that we have taken in the digital space are elucidated in the next section.

C. FY12 – A tough year, but there were several bright spots

1) FY12, a year of modest growth

The radio business achieved modest growth this year. The total income of the Company has grown by 9.9%. The slowdown from the growth rate of 21.8% achieved last year is primarily due to an overall slowdown in the economy. As stated earlier in this report, the Indian economy is expected to grow at just 6.9% in FY12, a slow down from the 8.4% in the preceding two years. The overall negative sentiment created on account of high inflation and the resultant high interest rates, have curbed advertising spends to some extent. The general expectation is that the advertising sentiment will remain weak in FY13 as well; but the long term forecast is for the growth rates to rebound.

2) Brand Mirchi launches in the UAE

This year Radio Mirchi made inroads into regions beyond India with a tie-up with Abu Dhabi Media Company (ADMC), one of the largest media conglomerates in the UAE. Radio Mirchi can now be heard across the UAE with transmitters located in Dubai, Abu Dhabi and Al Ain. Mirchi is the first Indian Bollywood radio brand which caters to the needs of the Indian community. It is also the first Indian brand which can be heard all over the UAE. The brand was launched in Feb 2012 and has created a lot of positive buzz already. This is encouraging and underlines the strength of the Mirchi brand.

The launch of the brand in the Middle East was done by Rani Mukherjee with the usual Mirchi pomp and gaiety.

We intend to take the Mirchi brand and the entertainment value

that we deliver to other parts of the world where we can reach out to people who appreciate Bollywood / Indian entertainment. Taking our brand to other geographies is a key constituent of our future strategy.

3) 4th edition of the Mirchi Music Awards – Bigger and Better

We celebrated music yet again with the 4th edition of the Mirchi Music Awards (Hindi film music). The winners as always were decided by an august jury comprising notable personalities from the Indian film & music industry – Javed Akhtar (Chairman), Ramesh Sippy, Ashutosh Gowariker, Sooraj R. Barjatya, Prasoon Joshi, Sameer, Shankar Mahadevan, Anu Malik, Aadesh Shrivastava, Lalit Pandit, Kailash Kher, Louiz Banks, Kavita Krishnamurti Subramaniam, Alka Yagnik, Sadhana Sargam, Suresh Wadkar, Talat Aziz and Ila Arun.

The Mirchi Music Awards felicitate winners in various categories- Best song of the year, Best Album of the Year, Best Male Vocalist, Best Female Vocalist, Best Music Director, Best Lyricist, Best Background score, Best Item Number, Best Indi-pop song, Most downloaded song of the year, Lifetime Achievement Award, Jury Award for outstanding contribution to Hindi Film music and many more.

There is also a special award decided exclusively by Mirchi Listeners. It is the Mirchi Listener's Choice Awards for Best Song of the Year and Best Album of the Year.

Mirchi music awards were awarded the Best On Ground/ Activation initiative at the Excellence in Radio Awards (ERA) ceremony at the Indian Radio Forum (IRF) this year.

4) Launch of Mirchi Music Awards Bangla

Our "Salaam" to music which started in 2009 with the Mirchi Music Awards for Hindi film music and later extended to the

music from the four southern states in 2010, has now been extended to the rich music from Bengal as well.

Radio Mirchi celebrated its first Mirchi Music Awards Bangla this year. Like the other editions, the Bangla awards celebrated and honored both artistic and technical excellence of professionals in music in the Bangla industry.

The jury for the awards was chaired by renowned filmmaker Rituparno Ghosh. Other eminent jury members were Shantanu Moitra, Srikanto Acharya, Indrani Sen, Bickram Ghosh, Lopamudra Mitra, Debajyoti Mishra, Srijato, Soymitra Roy, Surajit Chatterjee, Anindya Chatterjee and Chandril Bhattacharya.

It is worth mentioning that this first edition of the awards also coincided with the 150th birth anniversary celebrations of the legendary Rabindranath Tagore. As a mark of respect for Tagore, artistes who excelled in Rabindra Sangeet were also honored.

5) Radio Mirchi continues to lead in the Indian Readership Survey (IRS) – the ONLY PAN India Radio listenership measurement survey

The Indian Readership survey (IRS) conducted by Media Research Users Council (MRUC), the only survey which measures radio listenership across the country has placed Radio Mirchi as the clear leader in listenership yet again. According to IRS, Radio Mirchi has a weekly listenership of almost 40 million. This research is evidence of the strength of the programming and marketing teams of Mirchi. Mirchi has been consistently the leader, by far, across all quarterly survey results of IRS in 2011.

Radio Mirchi is also the clear leader in North, East, West and Central India – and is placed number two in the South. Further,

Management Discussion & Analysis



Mirchi enjoys a significant lead in the cumulative listenership across the Top 8 metros. It is also the undisputed leader in the Hindi speaking markets.

6) Mirchi – More Digital than ever

Radio Mirchi is now actively tapping into the thriving online community of its fans through its website and social media. Almost 25% of Radio Mirchi FM listeners also use the internet. To engage with them, it is critical for us to increase our online footprint. Our website (www.radiomirchi.com) showcases the best of Radio Mirchi content from across the stations and its usage has consistently grown over the last 2 years to reach more than a million page-views a month now. We have half a million fans engaging with us across social media. This year we did the biggest digital integration of any media property in India around Mirchi Music Awards, which resulted in over 35 million online impressions, and over 50,000 active conversations around the event. We have launched two online radio stations on the Gaana.com platform, and we are seeing encouraging early listening trends of these channels. As an organization we are making a conscious choice to be a lot more digitally savvy.

7) Mirchi Mobile – The Mobile Initiative from Mirchi, now across all major telecom operators

Mirchi Mobile, a mobile VAS service launched by Mirchi last year, gives mobile subscribers anywhere in the country access to listen to Radio Mirchi of different cities. This year, we expanded its coverage and is now available across all the leading telecom operators in the country.

This has allowed the Mirchi brand to reach out to an even larger set of individuals. The product has been fairly successful till now and we plan to continue investing in its growth so that it can

create more value for listeners.

The continuing success of this product once again underlines the strength of the Mirchi brand and its ability to attract audiences irrespective of the platform it is available on.

8) Awards and recognitions

This year witnessed ENIL getting several awards.

- **Most successful Radio Channel of the year at FICCI Frames 2012...the third time in a row!**

Radio Mirchi was awarded the Most Successful Radio Channel of the Year at the FICCI Frames Excellence awards 2012 again this year. Like the two years before, Mirchi was the only radio station to receive this award.

- **Lions award for Radio Mirchi and RJ Jeeturaaj**

Mumbai's favorite RJ, Jeeturaaj, the vivacious and energetic host of 'Hi Mumbai' was honored as the 'RJ of the Year' award at the 18th Lions Gold Awards.

'Hi Mumbai', the popular morning show has gained a huge following with RJ Jeeturaaj's unique and feisty style of anchoring coupled with his extensive knowledge of films, music and Mumbai the city.

Radio Mirchi also received the award for the favorite radio station of the year.

The 18th Lions Gold Awards is an endeavor by the Lions Club International to felicitate talented achievers from different walks of life. The occasion saw the presence of noted celebrities like actors Rani Mukherjee and R Madhavan, directors Milan Luthria and Rohit Shetty and ace music stars Sonu Nigam and Bappi Lahiri.

- **Mirchi sweeps the IRF awards**

Mirchi won twelve awards at the Excellence in Radio

Awards (ERA) at the India Radio Forum (IRF) this year – the most won by any radio broadcaster. Mirchi won four awards in the Programming Category for Best Radio Program (Bengali, Gujarati, Kannada and Marathi). In the Promotion and Marketing Category Radio Mirchi got three awards in Telugu, Bengali and Marathi. Additionally, Mirchi was also awarded the Radio Station Imaging Innovation for its 9th Birthday campaign, Best Interactive Campaign, Best Creative Campaign for Radio films by Mirchi productions, and Best Use of Radio in an Ad Campaign for "Top Indian cricketers" quiz. The station also won the Best use of Radio in Activation Campaign award for Ponds "Let's Pink" campaign. The award for Best Radio Program (Hindi) for non-metro station also went to Mirchi for its 'Janmashtami Special' campaign in Bhopal. Bezawada Basha won the Best RJ of the Year (Telugu).

- **Accolades at the Golden Mikes awards**

Radio Mirchi bagged the Silver award in the On-Ground Promotion category at this year's Golden Mikes awards. It also won three Bronzes in the categories of Best Single Commercial - Media & Entertainment, Best On-Air Promotion by a Network of Radio Stations for Self and Best Campaign.

9) Celebrating 10 years of Radio Entertainment

This year marked the 10th anniversary of our first Radio station in Indore. Radio Mirchi was launched on October 4, 2001 and has ever since been committed to entertaining audiences across the entire nation. From the first celebrity, Akshay Khanna, who launched the station at Indore and from the first song that we played – "Ma Tujhe Salaam" by AR Rahman, Radio Mirchi has hosted many celebrities and played numerous songs across

Management Discussion & Analysis



our 32 stations over the past ten years.

In the last 10 years, Mirchi has emerged as the largest and most successful radio brand in the country. Over these years, with our positioning of being a "sunshine channel", we have strived to bring happiness into the lives of our audiences and to spread cheer and positivity. We will continue doing the same in the next decade as well.

10) Mirchi Cares continued its endeavors this year

Mirchi Cares, the CSR initiative of Radio Mirchi, used the Mirchi airwaves extensively to spread the message of inclusion of the Visually Impaired in the mainstream of society. Audio books were recorded for them under the "Lend Your Voice" Campaign where corporates like Bank of America joined the effort with volunteers reading books for us. 'Let there Be Light' was a commendable effort where the Mirchi Rajkot station helped to facilitate 'Sight' to two visually impaired people - a man in his early 50s who had lost sight in an accident and a 15 year old girl who was blind by birth. This was done through on-air and on-ground activities in their support.

Mirchi Cares Ahmedabad team's innovative idea of 'Mirchi Mobile Parab' reached out to 1.5 lac people in the city during the peak of summer. More than 30,000 liters of water was served to the thirsty. 'Parab' has been a rich tradition of Ahmedabad which is almost non-existent today.

Also noteworthy were the initiatives of the Jaipur and Mumbai teams. The Jaipur Mirchi team collected more than 15,000 books under "Book Deke Dekho" campaign from Mirchi Listeners. These were donated to the needy children of the city and the villages on the outskirts of the city. Radio Mirchi Mumbai, through 'Santa Cause' reached out to 300 Cancer patients at Tata Memorial gifting them with toys donated by Mirchi listeners.

D. Risks, Concerns and Challenges Facing the Company

1) Macroeconomic risk

While no business can be insulated from this risk, it has become more prominent and relevant over the last few years with the world economy showing signs of weakness twice over. As a business entity which is dependent on advertising revenues, we are always exposed to the overall state of the economy.

2) Operational and Financial Risks

The Risk Management Framework established by your Company, and monitored by the Board of ENIL, has been the back-bone of managing the operational and the financial risks that the Company faces. Several risks have been identified and risk mitigation plans are in place. Process owners review the risks periodically and bring to the attention of the Board any risk that may need its intervention.

3) Retaining Talent

People make organizations. This is especially true in the media business. With an ever changing economy and increasing competition, from not only other radio channels but other media as well, a key driver for consistent growth is building and maintaining a good team. We are very aware of this and have put necessary processes and measures in place to ensure that we retain good talent, create a reward system which is solely based on merit and is transparent. We also continue to live by the Mirchi culture of Fun with Responsibility. With this culture and the promise of becoming part of a vibrant young workplace, we hope to attract the best talent from within and outside the media industry.

E. Segment- Wise Financial Performance

Management Discussion and Analysis of the Company's operations and financial consolidation and segment-wise performance together with discussion on financial performance with respect to operational performance should be read in conjunction with the financial statements and the related footnotes.

ENIL – Radio Mirchi

This year has been a modest year for ENIL from a revenue as well as profitability standpoint. The total income grew by 9.9% and stood at ₹ 312.9 crs. The 4th quarter saw a 13.7% growth in revenues vis-à-vis the previous year. The EBITDA also grew by 17.3 % and stood at ₹ 112.2 crs. Profit after Tax (PAT) before exceptional items grew by 43.0% to ₹ 56.5 crs. The Earnings Per Share (EPS) stood at ₹ 11.85 in FY12. The Book Value per Share of the Company stood at ₹ 92.34 at the end of the year under review.

While this year has not been a high revenue growth year, we hope that with the recovery of the economy in the coming years, we will also see growth getting back on track.

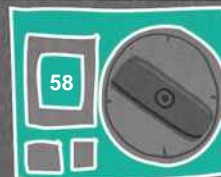
Subsidiary Company

Alternate Brand Solutions (India) Limited (ABSL)

ABSL is engaged in the business of events. ABSL classifies events into two types – Managed Events in which ABSL manages its clients' events on their behalf and IPR (Intellectual Property Rights) events in which ABSL builds its own event brands.

During the year, ABSL decided not to carry out Managed Events on account of poor margins and excessive competition from the unorganized sector. Consequently, the results of this year

Management Discussion & Analysis



are not comparable with those of the previous years. The total income recorded by ABSL during FY12 was ₹ 11.2 crs. with an EBITDA loss of ₹ 0.3 crs. ABSL ensured that its receivables position was handled satisfactorily.

GENERAL

Internal Control Systems and their Adequacy

The Company has a system of internal controls to ensure that all its assets are properly safeguarded and not exposed to risks arising out of unauthorized use or disposal. The Internal Control system is supplemented by programs of internal audit to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The internal control system also focuses on processes to ensure integrity of the Company's financial accounting and reporting processes and compliance with the Company's legal obligations. The Company

has a well defined risk management programme for identifying and mitigating risks across all the functions which is reviewed by the Board of Directors of the Company periodically.

The Company has an Audit Committee of the Board of Directors which meets regularly to review *inter alia* risk management policies, adequacies of internal controls, the audit findings on the various segments of the business, the financial information and other issues related to the Company's operations.

Material Development in Human Resources/ Industrial Relations front, including Number of People Employed

Specific need based training and development programs for all levels of employees were imparted in order to optimize the contribution of the employees to the Company's business and operations. Occupational health safety and environmental management are given utmost importance. Material development in human resources/

industrial relations front has been dealt with in the Directors' Report, under the head 'Operations', which should be treated as forming part of this Management Discussion and Analysis. As on March 31, 2012, the employee strength (on permanent roll) of the Company was 752.

For and on behalf of the Board of Directors

Vineet Jain
Chairman

Mumbai, May 25, 2012

Registered Office:

4th Floor, 'A' Wing, Matulya Center,
Senapati Bapat Marg,
Lower Parel (W),
Mumbai – 400 013.

AUDITORS' REPORT

Auditors' Report to the Members of Entertainment Network (India) Limited

1. We have audited the attached Balance Sheet of Entertainment Network (India) Limited (the "Company") as at March 31, 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.

Firm Registration Number: 007567S
Chartered Accountants

Partha Ghosh

Partner

Membership Number F-55913

Mumbai
May 25, 2012

Auditors' Report

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Entertainment Network (India) Limited on the financial statements as of and for the year ended March 31, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
9. The Company has no accumulated losses.
10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanations given to us, the Company has not given any

Auditors' Report

61

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Entertainment Network (India) Limited on the financial statements as of and for the year ended March 31, 2012

- guarantee for loans taken by others from banks or financial institutions during the year.
15. The Company has not obtained any term loans.
 16. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
 17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 18. The Company has not issued any debentures during the year;
 19. The Company has not raised any money by public issues during the year.
 20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
 21. The other clauses (ii) of paragraph 4 of the Companies

and does not have any debentures outstanding as at the year end.

(Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Price Waterhouse & Co.

Firm Registration Number: 007567S
Chartered Accountants

Partha Ghosh

Partner

Mumbai
May 25, 2012

Membership Number F-55913

BALANCE SHEET

AS AT MARCH 31, 2012

	Notes	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	476,704,150	476,704,150
Reserves and surplus	3	3,925,392,786	3,360,297,665
Non - current liabilities			
Deferred tax liabilities (Net)	4	97,905,815	88,534,018
Long-term provisions	5	38,222,592	29,089,089
Current liabilities			
Trade payables	6	420,069,143	236,412,592
Other current liabilities	7	102,057,405	267,614,798
Short-term provisions	8	89,511,457	115,130,182
TOTAL		5,149,863,348	4,573,782,494
ASSETS			
Non-current assets			
Fixed assets	9		
Intangible assets		910,846,873	1,127,055,909
Tangible assets		586,491,327	673,112,140
Capital work-in-progress		912,365	552,186
Non-current investments	10	80,250,000	75,250,000
Long-term loans and advances	11	128,724,833	211,807,785
Other non-current assets	12	73,656,344	77,571,427
Current assets			
Current investments	10	1,770,068,599	855,752,684
Trade receivables	13	922,402,912	1,038,005,783
Cash and bank balances	14	443,253,201	156,074,257
Short-term loans and advances	15	220,085,480	357,296,283
Other current assets	16	13,171,414	1,304,040
TOTAL		5,149,863,348	4,573,782,494
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-37		

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

63

	Notes	2011-2012 ₹	2010-2011 ₹
Revenue from operations	17	3,014,253,542	2,799,596,309
Other Income	18	115,221,704	47,252,007
Total Revenue		3,129,475,246	2,846,848,316
Expenses:			
Production expenses	19	146,332,497	160,947,411
License fees	20	152,015,260	140,231,911
Employee benefits expense	21	628,605,195	564,437,874
Depreciation and amortisation expense	9	324,625,139	335,960,456
Other expenses	22	1,080,415,800	1,024,353,636
Finance costs	23	14,437	11,182,698
Total expenses		2,332,008,328	2,237,113,986
Profit Before Taxation and Exceptional Item		797,466,918	609,734,330
Profit on Sale of Long Term Investment (Refer Note 33)		—	126,848,239
Profit before Taxation		797,466,918	736,582,569
Tax expense: (Refer Note (1)(x))			
Current tax		223,000,000	167,500,000
Deferred tax		9,371,797	157,590,674
Minimum alternate tax credit entitlement		—	(110,597,402)
Profit for the year		565,095,121	522,089,297
Earnings per equity share [nominal value per share: ₹ 10 (2010-11: ₹ 10) (Refer Note (1)(ix))	32		
– Basic		11.85	10.95
– Diluted		11.85	10.95
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-37		

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

64

	2011-2012 ₹	2010-2011 ₹
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Taxation	797,466,918	736,582,569
Adjustments for :		
Depreciation and Amortisation	324,625,139	335,960,456
Interest Income	(28,962,499)	(32,948,765)
Interest Expense	14,437	11,182,698
Provision no longer required written back	—	(26,315,493)
Profit on Sale of Short Term Investments (Net)	(9,548,362)	(13,442,632)
Profit on Sale of Long Term Investments	—	(126,848,239)
Dividend on Investments	(76,638,018)	(732,781)
Loss / (Profit) on sale of Tangible Assets	623,264	(102,266)
Fixed Assets written off	2,229,817	245,309
Provision for Doubtful Debts (Net)	(130,781,678)	101,276,940
Bad debts written off	64,845,895	73,605,423
Provision for Retirement Benefits	7,762,039	4,570,426
Operating Profit Before Working Capital Changes	951,636,952	1,063,033,645
Adjustments for changes in working capital :		
Decrease / (Increase) in Trade Receivables	181,538,654	(530,865,221)
Decrease / (Increase) in Long term loans and advances	(11,750,953)	13,243,602
Decrease / (Increase) in Other non current assets	4,813,691	1,144,554
Decrease in Short term loans and advances	63,734,478	1,171,913
Increase in Trade payables	183,656,551	74,428,658
(Decrease) / Increase in Other current liabilities	(165,557,393)	3,452,075
(Decrease) / Increase in Short term provisions	(24,247,261)	49,881,390
Cash generated from operations	1,183,824,719	675,490,616
Taxes paid (net)	(54,689,770)	(161,385,482)
Net Cash generated from Operating Activities (A)	1,129,134,949	514,105,134
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Tangible Assets	(26,956,696)	(18,690,950)
Movement in Capital Work-in-Progress	(360,179)	(552,186)
Proceeds from Sale of Tangible Assets	2,308,325	307,752
Loan given to Subsidiary Company	—	(601,500,000)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

65

	2011-2012 ₹	2010-2011 ₹
Loan repayment by Subsidiary Company	—	796,500,000
Interest received	15,903,117	36,387,566
Dividend on Investments received	76,931,417	439,381
Purchase of Long term Investments	(5,000,000)	(5,000,000)
Proceeds from Sale of Long Term Investments	—	446,848,239
Purchase of Current Investments	(5,288,277,233)	(2,552,513,881)
Proceeds from Sale of Current Investments	4,383,509,681	1,720,203,829
Net Cash used in Investing Activities (B)	(841,941,568)	(177,570,250)
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings :		
– Payments	—	(34,310,694)
Proceeds from Short Term Borrowings :		
– Receipts	—	250,000,000
– Payments	—	(550,000,000)
Interest paid	(14,437)	(11,182,698)
Net Cash Flow used in Financing Activities (C)	(14,437)	(345,493,392)
Net Increase / (Decrease) in Cash and Cash Equivalents (A) + (B) + (C)	287,178,944	(8,958,508)
Cash and Cash Equivalents as at the beginning of the year	156,074,257	165,032,765
Cash and Cash Equivalents as at the end of the year	443,253,201	156,074,257
	287,178,944	(8,958,508)
	443,253,201	156,074,257
	443,253,201	156,074,257

NOTES ON CASH FLOW STATEMENT :

- Cash and cash equivalents at the end of the year as per Balance Sheet.
(Refer Note 14 in the Financial Statements)
- The above statement has been prepared following the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Previous Year's figures have been regrouped and rearranged wherever necessary.
- Cash flows in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

FINANCIALS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Nature of Operations

The Company was incorporated on June 24, 1999. The Company operates FM radio broadcasting stations in 32 Indian cities under the brand name 'Radio Mirchi'. The Company's principal revenue stream is advertising. Advertising revenues are generated through the sale of air time in the Company's FM radio broadcasting stations.

1. Significant Accounting Policies

i. Basis of Accounting

The financial statements comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 ("The Act") and the relevant provisions of the Act. The financial statements are prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Act.

ii. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to

such accounting estimates is recognised prospectively in the accounting period in which such revision takes place.

iii. Revenue Recognition

- Revenue from radio broadcasting is recognised on an accrual basis on the airing of client's commercials. The revenue that is recognised is net of service tax.
- Dividend income on mutual fund units is accounted for when the right to receive the payment is established by the balance sheet date.
- Interest income is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.
- Profit on sale of units of mutual funds is recognized at the time of redemption and is determined as the difference between the redemption price and the carrying value.

iv. Fixed assets and Depreciation

Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition and location for the intended use.

Borrowing cost directly attributable to fixed assets which take substantial period of time to get ready for its intended use are capitalised to the extent they relate to the period till such assets are ready to be put to use.

Cost of assets not ready for their intended use before such date, are disclosed as Capital Work-in-Progress.

a. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on tangible fixed assets is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Act. The cost of leasehold improvements are amortised over the primary period of lease of the property. Leasehold land is not amortised since the term of lease is perpetual in nature. Tangible assets individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

b. Intangible assets (other than Software)

Migration fees paid by the Company for existing licenses upon migration to Phase II of the Licensing policy and One Time Entry Fees paid by the Company for acquiring new licenses have been capitalised as an asset.

The migration fee capitalised is being amortised, with effect from April 1, 2005, equally over a period of ten years, being the period of the license. One Time Entry Fees is amortised over a period of ten years, being the period of license, from the date of operationalisation of the respective stations.

c. Software

- Software obtained initially together with hardware is capitalised along with the cost of hardware and depreciated in the same manner as the hardware. All subsequent purchases of software licenses are treated as revenue expenditure and

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

charged in the year of purchase.

- ii. Expenditure on acquired Computer Software (SAP) is recognised as "Intangible Asset" and amortised over a period of twenty five months. Expenditure on other software where the economic benefit is expected to be more than a year is amortised.

v. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rates prevailing on that day. Exchange differences are recognised in the Profit and Loss Account.

vi. Investments

Investments that are intended to be held for not more than a year from the date of investment are classified as Current investments. All other investments are termed as Long term investments.

Current investments are carried at cost or fair value, whichever is lower. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

vii. Retirement Benefits

a. Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which is expected to be encashed / utilised within twelve months after the balance sheet date is considered to be of short term nature.

b. Long Term Employee Benefits :

Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits such as Provident Fund and Employee's Pension Scheme, 1995. Under the Provident Fund Plan, the Company contributes to a Government administered Provident Fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company contributes to a State Plan namely Employee's Pension Scheme, 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plans:

The Company has a Defined Benefit Plan namely Gratuity and Leave Encashment for all its employees. The liabilities in respect of Leave Encashment which is expected to be encashed / utilised after twelve months from the balance sheet date is considered to be long

term in nature.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

- c. Termination benefits are recognised as an expense as and when incurred.

viii. Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

ix. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events,

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

x. Income Taxes

Tax expense comprises of Current and Deferred tax. Current income tax and deferred tax are measured based on the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with tax laws which give rise to future economic benefits in the form of adjustment to future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal tax in future. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in

one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xi. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

xii. Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present date value and are

determined based on best estimates of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources embodying economic benefit. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiii. License Fees

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

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 2 : SHARE CAPITAL		
Authorised Capital		
120,000,000 (Previous Year : 120,000,000) Equity shares of ₹ 10 each	1,200,000,000	1,200,000,000
Issued and Subscribed		
47,670,415 (Previous Year : 47,670,415) Equity shares of ₹ 10 each fully paid-up	476,704,150	476,704,150
	476,704,150	476,704,150
Notes:		
(a) Terms attached to equity shares		
The Company has only one class of equity shares. Each shareholder is eligible for one vote per share held. The par value per share is ₹ 10.		
(b) Shares held by Holding company and Ultimate holding company	Shares (nos)	Shares (nos)
i) Equity Shares of ₹ 10 each held by Times Infotainment Media Limited, the Holding Company.	30,526,560	30,526,560
ii) Equity Shares of ₹ 10 each held by Bennett, Coleman & Company Limited, the Ultimate Holding Company.	3,391,840	3,391,840
(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	Shares (nos)	Shares (nos)
	(in %)	(in %)
i) Times Infotainment Media Limited, the Holding Company.	30,526,560 (64.04 %)	30,526,560 (64.04 %)
ii) Bennett, Coleman & Company Limited, the Ultimate Holding Company.	3,391,840 (7.12 %)	3,391,840 (7.12 %)
iii) SBI Life Insurance Company Limited.	2,715,269 (5.70%)	2,088,503 (4.38%)
NOTE 3 : RESERVES AND SURPLUS		
Securities Premium Account	1,885,216,421	1,885,216,421
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1,475,081,244	952,991,947
Add: Profit for the year	565,095,121	522,089,297
Balance as at end of the year	2,040,176,365	1,475,081,244
	3,925,392,786	3,360,297,665

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 4 : DEFERRED TAX LIABILITIES (NET) (Refer Note 1(x))		
Deferred tax assets and liabilities are attributable to the following items:		
Assets:		
Provision for Doubtful Debts	51,543,257	96,212,881
Provision for Doubtful Advances	—	2,076,094
Provision for compensated absences	4,598,442	4,111,916
Provision for gratuity	8,615,708	6,838,502
Others	496,478	416,368
	65,253,885	109,655,761
Liability:		
Depreciation	163,159,700	198,189,779
	163,159,700	198,189,779
	(97,905,815)	(88,534,018)
Note: Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.		
NOTE 5 : LONG-TERM PROVISIONS		
Provision for employee benefits (Refer Notes (1)(vii) and 28)		
Provision for gratuity	26,022,275	18,113,909
Provision for compensated absences	12,200,317	10,975,180
	38,222,592	29,089,089
NOTE 6 : TRADE PAYABLES		
Sundry Creditors (Refer Note 26)	420,069,143	236,412,592
	420,069,143	236,412,592

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 7 : OTHER CURRENT LIABILITIES		
Advance from Customers	25,990,951	34,395,081
Other Payables		
Statutory dues	28,550,748	71,567,165
Related parties (Refer Note below)	47,515,706	161,652,552
	102,057,405	267,614,798
Note:		
Payable to Bennett, Coleman & Company Limited, the Ultimate Holding Company	—	146,494,185
NOTE 8 : SHORT TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity (Refer Notes (1) (vii) and 28)	532,535	2,473,136
Provision for compensated absences (Refer Notes (1) (vii) and 28)	1,972,721	1,403,584
Provision for Bonus	87,006,201	111,253,462
	89,511,457	115,130,182

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 9 : FIXED ASSETS (Refer Notes 1 (iv) and (xi))

(₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2011	Additions	Deletions	As at March 31, 2012	As at April 1, 2011	For the year	On Deletions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Intangible Assets										
Computer Software (SAP)	16,907,372	—	—	16,907,372	16,907,372	—	—	16,907,372	—	—
Migration Fees	815,234,695	—	—	815,234,695	489,140,820	81,523,470	—	570,664,290	244,570,405	326,093,875
One Time Entry Fees	1,346,855,672	—	—	1,346,855,672	545,893,638	134,685,566	—	680,579,204	666,276,468	800,962,034
Total	2,178,997,739	—	—	2,178,997,739	1,051,941,830	216,209,036	—	1,268,150,866	910,846,873	1,127,055,909
Previous year	2,178,997,739	—	—	2,178,997,739	835,732,794	216,209,036	—	1,051,941,830		
Tangible Assets										
Land - Leasehold	2,036,147	—	—	2,036,147	—	—	—	—	2,036,147	2,036,147
Building	7,578,551	—	—	7,578,551	2,863,631	235,746	—	3,099,377	4,479,174	4,714,920
Leasehold Improvements	274,266,915	2,591,054	5,556,395	271,301,574	151,038,833	19,453,983	5,108,295	165,384,521	105,917,053	123,228,082
Office Equipment	1,008,554,420	16,488,080	11,302,835	1,013,739,665	501,323,086	74,808,493	7,295,928	568,835,651	444,904,014	507,231,334
Computers	161,750,245	7,029,085	14,592,782	154,186,548	136,039,403	11,444,327	13,938,440	133,545,290	20,641,258	25,710,842
Furniture and Fixtures	33,288,450	848,477	549,185	33,587,742	26,811,865	1,512,619	526,572	27,797,912	5,789,830	6,476,585
Motor Vehicles	9,013,809	—	408,666	8,605,143	5,299,579	960,935	379,222	5,881,292	2,723,851	3,714,230
Total	1,496,488,537	26,956,696	32,409,863	1,491,035,370	823,376,397	108,416,103	27,248,457	904,544,043	586,491,327	673,112,140
Previous Year	1,480,530,086	18,690,950	2,732,499	1,496,488,537	705,906,681	119,751,420	2,281,704	823,376,397		
Capital work-in-progress									912,365	552,186

Note:

As per the Frequency Module (FM) broadcasting policy, effective April 1, 2005 the Company was given the option to migrate all its existing licenses from Phase I regime to Phase II regime on payment of migration fees. Migration fees for each station was equal to the average of all successful bids received for that city. The Company had exercised the option and had migrated its licenses for all the seven cities to Phase II regime by payment of migration fees aggregating ₹ 815,234,695. Migration Fees have a remaining amortisation period of three years. Further, the Company had participated in the second round of bidding and was awarded frequency at 25 locations. The payment made by the Company to acquire these frequencies (One Time Entry Fees) was ₹ 1,301,000,000. The remaining amortisation period of OTEF ranges between three and six years. Based on the opinion obtained from an independent firm of Chartered Accountants, both Migration Fees and One Time Entry Fees have been capitalised as Intangible Assets.

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos of Shares	₹	Nos of Shares	₹
NOTE 10 : INVESTMENTS				
Non-current investments (Refer Note 1(vi))				
Non-Trade, Long Term (Unquoted) at cost				
Investment in Subsidiary Company :				
Equity Shares of Alternate Brand Solutions (India) Limited of ₹ 10 each fully paid-up	1,600,000	70,250,000	1,600,000	70,250,000
Sub-total (A)		70,250,000		70,250,000
	Nos.	₹	Nos.	₹
Non-Trade, Long Term (Unquoted) at cost				
Capital Gains Bonds:				
Non-convertible redeemable taxable bonds	1,000	10,000,000	500	5,000,000
(with benefits u/s 54EC of the Income Tax Act, 1961 for Long Term Capital Gains)				
Sub-total (B)		10,000,000		5,000,000
Non-Current Investments (A) + (B)		80,250,000		75,250,000
Current Investments (at the lower of cost or market value)				
Non-Trade, Current (Quoted - Mutual Funds)				
Axis Fixed Term Plan - Series 20 (3 Months) - Growth, of ₹ 10 each	4,501,495	45,014,950	—	—
Birla Sun Life Short Term FMP Series 29 Growth, of ₹ 10 each	1,750,010	17,500,100	—	—
Birla Sun Life Short Term FMP Series 30 Growth, of ₹ 10 each	2,500,000	25,000,000	—	—
DSP BlackRock FMP - 3M Series 32 - Dividend Payout, of ₹ 10 each	—	—	10,000,000	100,000,000
DSP BlackRock FMP - Series 29 - 3M - Growth, of ₹ 10 each	5,000,000	50,000,000	—	—
DSP BlackRock FMP - Series 33 - 3M- Growth, of ₹ 10 each	8,712,925	87,129,251	—	—
HDFC FMP 92D March 2012 (1) - Growth - Series XIX, of ₹ 10 each	10,000,000	100,000,000	—	—
ICICI Prudential Interval Fund - Interval Plan 1 - Quarterly Institutional Growth, of ₹ 10 each	6,156,490	69,999,994	—	—

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos.	₹	Nos.	₹
ICICI Prudential Interval Fund – Monthly Interval Plan - I Institutional Dividend, of ₹ 10 each	—	—	9,995,202	99,999,997
ICICI Prudential Interval Fund II – Interval Plan B – Quarterly Institutional Growth, of ₹ 10 each	7,331,302	83,257,503	—	—
ICICI Prudential Interval Fund II – Quarterly Interval Plan D – Institutional Growth, of ₹ 10 each	1,312,324	14,999,995	14,995,951	149,999,999
ICICI Prudential Interval Fund IV – Quarterly Interval Plan B – Institutional Dividend, of ₹ 10 each	—	—	7,000,000	70,000,000
IDFC Fixed Maturity Quarterly Series 63 - Dividend, of ₹ 10 each	—	—	9,000,000	90,000,000
IDFC Fixed Maturity Quarterly Series 68 - Growth, of ₹ 10 each	2,000,677	20,006,773	—	—
IDFC Fixed Maturity Quarterly Series 69 - Growth, of ₹ 10 each	2,250,000	22,500,000	—	—
Kotak Quarterly Interval Plan Series 1 - Dividend, of ₹ 10 each	—	—	10,000,000	100,000,000
Kotak Quarterly Interval Plan Series 2 - Growth, of ₹ 10 each	3,544,973	49,990,030	—	—
Kotak Quarterly Interval Plan Series 4 - Growth, of ₹ 10 each	5,794,162	80,000,000	—	—
Kotak Quarterly Interval Plan Series 9 - Growth, of ₹ 10 each	4,015,838	50,000,000	—	—
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan-Growth Option, of ₹ 10 each	690,105	10,009,215	—	—
UTI - Fixed Income Interval Fund - Quarterly Interval Plan IV - Series II - Institutional Growth, of ₹ 10 each	7,954,160	89,987,003	—	—
UTI - Fixed Income Interval Fund - Quarterly Interval Plan Series III - Institutional Growth, of ₹ 10 each	4,205,804	60,000,000	—	—
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Growth, of ₹ 10 each	6,162,517	69,998,800	—	—
UTI - Fixed Maturity Plan - Quarterly Series (QFMP 02/12 - I) - Institutional Growth, of ₹ 10 each	1,000,000	10,000,000	—	—
UTI - Fixed Maturity Plan - Quarterly Series (QFMP 02/12 - II) - Institutional Growth, of ₹ 10 each	2,500,200	25,002,000	—	—
Sub-total (C)		980,395,614		609,999,996

Note:

The market price has been determined based on the NAV declared on the balance sheet date by the mutual fund houses. Aggregate market value of Quoted mutual fund units held by the Company is ₹ 991,388,438 (Previous Year : ₹ 611,766,636).

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos.	₹	Nos.	₹
Current investments (at the lower of cost or market value)				
Non-Trade, Current (Unquoted - Mutual Funds)				
Axis Short Term Fund - Institutional Growth , of Rupees 10 each	4,369,199	50,578,282	—	—
DSP BlackRock Short Term Fund - Growth, of Rupees 10 each	2,991,108	54,367,579	—	—
DWS Short Maturity Fund - Premium Plus Growth, of Rupees 10 each	4,601,883	50,811,686	—	—
DWS Ultra Short Term Fund - Institutional Growth, of Rupees 10 each	4,598,349	58,257,402	—	—
HDFC Mutual Fund – Liquid Fund Premium Plus Plan – Growth, of Rupees 10 each	—	—	7,329,977	141,681,293
ICICI Prudential Blended Plan B Institutional Growth Option - II, of Rupees 10 each	4,039,067	46,717,065	—	—
ICICI Prudential Liquid Super Institutional Plan – Growth, of Rupees 100 each	346,958	55,000,000	76,278	11,035,935
IDFC Cash Fund - Super Institutional Plan C – Growth, of Rupees 10 each	—	—	7,911,448	93,035,460
IDFC Money Manager Fund - Investment Plan - Inst Plan B - Growth, of Rupees 10 each	3,020,418	50,000,000	—	—
IDFC - SSIF - Short Term - Plan B – Growth, of Rupees 10 each	4,245,991	51,887,278	—	—
IDFC - Ultra Short Term Fund – Growth, of Rupees 10 each	9,207,835	136,514,443	—	—
Kotak Bond (Short Term) - Growth, of Rupees 10 each	1,516,137	30,454,644	—	—
Reliance Floating Rate Fund - Short Term Plan - Growth Plan, of Rupees 10 each	3,001,771	50,596,659	—	—
Templeton India Low Duration Fund - Growth, of Rupees 10 each	8,965,957	103,477,902	—	—
Templeton India Short Term Income Fund - Growth, of Rupees 1000 each	23,953	51,010,045	—	—
Sub-total (D)		789,672,985		245,752,688
Current Investments (C) + (D)		1,770,068,599		855,752,684

Note:

The market price has been determined based on the NAV declared on the balance sheet date by the mutual fund houses. Aggregate market value of Unquoted mutual fund units held by the Company is ₹ 790,562,566 (Previous Year : ₹ 249,773,403).

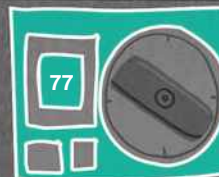
Financials

76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 11 : LONG TERM LOANS AND ADVANCES			
(Unsecured Considered good unless otherwise stated)			
Capital Advances		235,565	10,922,919
Deposits:			
Considered Good	115,036,783		92,199,481
Considered Doubtful	—		6,250,000
	115,036,783		98,449,481
Less: Provision for Doubtful Deposits	—		(6,250,000)
		115,036,783	92,199,481
Other long term loans and advances			
Employee Loans		1,076,024	1,475,019
Minimum Alternate Tax Credit Entitlement (long term)		—	79,099,579
Advance Tax and Tax deducted at Source [Net of Provision of ₹ 52,095,815 (Previous Year : ₹ 297,258,870)]		12,376,461	28,110,787
		128,724,833	211,807,785
NOTE 12 : OTHER NON CURRENT ASSETS			
Non current bank balances (margin money deposits)		71,501,840	76,315,531
Interest accrued on deposits		2,154,504	1,255,896
		73,656,344	77,571,427

Financials



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹		Figures as at March 31, 2011 ₹
NOTE 13 : TRADE RECEIVABLES			
Unsecured, considered good			
Outstanding for a period exceeding 6 months from the date they are due for payment	68,216,044		139,811,114
Others	854,186,868		898,194,669
		922,402,912	1,038,005,783
Unsecured, considered doubtful			
Outstanding for a period exceeding 6 months from the date they are due for payment	100,009,509		213,148,398
Others	58,853,973		76,496,762
		158,863,482	289,645,160
		1,081,266,394	1,327,650,943
Less: Provision for Doubtful Debts		(158,863,482)	(289,645,160)
		922,402,912	1,038,005,783
NOTE 14 : CASH AND BANK BALANCES			
Cash and cash equivalents:			
Cheques on hand		22,495,207	—
Balances with banks:			
Current Accounts		80,757,994	56,074,257
Other bank balances			
Deposits with original maturity for more than 3 months but less than 12 months		340,000,000	100,000,000
Balances with bank held as security against Guarantees issued by banks			
Margin money deposits		71,501,840	76,315,531
Less: Amount disclosed under non current assets		(71,501,840)	(76,315,531)
		443,253,201	156,074,257

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 15 : SHORT-TERM LOANS AND ADVANCES		
(Unsecured Considered good unless otherwise stated)		
Loans and advances to related parties:		
Due from Subsidiary Company (Refer Note 1 below)	—	13,387,990
Due from other related parties	1,921,280	3,527,187
Prepaid expenses	63,985,442	56,684,566
Advances recoverable in cash or in kind or for value to be received:		
Considered Good	36,994,533	58,020,193
Deposits:		
Considered Good	2,155,497	37,171,294
Advance Tax and Tax deducted at Source [Net of Provision of ₹ 341,754,261 (Previous Year : ₹ 243,163,055)]	6,626,638	53,007,230
Minimum Alternate Tax Credit Entitlement	108,402,090	135,497,823
	220,085,480	357,296,283
Company under same management, unless otherwise stated (Net)		
1. Due from Alternate Brand Solutions (India) Limited the Subsidiary Company	—	13,387,990
NOTE 16 : OTHER CURRENT ASSETS		
(Unsecured Considered good unless otherwise stated)		
Interest accrued on deposits	13,171,414	1,010,640
Dividend receivable on Investments	—	293,400
	13,171,414	1,304,040

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
NOTE 17 : REVENUE FROM OPERATIONS		
Sale of Services (Refer Notes 1(iii)(a) and 34)	2,946,820,816	2,724,795,895
Digital Revenues, Service fee, Marketing & Sales Commission	58,443,029	31,870,419
Other operating income		
– Provision no longer required written back	—	26,315,493
– Others	8,989,697	16,614,502
	8,989,697	42,929,995
	3,014,253,542	2,799,596,309
NOTE 18 : OTHER INCOME		
Interest Income (Refer Note 1 (iii)(c))		
– On Loan	—	23,823,956
– On Fixed Deposits	22,774,477	6,900,085
– On Income-Tax Refund	5,338,649	170,834
– On Others	849,373	2,053,890
Dividend Income ((Refer Note 1 (iii)(b))	76,638,018	732,781
Profit on Sale of Short term Investments (Net) (Refer Note 1 (iii)(d))	9,548,362	13,442,632
Miscellaneous Income	72,825	127,829
	115,221,704	47,252,007
NOTE 19 : PRODUCTION EXPENSES		
Royalty (Refer Note 35)	110,231,650	129,066,593
Other Production Expenses	36,100,847	31,880,818
	146,332,497	160,947,411

Financials

80

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
NOTE 20 : LICENSE FEES		
License Fees (Refer Note 1(xiii))	152,015,260	140,231,911
	152,015,260	140,231,911
NOTE 21 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	566,675,963	513,312,145
Contributions to Provident and Other Funds (Refer Notes 1(vii) and 28)	20,795,546	17,417,630
Gratuity (Refer Notes 1(vii) and 28)	8,440,901	5,288,214
Staff Welfare expenses	32,692,785	28,419,885
	628,605,195	564,437,874
NOTE 22 : OTHER EXPENSES		
Rent	161,295,708	138,278,306
Rates and Taxes	2,273,696	3,388,640
Power and Fuel	90,790,789	81,655,683
Marketing	559,069,805	342,467,696
Travelling and Conveyance	84,804,032	70,550,161
Insurance	3,446,751	2,293,262
Communication	15,341,909	13,396,444
Repairs and Maintenance on :		
– Buildings	925,474	2,804,598
– Plant and Machinery	21,107,289	20,162,526
– Others	23,918,180	19,225,855
Legal and Professional Fees	91,221,445	78,842,476
Software Expenses (Refer Note 1(iv)(c))	25,629,257	24,971,990

Financials

81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
Payments to Auditors		
As Auditors:		
Audit Fee	2,500,000	2,500,000
Other Services	570,000	70,000
Reimbursement of expenses	130,488	73,248
	3,200,488	2,643,248
Bad Debts written off	64,845,895	73,605,423
Provision for Doubtful Debts	120,828,913	145,449,770
Provision for Doubtful Debts withdrawn	(251,610,591)	(44,172,830)
	(130,781,678)	101,276,940
Doubtful deposits written off	6,250,000	—
Provision for doubtful deposits written back	(6,250,000)	—
Loss on Sale of Tangible Assets	623,264	245,309
Tangible Assets written off	2,229,817	—
Director's Sitting Fees	1,260,000	910,000
Net loss on foreign currency transaction and translation	206,153	1,203
Miscellaneous Expenses	59,007,526	47,633,876
	1,080,415,800	1,024,353,636
NOTE 23 : FINANCE COSTS		
Interest Expense		
On Short term Loan	—	11,182,698
On Others	14,437	—
	14,437	11,182,698

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Provision for income tax was made on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) in the previous year.

25. Commitments to the extent not provided for

Estimated amount of contracts remaining to be executed on capital account ₹ 1,523,654 (Previous Year : ₹ 933,966) net of advances of ₹ 234,565 (Previous Year: ₹ 10,922,919).

26. Sundry Creditors

- i. Disclosure has been made as per the definition given in the Micro, Small and Medium Enterprises Development Act, 2006. The Company received information from some of the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to the amounts as at year end together with interest payable as required under the Act have been given below:

Particulars	March 31, 2012 ₹	March 31, 2011 ₹
i) Payment due as at the year end on account of:		
– Principal	42,534	136,694
– Interest	—	—
ii) Total Interest paid on all delayed payment during the year	—	—
iii) Interest due on principal amounts paid beyond the due date during the year but without the interest amount	—	—
iv) Interest accrued but not due	—	—
v) Total Interest due but not paid	—	—

The information in 26 (i) above and that regarding micro and small enterprises given in Note 6 "Trade Payables" has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

- ii. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

27. a. Value of Imports calculated on CIF basis:

	2011-2012 ₹	2010-2011 ₹
Capital goods	2,667,805	4,238,115
Total	2,667,805	4,238,115

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b. Expenditure in Foreign Currency

	2011-2012 ₹	2010-2011 ₹
Travel	1,297,868	466,962
Professional Fees	1,496,652	2,581,175
Others	2,660,260	167,908
Total	5,454,780	3,216,045

c. Income in Foreign Currency

	2011-2012 ₹	2010-2011 ₹
Consultancy services	13,164,105	Nil
Total	13,164,105	Nil

28. The Company has classified the various employee benefits provided to employees as under:-

I) Defined Contribution Plans

- a) Provident Fund
- b) State Defined Contribution Plans - Employers' Contribution to Employee's Pension Scheme, 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

	2011-2012 ₹	2010-2011 ₹
- Employers' Contribution to Provident Fund*	15,470,242	12,555,624
- Employers' Contribution to Employee's Pension Scheme 1995*	4,590,037	4,222,396
- Employers' Contribution to Employee State Insurance Scheme*	735,267	639,610
* Included in Contributions to Provident and Other Funds (Refer Note 21)		

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

II) Defined Benefit Plans

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid Defined Benefit Plan of gratuity based on the following assumptions:-

	As at March 31, 2012	As at March 31, 2011
Discount Rate (per annum)	8.50%	8.50%
Rate of increase in Compensation levels	6.50%	6.50%
Attrition rate	1.00%	1.00%

A) Changes in the Present Value of Obligation

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of Obligation at the beginning of the year	20,587,045	16,630,670
Interest Cost	1,749,898	1,330,454
Past Service Cost	—	—
Current Service Cost	4,405,730	4,189,797
Curtailment Cost / (Credit)	—	—
Settlement Cost / (Credit)	—	—
Benefits Paid	(2,473,136)	(1,331,839)
Actuarial (gain) / loss on obligations	2,746,173	(114,335)
Effect of transfer in / (transfer out)	(460,900)	(117,702)
Present value of Obligation as at the year end	26,554,810	20,587,045

Financials

85

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

B) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of funded Obligation as at the year end	—	—
Fair Value of Plan Assets as at the end of the year	—	—
Funded Status	—	—
Present Value of unfunded Obligation as at the year end	26,554,810	20,587,045
Unrecognised Actuarial (gains) / losses	—	—
Unfunded (Liability) recognised in Balance Sheet	(26,554,810)	(20,587,045)

C) Amount recognised in the Balance Sheet

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of Defined Benefit Obligation at the end of the year	26,554,810	20,587,045
Fair Value of Plan Assets as at the end of the year	—	—
Liability recognised in the Balance Sheet	26,554,810	20,587,045
Recognised under:		
Long term provisions	26,022,275	18,113,909
Short term provisions	532,535	2,473,136

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D) Expenses recognised in the Profit and Loss Account

	2011-2012 ₹	2010-2011 ₹
Current Service Cost	4,405,730	4,189,797
Past Service Cost	—	—
Interest Cost	1,749,898	1,330,454
Expected Return on Plan Assets	—	—
Curtailment Cost / (Credit)	—	—
Settlement Cost / (Credit)	—	—
Effects of transfer in / (transfer out)	(460,900)	(117,702)
Net actuarial (gain) / loss recognised in the year	2,746,173	(114,335)
Total Expenses recognised in the Profit and Loss Account	8,440,901	5,288,814

E) Experience Adjustment

	2011-2012 ₹	2010-2011 ₹
Defined Benefit Obligation	26,554,810	20,587,045
Plan Assets	—	—
Deficit / Surplus	26,554,810	20,587,045
Experience Adjustment on Plan Liabilities Loss / (Gain)	2,746,173	1,037,081

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

F) Amounts recognised in current year and previous four years

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit Obligation	26,554,810	20,587,045	16,630,670	16,845,843	14,186,242
Surplus/ (Deficit)	(26,554,810)	(20,587,045)	(16,630,670)	(16,845,843)	(14,186,242)
Experience adjustment on plan liabilities (Gain) / Loss	2,746,173	1,037,081	(4,584,050)	(1,772,887)	234,299

III) The liability for leave encashment and compensated absences as at the year end is ₹ 14,173,038 (Previous Year: ₹ 12,378,764).

29. SEGMENT INFORMATION

In accordance with Accounting Standard – 17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segment is radio broadcasting business and it has no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liabilities, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2012. The Company caters to the needs of the domestic market and hence there are no reportable geographical segments.

30. RELATED PARTY DISCLOSURES

i. Parties where control exists

Bennett, Coleman & Company Limited (BCCL) – Ultimate Holding Company
Times Infotainment Media Limited (TIML) – Holding Company

ii. Subsidiary Companies

Alternate Brand Solutions (India) Limited (ABSL) – Subsidiary Company
Times Innovative Media Limited (TIM) – Subsidiary Company up to December 29, 2010
TIM Delhi Airport Advertising Private Limited (TIMDAA) - A Subsidiary Company of TIM (ceased to be a subsidiary from December 29, 2010)

iii. Fellow Subsidiary Companies

Mirchi Movies (India) Limited (MML)
Times Internet Limited (TIL)
Times Global Broadcasting Company Limited (TGBCL)
Times Business Solutions Limited (TBSL)
Optimal Media Solutions Limited (OMSL)

Financials

88

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Times VPL Limited (TVL) [formerly Vijayanand Printers Limited (VAPL)]
Vardhaman Publishers Limited (VPL)
Artha Distribution Services Limited (ADSL)*
Times Innovative Media Limited (TIM) – from December 30, 2010
TIM Delhi Airport Advertising Private Limited (TIMDAA) - from December 30, 2010

iv. Other Related Party where common control exists

Aegon Religare Life Insurance Company (ARLIC)
Worldwide Media Private Limited (WWM)
Bennett Property Holding Company Limited (BPHCL)

v. Key Managerial Personnel**Chairman**

Mr. Vineet Jain

Executive Director & Chief Executive Officer

Mr. Prashant Panday - Executive Director from July 1, 2010

Non-Executive Directors

Mr. N. Kumar
Mr. Deepak M. Satwalekar - up to March 30, 2011
Mr. Ravindra Kulkarni
Mr. Ravindra Dhariwal
Mr. A. P. Parigi
Mr. Richard Saldanha - from November 23, 2010

* There are no transactions during the year.

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(vi) Transaction with Related Parties

(₹)

Particulars	2011-2012																2010-2011															
	Holding Companies		Subsidiary company	Fellow Subsidiary Companies										Other Related Party			Holding Companies		Subsidiary company			Fellow Subsidiary Companies										Other Related Party
	BCCL	TIML	ABSL	MML	TIM	TIMDAA	TIL	TGBCL	TBSL	OMSL	TVL (VAPL)	VPL	ADSL	WWM	BPHCL	ARLIC	BCCL	TIML	TIM	ABSL	TIMDAA	MML	TIM	TIMDAA	TIL	TGBCL	TBSL	OMSL	TVL (VAPL)	VPL	ADSL	ARLIC
Transactions with Related Parties :																																
Sales	95,948,367	—	177,054	—	—	—	7,712,137	3,129,700	3,976,740	—	1,410,698	—	—	453,000	—	25,680,064	83,068,663	—	—	3,020,721	—	—	—	—	2,171,070	2,207,372	1,876,699	—	199,688	—	—	297,400
Sale of Fixed Asset	364,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of Fixed Asset	—	—	361,194	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42,610	—	—	—	—	—	—	—	—	—	—	—	—
Receiving of services	50,936,295	—	10,312,072	—	1,452,613	—	4,542,379	2,591,094	—	24,027,934	1,556,000	143,750	—	—	8,594,316	—	38,767,709	—	2,109,976	72,452,053	—	—	464,819	—	2,797,309	13,000	—	20,572,271	—	143,750	—	—
Recovery of Expenses	226,936	—	3,485,034	253,194	7,475,608	226,471	—	384,207	—	—	—	—	—	—	—	—	8,986,346	—	7,356,080	8,878,777	60,340	713,223	1,674,841	—	—	337,403	—	—	—	—	—	9,066
Loan Taken	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	35,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	23,612,793	211,163	—	—	—	—	—	—	—	—	—	—	—	—
Interest paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,025,294	63,671	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan Given	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	585,000,000	16,500,000	—	—	—	—	—	—	—	—	—	—	—	—
Loan repaid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34,310,693	35,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan repayments received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	780,000,000	16,500,000	—	—	—	—	—	—	—	—	—	—	—	—
Sale of Investment in Subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	450,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Year end Balances with Related Parties:																																
Trade Receivables	—	—	—	—	—	—	4,907,684	2,445,376	488,438	—	—	—	—	489,667	—	28,325,111	130,572,015	—	—	3,265,221	—	—	—	—	341,707	3,420,688	317,713	—	—	—	8,922,580	—
Non-trade Receivables (net)	—	—	—	109,641	—	31,084	—	1,780,555	—	—	—	—	—	—	—	—	—	—	13,387,990	—	751,831	759,685	—	—	2,015,669	—	—	—	—	—	—	—
Deposit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10,000,000	—	10,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Payables (net)	—	—	—	—	—	—	933,573	—	—	13,433,992	—	—	—	—	33,148,140	—	146,494,185	—	—	—	—	—	—	—	—	—	—	15,158,368	—	—	—	—

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vii. Details relating to Persons referred to in 30 (v) above :

Name of the Person	2011-2012 ₹	2010-2011 ₹
Director's Sitting Fees	1,260,000	910,000
Mr. Prashant Panday	20,653,895	18,246,662
Total	21,913,895	19,156,662

31. Disclosures for Operating Leases

Disclosures in respect of cancellable agreements for cars, transmission towers, office and residential premises taken on lease:

- Lease payments recognised in the Profit and Loss Account ₹ 153,516,356 (Previous Year : ₹ 136,769,643).
- All the agreements provide for early termination by the Company by giving prior notice in writing.

32. Earnings Per Share (Basic and Diluted)

The number of shares used in computing Basic Earnings per share (EPS) is the weighted average number of shares outstanding during the year.

	2011-2012	2010-2011
Profit for the year (₹) (A)	565,095,121	522,089,297
Weighted average number of Equity shares (B)	47,670,415	47,670,415
Earnings per share – basic and diluted (₹) (A/B)	11.85	10.95
Nominal value of an equity share (₹)	10.00	10.00

33. On December 29, 2010, the Company sold its entire stake in Times Innovative Media Limited (TIM) to Bennett, Coleman & Company Limited (BCCL). The profit from this sale amounting to ₹ 126,848,239 has been reflected as exceptional items in the financial statements in the previous year.

34. The Company has a Media Collaboration Arrangement with Bennett, Coleman & Company Limited (BCCL), the ultimate holding company. This arrangement seeks to expand the advertisement market and inter-alia helps the Company gain access to certain clients who may not otherwise advertise in FM radio. The revenues generated from this arrangement were ₹ 149,249,927 (Previous Year: ₹ 167,865,293).

Hitherto, in view of the uncertainties subsequent to the sale as to the timing and the quantum of the ultimate collection, the Company had based on the Accounting Standards created a provision for doubtful debts in respect of the sales made pursuant to this arrangement and remaining uncollected. The provision amounted to ₹ 111,829,272 in the previous year.

During the current year, the Company revised the terms of settlement for the deals under the Media Collaboration Arrangement. The Company also finalised the terms of settlement for all outstanding deals done up to March 31, 2011. The revised terms and the settlement of the prior deals resulted in an aggregate net write back of ₹ 115,247,775.

35. The Honourable Copyright Board ("CRB") vide its final order dated August 25, 2010 ruled that radio broadcasters will be liable to set apart 2% of the net advertising earnings of each of their FM radio stations for royalty payment to all the music providers in proportion to usage. Following a writ petition by the Super Cassettes Industries Limited ("SCIL"), the Honourable Delhi High Court granted stay on implementation of the aforesaid CRB order against SCIL. Accordingly, w.e.f. August 25, 2010 the Company has accounted the music royalty for sound recordings provided by all music providers other than the SCIL on a revenue share basis. In the interim, the music royalty for sound recording provided by SCIL is accounted based on the needle hour rate indicated in the CRB order dated November 19, 2002.

Financials

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. As required by the Clause 32 of the listing agreement, the following disclosure is made:

	Balance as on March 31, 2012	Maximum amount outstanding during the year ended March 31, 2012	Balance as on March 31, 2011	Maximum amount outstanding during the year ended March 31, 2011
i. Loans and advances in the nature of loans to subsidiary.	—	—	—	16,500,000
ii. Loans and advances in the nature of loans to associates.	—	—	—	—
iii. Loans and advances in the nature of loans where there is no repayment schedule, or interest below rate specified as per Section 372A of the Companies Act, 1956.	—	—	—	—
iv. Loans and advances in the nature of loans to firms / companies in which directors are interested.	—	—	—	—
v. Investments by the Loanee in the shares of the Company as on 31 st March, 2012.	—	—	—	—

37. The financial statements for the year ended March 31, 2011 was prepared as per the then applicable pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes "1" to "37" forming part of the financial statements.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul Shah

VP - Compliance &
Company Secretary

Financials

92

Statement pursuant to Section 212 of the Companies Act, 1956

(Amount in ₹)

Subsidiary	Alternate Brand Solutions (India) Limited (ABSL)
	Financial Year Ended March 31, 2012
Holding Company's interest	100%
Number of Shares held by the Holding Company	1,600,000
Net aggregate profits / (losses) of the subsidiary for the current year so far as it concerns the members of the holding company	
a. dealt with or provided for in the accounts of the holding company (₹)	Nil
b. not dealt with or provided for in the accounts of the holding company (₹)	(5,931,282)
Net aggregate profits / (losses) for previous financial years of the subsidiary so far as it concerns the members of the holding company	
a. dealt with or provided for in the accounts of the holding company (₹)	Nil
b. not dealt with or provided for in the accounts of the holding company (₹)	(855,206)

(Amount in ₹)

Subsidiary	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend
Alternate Brand Solutions (India) Limited (ABSL)	16,000,000	47,317,522	141,004,150	141,004,150	55,000,000	112,091,585	(5,931,282)	Nil	(5,931,282)	Nil

For and on behalf of the Board of Directors

Vineet Jain
Chairman
N. Kumar
Director
Ravindra Kulkarni
Director

Ravindra Dhariwal
Director
A. P. Parigi
Director

Richard Saldanha
Director
Prashant Panday
Executive Director & CEO

N. Subramanian
Group CFO
Mehul Shah
VP - Compliance &
Company Secretary

Mumbai
Dated : May 25, 2012

AUDITORS' REPORT**Auditors' Report on the Consolidated Financial Statements of Entertainment Network (India) Limited****The Board of Directors of Entertainment Network (India) Limited**

1. We have audited the attached consolidated Balance Sheet of Entertainment Network (India) Limited (the "Company") and its subsidiary, hereinafter referred to as the "Group" (refer Note 1 (i) to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of

material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse & Co.

Firm Registration Number: 007567S

Chartered Accountants

Partha Ghosh

Partner

Mumbai

May 25, 2012

Membership Number F-55913

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2012

94

	Notes	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	476,704,150	476,704,150
Reserves and surplus	3	3,907,708,381	3,346,673,972
Non - current liabilities			
Deferred tax liabilities (Net)	4	97,905,815	88,534,018
Long-term provisions	5	38,641,990	30,197,569
Current liabilities			
Trade payables	6	431,477,458	287,089,471
Other current liabilities	7	167,699,913	361,046,124
Short-term provisions	8	89,727,864	115,916,954
TOTAL		5,209,865,571	4,706,162,258
ASSETS			
Non - current assets			
Fixed assets	9		
Intangible assets		910,846,873	1,127,055,909
Tangible assets		588,032,864	675,916,465
Capital work-in-progress		912,365	552,186
Non-current investments	10	10,000,000	5,000,000
Long-term loans and advances	11	135,866,936	216,179,035
Other non-current assets	12	73,656,344	77,571,427
Current assets			
Current investments	10	1,825,068,599	868,404,081
Trade receivables	13	930,374,010	1,131,635,975
Cash and bank balances	14	447,572,171	156,535,792
Short-term loans and advances	15	274,363,995	446,007,348
Other current assets	16	13,171,414	1,304,040
TOTAL		5,209,865,571	4,706,162,258
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-34		

This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

95

	Notes	2011-2012 ₹	2010-2011 ₹
Revenue from operations	17	3,110,454,244	4,635,464,862
Other income	18	120,670,302	28,763,108
Total Revenue		3,231,124,546	4,664,227,970
Expenses:			
Production expenses	19	229,569,676	516,504,907
License fees	20	152,015,260	1,076,208,404
Employee benefits expense	21	649,110,784	748,672,762
Depreciation and amortisation expense	9	325,392,191	422,557,804
Other expenses	22	1,081,615,991	1,277,934,624
Finance costs	23	14,437	35,437,106
Total expenses		2,437,718,339	4,077,315,607
Profit before Taxation and Exceptional Item		793,406,207	586,912,363
Loss on Sale of Long Term Investment (Refer Note 30)		—	(177,647,596)
Profit before Taxation		793,406,207	409,264,767
Tax expense: (Refer Note (1)(xi))			
Current tax		223,000,000	186,174,185
Deferred tax		9,371,797	158,840,605
Minimum alternate tax credit entitlement		—	(112,997,402)
Profit after Taxation and before Minority Interest		561,034,410	177,247,379
Minority Interest		—	5,502,733
Profit for the year		561,034,410	171,744,646
Earnings per equity share [nominal value per share: ₹ 10 (2010-11: ₹ 10) (Refer Note (1) (x))	29		
— Basic		11.77	3.60
— Diluted		11.77	3.60
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-34		

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

96

	2011-2012 ₹	2010-2011 ₹
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Taxation	793,406,207	409,264,767
Adjustments for :		
Depreciation and Amortisation	325,392,191	422,557,804
Tangible Assets written off	2,229,817	20,530,310
Loss on Sale of Long Term Investment	—	177,647,596
Interest Income	(31,547,963)	(12,981,294)
Interest Expense	14,437	35,437,106
Provision no longer required written back	(3,495,410)	(44,316,555)
Dividend on Investments received	(76,638,018)	(732,781)
Loss / (Profit) on sale of Tangible Assets	657,364	(546,619)
Profit on Sale of Short Term Investments (Net)	(12,411,496)	(14,098,387)
Provision for Doubtful Advances	—	40,167,029
Provision for Doubtful Deposits	446,513	426,497
Provision for Doubtful Debts (Net)	(129,595,655)	160,462,162
Bad Debts written off / (realised) (Net)	54,451,895	104,813,532
Provision for Retirement Benefits	6,470,936	5,670,139
Operating Profit Before Working Capital Changes	929,380,818	1,304,301,306
Adjustments for changes in working capital :		
Decrease/(Increase) in Trade Receivables	276,405,725	(560,399,172)
Increase in Long term loans and advances	(11,750,953)	(645,227,336)
Decrease in Other non current assets	4,813,691	1,144,554
Decrease/(Increase) in Short term loans and advances	81,293,084	(66,954,585)
Increase in Trade payables	147,883,397	154,682,364
(Decrease)/ Increase in Other current liabilities	(193,346,211)	92,415,645
(Decrease)/ Increase in Short term provisions	(24,215,605)	49,833,989
Cash generated from operations	1,210,463,946	329,796,765
Taxes paid (net)	(41,033,192)	(173,359,305)
Net Cash generated from Operating Activities (A)	1,169,430,754	156,437,460
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Tangible Assets	(26,958,996)	(285,219,573)
Movement in Capital Work-in-Progress	(360,179)	(552,186)
Proceeds from Sale of Tangible Assets	2,772,261	879,875

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

97

	2011-2012 ₹	2010-2011 ₹
Dividend on Investments received	76,931,417	439,381
Purchase of Current Investments	(5,509,635,499)	(2,989,020,360)
Purchase of Long term Investments	(5,000,000)	(5,000,000)
Proceeds from Sale of Current Investments	4,565,382,477	2,151,214,665
Proceeds from Sale of Long Term Investments	—	446,848,239
Interest received	18,488,581	16,569,729
Net Cash used in Investing Activities (B)	(878,379,938)	(663,840,230)
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings :		
— Payments	—	(34,310,693)
Proceeds from Short Term Borrowings :		
— Receipts	—	1,580,296,856
— Payments	—	(1,120,000,000)
Interest paid	(14,437)	(35,490,764)
Share Application money received from minority shareholders	—	127,120,250
Net Cash Flow (used in)/generated from Financing Activities (C)	(14,437)	517,615,649
Net Increase in Cash and Cash Equivalents (A+B+C)	291,036,379	10,212,879
Cash and Cash Equivalents as at the beginning of the year	156,535,792	203,729,434
Cash and Cash Equivalents transferred pursuant to Sale of Subsidiary	—	(57,406,521)
Cash and Cash Equivalents as at the end of the year	447,572,171	156,535,792
	291,036,379	10,212,879
	447,572,171	156,535,792
	447,572,171	156,535,792

NOTES ON CASH FLOW STATEMENT :

- Cash and cash equivalents at the end of the year as per Balance Sheet.
(Refer Note 14 on statement of financial statements)
- The above statement has been prepared following the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Previous Year's figures have been regrouped and rearranged wherever necessary.
- Cash flows in brackets indicate cash outgo.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Price Waterhouse & Co.

For and on behalf of the Board of Directors

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

Vineet Jain

Chairman

N. Kumar

Director

Ravindra Kulkarni

Director

Ravindra Dhariwal

Director

A. P. Parigi

Director

Richard Saldanha

Director

Prashant Panday

Executive Director & CEO

N. Subramanian

Group CFO

Mehul ShahVP - Compliance &
Company Secretary

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

i. Basis of Accounting

The Consolidated Financial Statements of Entertainment Network (India) Limited ("the Company") and its subsidiary company, Alternate Brand Solutions (India) Limited, (collectively referred to as 'the Group') are prepared under the historical cost convention to comply in all material aspects with all the applicable accounting principles in India and the Accounting Standard 21 on Consolidation of Financial Statements, issued by the Institute of Chartered Accountants of India, to the extent possible in the same format as that adopted by the Company for its separate financial statements.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Act.

ii. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Any revision to such accounting estimates is recognised prospectively in the accounting period in which such revision takes place.

iii. Principles of Consolidation

1. The consolidated financial statements have been prepared on the following basis:
 - The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, revenues and expenses.
 - Intra-group balances and intra-group transactions and resulting profits are eliminated in full.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
2. The subsidiaries considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power
Alternate Brand Solutions (India) Limited (ABSL) as on 31st March 2012	India	100.00%
Times Innovative Media Limited (TIM)*	India	83.44%
TIM Delhi Airport Advertising Private Limited (TIMDAA)*	India	50.10%

*Results consolidated till sale on December 29, 2010 (Refer Note 30).

iv. Revenue Recognition

- a. Revenue from radio broadcasting is recognised on an accrual basis on the airing of client's commercials. The revenue that is recognised is net of service tax.
- b. Revenue from short period events is recognised according to the completed performance method. Revenue from services provided over a longer term is recognised when the result of the transactions can be determined with reliability and on the percentage completed basis. Down payments invoiced before these dates are recorded under prepaid income / customer advances.
- c. Revenue from Outdoor advertising business is recognised on the display of advertisements net of service tax.
- d. Dividend income on mutual fund units is accounted for when the right to receive the payment is established by the balance sheet date.
- e. Interest income is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.
- f. Profit on sale of units of mutual funds is recognized at the time of redemption and is determined as the difference between the redemption price and the carrying value.

v. Fixed assets and Depreciation

Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the asset

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

to its working condition and location for the intended use.

Borrowing cost directly attributable to fixed assets which take substantial period of time to get ready for its intended use are capitalised to the extent they relate to the period till such assets are ready to be put to use.

Cost of assets not ready for their intended use before such date are disclosed as Capital Work-in-Progress.

a. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on tangible fixed assets is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Act. The cost of leasehold improvements is amortised over the primary period of lease of the property. Leasehold land is not amortised since the term of lease is perpetual in nature. Tangible assets individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

Plant and machinery in the outdoor business is depreciated over the useful life of the asset, being the period of the respective underlying contract, on an uniform basis.

b. Intangible assets (other than Software)

Migration fees paid by the Company for existing licenses upon migration to Phase II of the Licensing policy and One Time Entry Fees paid by the Company for acquiring new licenses have been capitalised as an asset.

The migration fee capitalised is being amortised, with effect from April 1, 2005, equally over a period of ten years, being the period of the license. One Time Entry Fee will be amortised over a period of ten years, being the period of license, from the date of operationalisation of the respective stations.

c. Software

- i. Software obtained initially together with hardware is capitalised along with the cost of hardware and depreciated in the same manner as the hardware. All subsequent purchases of software licenses are treated as revenue expenditure and charged in the year of purchase.
- ii. Expenditure on acquired Computer Software (SAP) is recognised as "Intangible Asset" and amortised over a period of twenty five months. Expenditure on other software where the economic benefit is expected to be more than a year is amortised.

vi. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rates prevailing on that day. Exchange differences are recognised in the Profit and Loss Account.

vii. Investments

Investments that are intended to be held for not more than a year from the date of investments are classified as Current investments. All other investments are termed as Long term investments.

Current investments are carried at cost or fair value, whichever is lower. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

viii. Retirement Benefits

a. Short Term Employee Benefits :

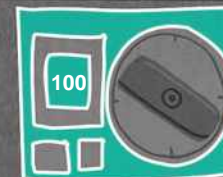
The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which is expected to be encashed / utilised within twelve months after the balance sheet date is considered to be of short term nature.

b. Long Term Employee Benefits :

Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits such as Provident Fund and Employee's Pension Scheme, 1995. Under the Provident Fund Plan, the Company contributes to a Government administered Provident Fund on behalf of its employees and has no further obligation beyond making its contribution.

Financials



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company contributes to a State Plan namely Employee's Pension Scheme, 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plans:

The Company has a Defined Benefit Plan namely Gratuity and Leave Encashment for all its employees. The liabilities in respect of Leave Encashment which is expected to be encashed / utilised after twelve months from the balance sheet date is considered to be long term in nature.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

- c. Termination benefits are recognised as an expense as and when incurred.

ix. Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and

Loss on a straight-line basis over the period of the lease.

x. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

xi. Income Taxes

Tax expense comprises of Current and Deferred tax. Current income tax is measured based on the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with tax laws which give rise to future economic benefits in the form of adjustment to future income tax liability is considered as

an asset if there is convincing evidence that the Company will pay normal tax in future. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xii. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Financials

101

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**xiii. Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present date value and are determined based on best estimates of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources embodying economic benefit. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv. License Fees

As per the Frequency Module (FM) broadcasting policy, effective April 1, 2005 license fees are charged to revenue

at the rate of 4% of gross revenue for the period or 10% of Reserve One Time Entry Fee (ROTEF) for the concerned city, whichever is higher. Gross Revenue for this purpose shall mean revenue on the basis of billing rates inclusive of any taxes and without deduction of any discount given to the advertiser and any commission paid to advertising agencies. Barter advertising contracts shall also be included in the gross revenue on the basis of relevant billing rates. ROTEF means 25% of highest valid bid in the city.

Financials

102

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 2 : SHARE CAPITAL		
Authorised Capital		
120,000,000 (Previous Year : 120,000,000) Equity shares of ₹ 10 each	1,200,000,000	1,200,000,000
Issued and Subscribed		
47,670,415 (Previous Year : 47,670,415) Equity shares of ₹ 10 each fully paid-up	476,704,150	476,704,150
	476,704,150	476,704,150
Notes:		
(a) Terms attached to equity shares		
The Company has only one class of equity shares. Each shareholder is eligible for one vote per share held. The par value per share is ₹ 10.		
(b) Shares held by Holding company and subsidiary of Holding company	Shares (nos)	Shares (nos)
i) Equity Shares of ₹ 10 each held by Times Infotainment Media Limited, the Holding Company.	30,526,560	30,526,560
ii) Equity Shares of ₹ 10 each held by Bennett, Coleman & Company Limited, the Ultimate Holding Company.	3,391,840	3,391,840
(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	Shares (nos)	Shares (nos)
	(in %)	(in %)
i) Times Infotainment Media Limited, the Holding Company.	30,526,560 (64.04%)	30,526,560 (64.04%)
ii) Bennett, Coleman & Company Limited, the Ultimate Holding Company.	3,391,840 (7.12%)	3,391,840 (7.12%)
iii) SBI Life Insurance Company Limited.	2,715,269 (5.70%)	2,088,503 (4.38%)
NOTE 3 : RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	—	2,086,092
Less:		
Capital Reserve of subsidiary transferred pursuant to sale (Refer Note 30)	—	(2,086,092)
	—	—

Financials

103

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
Securities Premium Account		
As per last balance sheet	1,885,070,431	3,488,149,831
Less:		
Securities Premium of subsidiary transferred pursuant to sale (Refer Note 30)	—	(1,603,079,400)
	1,885,070,431	1,885,070,431
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1,461,603,541	(315,306,597)
Add: Profit for the year	561,034,409	171,744,646
Transferred pursuant to sale of subsidiary	—	1,605,165,492
Balance as at end of the year	2,022,637,950	1,461,603,541
	3,907,708,381	3,346,673,972
NOTE 4 : DEFERRED TAX LIABILITIES (NET) (Refer Note 1(xi))		
Deferred tax assets and liabilities are attributable to the following items:		
Assets:		
Provision for Doubtful Debts	51,543,257	96,212,881
Provision for Doubtful Advances	—	2,076,094
Provision for compensated absences	4,598,442	4,111,916
Provision for gratuity	8,615,708	6,838,502
Others	496,478	416,368
	65,253,885	109,655,761
Liability:		
Depreciation	163,159,700	198,189,779
	163,159,700	198,189,779
	(97,905,815)	(88,534,018)
Note: Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.		

Financials

104

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 5 : LONG-TERM PROVISIONS		
Provision for employee benefits (Refer Notes (1)(viii) and 25)		
Provision for gratuity	26,127,465	18,745,633
Provision for compensated absences	12,514,525	11,451,936
	38,641,990	30,197,569
NOTE 6 : TRADE PAYABLES		
Sundry Creditors	431,477,458	287,089,471
	431,477,458	287,089,471
NOTE 7 : OTHER CURRENT LIABILITIES		
Advance from Customers	26,861,646	46,435,819
Other Payables		
Statutory dues	28,985,709	71,627,494
Related parties (Refer Note below)	111,801,633	242,982,811
Employee benefits payable	50,925	—
	167,699,913	361,046,124
Note:		
Payable to Bennett, Coleman & Company Limited, the Ultimate Holding Company	—	146,494,185
NOTE 8 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity (Refer Notes (1) (viii) and 25)	532,914	2,842,120
Provision for compensated absences (Refer Notes (1) (viii) and 25)	2,046,725	1,711,004
Provision for bonus	87,148,225	111,363,830
	89,727,864	115,916,954

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 : FIXED ASSETS (Refer Notes 1(v) and (xii))

(₹)

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2011	Additions	Deletions	Transfer on sale of Subsidiary*	As at March 31, 2012	As at April 1, 2011	For the year	On Deletions	Transfer on sale of Subsidiary*	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Intangible Assets												
Computer Software (SAP)	16,907,372	—	—	—	16,907,372	16,907,372	—	—	—	16,907,372	—	—
Migration Fees	815,234,695	—	—	—	815,234,695	489,140,820	81,523,470	—	—	570,664,290	244,570,405	326,093,875
One Time Entry Fees	1,346,855,672	—	—	—	1,346,855,672	545,893,638	134,685,566	—	—	680,579,204	666,276,468	800,962,034
Total	2,178,997,739	—	—	—	2,178,997,739	1,051,941,830	216,209,036	—	—	1,268,150,866	910,846,873	1,127,055,909
Previous Year	2,178,997,739	—	—	—	2,178,997,739	835,732,794	216,209,036	—	—	1,051,941,830	—	—
Tangible Assets												
Land - Leasehold	2,036,147	—	—	—	2,036,147	—	—	—	—	—	2,036,147	2,036,147
Building	7,578,551	—	—	—	7,578,551	2,863,631	235,746	—	—	3,099,377	4,479,174	4,714,920
Leasehold Improvements	274,266,915	2,591,054	5,556,395	—	271,301,574	151,038,833	19,453,983	5,108,295	—	165,384,521	105,917,053	123,228,082
Office Equipment	1,010,338,816	16,488,080	11,957,981	—	1,014,868,915	502,018,862	74,955,159	7,599,031	—	569,374,990	445,493,925	508,319,954
Computers	167,065,829	7,031,385	15,649,607	—	158,447,607	139,897,762	12,017,961	14,849,272	—	137,066,451	21,381,156	27,168,067
Furniture and Fixtures	33,915,285	848,477	549,185	—	34,214,577	27,180,220	1,559,371	526,572	—	28,213,019	6,001,558	6,735,065
Motor Vehicles	9,013,809	—	408,666	—	8,605,143	5,299,579	960,935	379,222	—	5,881,292	2,723,851	3,714,230
Total	1,504,215,352	26,958,996	34,121,834	—	1,497,052,514	828,298,887	109,183,155	28,462,392	—	909,019,650	588,032,864	675,916,465
Previous Year	2,321,561,360	285,219,573	197,091,904	905,473,677	1,504,215,352	986,398,949	206,348,768	176,228,338	188,220,492	828,298,887		
Capital work-in-progress											912,365	552,186

(*Refer Note 30)

Note:

As per the Frequency Module (FM) broadcasting policy, effective April 1, 2005 the Company was given the option to migrate all its existing licenses from Phase I regime to Phase II regime on payment of migration fees. Migration fees for each station was equal to the average of all successful bids received for that city. The Company had exercised the option and had migrated its licenses for all the seven cities to Phase II regime by payment of migration fees aggregating ₹ 815,234,695. Migration Fees has remaining amortisation period of three years. Further, the Company had participated in second round of bidding and was awarded frequency at 25 locations. The payment made by the Company to acquire these frequencies (One Time Entry Fees) was ₹ 1,301,000,000. The remaining amortisation period of OTEF ranges between three and six years. Based on the opinion obtained from an independent firm of Chartered Accountants, both Migration Fees and One Time Entry Fees have been capitalised as Intangible Assets.

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos.	₹	Nos.	₹
NOTE 10 : INVESTMENTS				
Non-current investments (Refer Note 1 (vii))				
Non-Trade, Long Term (Unquoted) at cost				
Capital Gains Bonds:				
Non-convertible redeemable taxable bonds (with benefits u/s 54EC of the Income Tax Act, 1961 for Long Term Capital Gains)	1,000	10,000,000	500	5,000,000
Non-Current Investments		10,000,000		5,000,000
Current Investments (at the lower of cost or market value)				
Non-Trade, Current (Quoted - Mutual Funds)				
Axis Fixed Term Plan - Series 20 (3 Months) - Growth, of ₹ 10 each	4,501,495	45,014,950	—	—
Birla Sun Life Short Term FMP Series 29 Growth, of ₹ 10 each	1,750,010	17,500,100	—	—
Birla Sun Life Short Term FMP Series 30 Growth, of ₹ 10 each	2,500,000	25,000,000	—	—
DSP BlackRock FMP - 3M Series 32 - Dividend Payout, of ₹ 10 each	—	—	10,000,000	100,000,000
DSP BlackRock FMP - Series 29 - 3M - Growth, of ₹ 10 each	5,000,000	50,000,000	—	—
DSP BlackRock FMP - Series 33 - 3M - Growth, of ₹ 10 each	8,712,925	87,129,251	—	—
HDFC FMP 92D March 2012 (1) - Growth - Series XIX, of ₹ 10 each	10,000,000	100,000,000	—	—
ICICI Prudential Interval Fund – Interval Plan 1 – Quarterly Institutional Growth, of ₹ 10 each	6,156,490	69,999,994	—	—
ICICI Prudential Interval Fund – Monthly Interval Plan - I Institutional Dividend, of ₹ 10 each	—	—	9,995,202	99,999,997
ICICI Prudential Interval Fund II – Interval Plan B – Quarterly Institutional Growth, of ₹ 10 each	7,331,302	83,257,503	—	—
ICICI Prudential Interval Fund II – Quarterly Interval Plan D – Institutional Growth, of ₹ 10 each	1,312,324	14,999,995	14,995,951	149,999,999
ICICI Prudential Interval Fund IV – Quarterly Interval Plan B – Institutional Dividend, of ₹ 10 each	—	—	7,000,000	70,000,000
IDFC Fixed Maturity Quarterly Series 63 - Dividend, of ₹ 10 each	—	—	9,000,000	90,000,000
IDFC Fixed Maturity Quarterly Series 68 - Growth, of ₹ 10 each	2,000,677	20,006,773	—	—
IDFC Fixed Maturity Quarterly Series 69 - Growth, of ₹ 10 each	2,250,000	22,500,000	—	—
Kotak Quarterly Interval Plan Series 1 - Dividend, of ₹ 10 each	—	—	10,000,000	100,000,000
Kotak Quarterly Interval Plan Series 2 - Growth, of ₹ 10 each	3,544,973	49,990,030	—	—
Kotak Quarterly Interval Plan Series 4 - Growth, of ₹ 10 each	5,794,162	80,000,000	—	—

Financials

107

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos.	₹	Nos.	₹
Kotak Quarterly Interval Plan Series 9 - Growth, of ₹ 10 each	4,015,838	50,000,000	—	—
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan-Growth Option, of ₹ 10 each	690,105	10,009,215	—	—
UTI - Fixed Income Interval Fund - Quarterly Interval Plan IV - Series II - Institutional Growth, of ₹ 10 each	7,954,160	89,987,003	—	—
UTI - Fixed Income Interval Fund - Quarterly Interval Plan Series III - Institutional Growth, of ₹ 10 each	4,205,804	60,000,000	—	—
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Growth, of ₹ 10 each	6,162,517	69,998,800	—	—
UTI - Fixed Maturity Plan - Quarterly Series (QFMP 02/12 - I) - Institutional Growth, of ₹ 10 each	1,000,000	10,000,000	—	—
UTI - Fixed Maturity Plan - Quarterly Series (QFMP 02/12 - II) - Institutional Growth, of ₹ 10 each	2,500,200	25,002,000	—	—
Sub-total (A)		980,395,614		609,999,996

Note: The market price has been determined based on the NAV declared on the balance sheet date by the Mutual fund houses. Aggregate market value of Quoted mutual fund units held by the Company is ₹ 991,388,438 (Previous Year : ₹ 611,766,636)

Financials

108

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Figures as at March 31, 2012		Figures as at March 31, 2011	
	Nos.	₹	Nos.	₹
Current investments (at the lower of cost or market value)				
Non-Trade, Current (Unquoted - Mutual Funds)				
Axis Short Term Fund - Institutional Growth, of ₹ 10 each	4,369,199	50,578,282	—	—
DSP BlackRock Short Term Fund - Growth, of ₹ 10 each	2,991,108	54,367,579	—	—
DWS Short Maturity Fund - Premium Plus Growth, of ₹ 10 each	4,601,883	50,811,686	—	—
DWS Ultra Short Term Fund - Institutional Growth, of ₹ 10 each	4,598,349	58,257,402	—	—
HDFC Mutual Fund – Liquid Fund Premium Plus Plan – Growth, of ₹ 10 each	—	—	7,329,977	141,681,293
ICICI Prudential Blended Plan B Institutional Growth Option - II, of ₹ 10 each	4,039,067	46,717,065	—	—
ICICI Prudential Liquid Super Institutional Plan – Growth, of ₹ 100 each	346,958	55,000,000	76,278	11,035,935
IDFC Cash Fund - Super Institutional Plan C – Growth, of ₹ 10 each	—	—	7,911,448	93,035,460
IDFC Money Manager Fund - Investment Plan - Inst Plan B - Growth, of ₹ 10 each	3,020,418	50,000,000	—	—
IDFC - SSIF - Short Term - Plan B – Growth, of ₹ 10 each	4,245,991	51,887,278	—	—
IDFC - Ultra Short Term Fund – Growth, of ₹ 10 each	9,207,835	136,514,443	—	—
Kotak Bond (Short Term) - Growth, of ₹ 10 each	1,516,137	30,454,644	—	—
Reliance Floating Rate Fund - Short Term Plan - Growth Plan, of ₹ 10 each	3,001,771	50,596,659	—	—
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option – Growth Plan, of ₹ 10 each	2,107,441	55,000,000	—	—
Reliance Mutual Fund – Cash Plan – Growth Plan, of ₹ 10 each	—	—	799,308	12,651,397
Templeton India Low Duration Fund - Growth, of ₹ 10 each	8,965,957	103,477,902	—	—
Templeton India Short Term Income Fund - Growth, of ₹ 1000 each	23,953	51,010,045	—	—
Sub-total (B)		844,672,985		258,404,085
Current Investments (A) + (B)		1,825,068,599		868,404,081

Note: The market price has been determined based on the closing NAV declared on the balance sheet date by the Mutual fund houses. Aggregate market value of Unquoted mutual fund units held by the Company is ₹ 845,611,037 (Previous Year : ₹ 262,478,247)

Financials

109

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Figures as at March 31, 2012 ₹	Figures as at March 31, 2011 ₹
NOTE 11 : LONG-TERM LOANS AND ADVANCES			
(Unsecured Considered good unless otherwise stated)			
Capital Advances		235,565	10,922,919
Deposits:			
Considered Good		115,094,383	92,703,594
Considered Doubtful		873,010	6,676,497
		115,967,393	99,380,091
Less: Provision for Doubtful Deposits		(873,010)	(6,676,497)
		115,094,383	92,703,594
Other long term loans and advances			
Employee loans		1,076,024	1,475,019
Minimum Alternate Tax Credit Entitlement (long term)		2,400,000	81,499,579
Advance Tax and Tax deducted at Source [Net of Provision of ₹ 58,870,815 (Previous Year : ₹ 298,358,870)]		17,060,964	29,577,924
		135,866,936	216,179,035
NOTE 12 : OTHER NON-CURRENT ASSETS			
Non current bank balances (margin money deposits)		71,501,840	76,315,531
Interest accrued on deposits		2,154,504	1,255,896
		73,656,344	77,571,427
NOTE 13 : TRADE RECEIVABLES			
Unsecured, considered good			
Outstanding for a period exceeding 6 months from the date they are due for payment	68,912,683		178,645,581
Others	861,461,327		952,990,394
		930,374,010	1,131,635,975
Unsecured, considered doubtful			
Outstanding for a period exceeding 6 months from the date they are due for payment	108,648,977		220,601,843
Others	58,853,973		76,496,762
		167,502,950	297,098,605
		1,097,876,960	1,428,734,580
Less: Provision for Doubtful Debts		(167,502,950)	(297,098,605)
		930,374,010	1,131,635,975

Financials

110

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 : CASH AND BANK BALANCES**Cash and cash equivalents:**

Cheques on hand

23,616,746

—

Balances with banks:

Current Accounts

83,955,425

56,535,792

Other bank balances

Deposits with original maturity for more than 3 months but less than 12 months

340,000,000

100,000,000

Balances with bank held as security against Guarantees issued by banks

Margin money deposits

71,501,840

76,315,531

Less: Amount disclosed under non current assets

(71,501,840)

(76,315,531)

447,572,171

156,535,792

NOTE 15 : SHORT-TERM LOANS AND ADVANCES

(Unsecured Considered good unless otherwise stated)

Loans and advances to related parties:

Due from other related parties

1,921,280

4,490,100

Prepaid expenses

64,053,131

77,148,902

Advances recoverable in cash or in kind or for value to be received:

Considered Good

52,445,617

82,903,312

Deposits:

Considered Good

2,155,497

37,326,294

Advance Tax and Tax deducted at Source [Net of Provision of ₹ 344,854,261 (Previous Year : ₹ 251,938,055)]

45,386,380

108,640,917

Minimum Alternate Tax Credit Entitlement

108,402,090

135,497,823

274,363,995

446,007,348

NOTE 16 : OTHER CURRENT ASSETS

(Unsecured Considered good unless otherwise stated)

Interest accrued on deposits

13,171,414

1,010,640

Dividend receivable on Investments

—

293,400

13,171,414

1,304,040

Financials



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
NOTE 17 : REVENUE FROM OPERATIONS		
Airtime Sales (Refer Notes 1(iv)(a) and 31)	2,946,643,762	2,721,775,174
Event Income (Refer Note 1(iv)(b))	91,260,572	336,562,040
Out of Home Media Income (Refer Note 1(iv)(c))	—	1,483,326,172
Digital Revenues, Service fee, Marketing and Sales Commission	58,443,029	31,870,419
Other operating income		
– Provision no longer required written back	3,495,410	44,316,555
– Others	10,611,471	17,614,502
	14,106,881	61,931,057
	3,110,454,244	4,635,464,862
NOTE 18 : OTHER INCOME		
Interest Income (Refer Note 1 (iv) (e))		
– On Loan	—	29,779
– On Fixed Deposits	22,774,477	7,011,735
– On Income-Tax Refund	7,924,113	3,885,890
– On Others	849,373	2,053,890
Dividend Income (Refer Note 1 (iv) (d))	76,638,018	732,781
Profit on Sale of Short term Investments (Net) (Refer Note 1 (iv) (f))	12,411,496	14,098,387
Miscellaneous Income	72,825	950,646
	120,670,302	28,763,108
NOTE 19 : PRODUCTION EXPENSES		
Royalty (Refer Note 32)	110,231,650	129,066,593
Other Production Expenses	36,100,846	31,880,818
Event Expenses	83,237,180	274,573,482
Out of Home Media Expenses	—	80,984,014
	229,569,676	516,504,907
NOTE 20 : LICENSE FEES		
License Fees (Refer Note 1(xiv))	152,015,260	1,076,208,404
	152,015,260	1,076,208,404

Financials

112

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
NOTE 21 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Allowances	585,420,399	685,462,305
Contributions to Provident and Other Funds (Refer Notes 1(viii) and 25)	21,610,381	22,183,865
Gratuity (Refer Notes 1(viii) and 25)	7,914,746	6,658,048
Staff Welfare expenses	34,165,258	34,368,544
	649,110,784	748,672,762
NOTE 22 : OTHER EXPENSES		
Rent	164,669,841	157,299,447
Rates and Taxes	2,318,175	11,702,194
Power and Fuel	91,503,160	115,477,747
Marketing	548,804,575	271,240,910
Travelling and Conveyance	93,980,479	124,710,044
Insurance	3,471,557	3,831,450
Communication	15,341,909	16,027,199
Repairs and Maintenance on:		
– Buildings	925,474	2,859,726
– Plant and Machinery	21,276,111	21,108,716
– Others	25,496,368	23,987,727
Legal and Professional Fees	93,711,202	106,575,021
Software Expenses (Refer Note 1(v)(c))	25,629,257	26,756,271
Payment To Auditors		
As Auditors:		
Audit Fee	3,000,000	3,597,823
Other Services	570,000	70,000
Reimbursement of expenses	130,488	81,214
	3,700,488	3,749,037

Financials

113

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	2011-2012 ₹	2010-2011 ₹
Provision for Doubtful Debts	125,876,355	204,634,991
Provision for Doubtful Debts withdrawn	(255,472,010)	(44,172,830)
	(129,595,655)	160,462,161
Doubtful deposits written off	6,250,000	—
Provision for doubtful deposits written back	(6,250,000)	—
Bad Debts written off (Net)	54,451,895	104,813,533
Provision for doubtful deposits	446,513	426,497
Loss on Sale of Tangible Assets	657,364	245,309
Directors' Sitting Fees	1,260,000	1,350,000
Tangible Assets written off	2,229,817	20,285,001
Provision for Doubtful Advances	—	40,167,029
Net loss on foreign currency transaction and translation	206,153	1,203
Miscellaneous Expenses	61,131,308	64,858,402
	1,081,615,991	1,277,934,624
NOTE 23 : FINANCE COSTS		
Interest Expense		
On Short term Loan	—	33,462,684
On Others	14,437	1,974,422
	14,437	35,437,106

24. Commitments to the extent not provided for

Estimated amount of contracts remaining to be executed on capital account ₹ 1,523,654 (Previous Year: ₹ 933,966) net of advances of ₹ 234,565 (Previous Year: ₹ 10,922,919).

25. The Group has classified the various employee benefits provided to employees as under:-**I) Defined Contribution Plans**

- Provident Fund
- State Defined Contribution Plans - Employers' Contribution to Employee's Pension Scheme, 1995.

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Group has recognised the following amounts in the Profit and Loss Account:-

	2011-2012 ₹	2010-2011 ₹
– Employers' Contribution to Provident Fund *	16,070,480	16,417,575
– Employers' Contribution to Employee's Pension Scheme, 1995 *	4,804,634	5,126,680
– Employers' Contribution to Employee State Insurance Scheme *	735,267	639,610

* Included in Contributions to Provident and Other Funds (Refer Note 21)

II) Defined Benefit Plans

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid Defined Benefit Plan of gratuity based on the following assumptions:-

	As at March 31, 2012	As at March 31, 2011
Discount Rate (per annum)	8.50% - 8.65%	8.25% - 8.50%
Rate of increase in Compensation levels	6.50%	6.50%
Attrition rates	1.00% - 10.00%	1.00%

A) Changes in the Present Value of Obligation

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of Obligation at the beginning of the year	21,587,753	20,806,953
Interest Cost	1,823,898	1,601,142
Past Service Cost	—	—
Current Service Cost	4,460,099	5,667,812
Curtailment Cost / (Credit)	—	—
Settlement Cost / (Credit)	—	—
Benefits Paid	(2,842,120)	(2,040,085)
Actuarial (gain) / loss on obligations	2,403,589	(461,374)
Effect of transfer in / (transfer out)	(772,840)	(3,986,695)
Present Value of Obligations at the year end	26,660,379	21,587,753

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

B) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of funded Obligation as at the year end	—	—
Fair Value of Plan Assets as at the end of the year	—	—
Funded Status	—	—
Present Value of unfunded Obligation as at the year end	26,660,379	21,587,753
Unrecognised Actuarial (gains) / losses	—	—
Unfunded (Liability) recognised in Balance Sheet	(26,660,379)	(21,587,753)

C) Amount recognised in the Balance Sheet

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Present Value of Defined Benefit Obligation at the end of the year	26,660,379	21,587,753
Fair Value of Plan Assets as at the end of the year	—	—
Liability recognised in the Balance Sheet	26,660,379	21,587,753
Recognised under:		
Long term provisions	26,127,465	18,745,633
Short term provisions	532,914	2,842,120
Total	26,660,379	21,587,753

D) Expenses recognised in the Profit and Loss Account

	2011-2012 ₹	2010-2011 ₹
Current Service Cost	4,460,099	5,667,812
Past Service Cost	—	—
Interest Cost	1,823,898	1,601,142
Expected Return on Plan Assets	—	—
Curtailment Cost / (Credit)	—	—
Settlement Cost / (Credit)	—	—
Effects of transfer in / (transfer out)	(772,840)	(149,532)
Net actuarial (gain) / loss recognised in the year	2,403,589	(461,374)
Total Expenses recognised in the Profit and Loss Account	7,914,746	6,658,048

Financials

116

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

E) Experience Adjustment

	2011-2012 ₹	2010-2011 ₹
Defined Benefit Obligation	26,660,379	21,587,753
Plan Assets	—	—
Deficit / Surplus	26,660,379	21,587,753
Experience Adjustment on Plan Liabilities (Gain) / Loss	2,099,476	1,209,719
Experience Adjustment on Plan Assets (Gain) / Loss	—	—

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

F) Amounts recognised in current year and previous four years

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit Obligation	26,660,379	21,587,753	20,806,953	21,349,067	17,403,415
Surplus / (Deficit)	(26,660,379)	(21,587,753)	(20,806,953)	(21,349,067)	(17,403,415)
Experience adjustment on plan liabilities (Gain) / Loss	2,099,476	1,209,719	(5,962,038)	(1,524,777)	402,864

III) The liability for leave encashment and compensated absences as at the year end is ₹ 14,561,250 (Previous Year: ₹ 13,162,940).

Financials

117

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

26. SEGMENT INFORMATION

(i) Information about Primary Business Segments:

(₹)

	2011-2012					2010-2011					
	Radio Broadcasting	Events	Unallocated	Inter Segment Eliminations	Total	Radio Broadcasting	Events	Outdoors*	Unallocated	Inter Segment Eliminations	Total
Revenue											
External	3,014,149,312	96,377,757	—	—	3,110,527,069	2,796,703,417	337,805,654	1,501,906,437	—	—	4,636,415,508
Inter-Segment	177,055	10,265,230	—	(10,442,285)	—	3,020,721	72,358,370	2,109,976	—	(77,489,067)	—
Total Revenue	3,014,326,367	106,642,987	—	(10,442,285)	3,110,527,069	2,799,724,138	410,164,024	1,504,016,413	—	(77,489,067)	4,636,415,508
Result											
Segment Result	682,332,477	(9,509,310)	—	—	672,823,167	573,792,850	5,460,639	15,283,518	—	—	594,537,007
Unallocated Income, net of unallocated expenditure	—	—	89,049,514	—	89,049,514	—	—	—	14,831,168	—	14,831,168
Interest Expense (Net)	—	—	31,533,526	—	31,533,526	—	—	—	(22,455,812)	—	(22,455,812)
Operating Profit	682,332,477	(9,509,310)	120,583,040	—	793,406,207	573,792,850	5,460,639	15,283,518	(7,624,644)	—	586,912,363
Exceptional Item	—	—	—	—	—	—	—	—	(177,647,596)	—	(177,647,596)
Profit after Exceptional Item	682,332,477	(9,509,310)	120,583,040	—	793,406,207	573,792,850	5,460,639	15,283,518	(185,272,240)	—	409,264,767
Taxation	—	—	(232,371,797)	—	(232,371,797)	—	—	—	(232,017,388)	—	(232,017,388)
Profit after taxation	682,332,477	(9,509,310)	(111,788,757)	—	561,034,410	573,792,850	5,460,639	15,283,518	(417,289,628)	—	177,247,379
Other Information											
Segment Assets	3,364,798,634	75,252,219	1,905,318,603	(70,250,000)	5,275,119,456	3,752,435,575	214,777,387	—	943,654,081	(95,049,024)	4,815,818,019
Segment Liabilities	813,020,297	77,686,628	—	—	890,706,925	846,436,440	170,802,481	—	—	(24,799,024)	992,439,897
Capital Expenditure	27,316,875	2,300	—	—	27,319,175	18,953,565	162,714	263,944,856	—	—	283,061,135
Depreciation / Amortisation	324,625,139	2,637,622	—	(1,870,570)	325,392,191	335,960,456	2,993,608	85,474,310	—	(1,870,570)	422,557,804

(*Refer Note 30)

Financials

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Information about Secondary Business Segments:

Particulars	2011-2012			2010-2011		
	India	Others	Total	India	Others	Total
Revenue from external customers	3,097,362,964	13,164,105	3,110,527,069	4,624,812,473	11,603,035	4,636,415,508
Carrying amount of Segment Assets	5,270,985,205	4,134,251	5,275,119,456	4,815,818,019	—	4,815,818,019
Capital Expenditure	27,319,175	—	27,319,175	283,061,135	—	283,061,135

(₹)

(iii) Notes:

- (i) The Group is organised into three main business segments 'Radio Broadcasting' comprising of activities relating to airtime sales, 'Events', comprising of activities relating to management of events, creating and marketing media properties and 'Outdoors', comprising of activities relating to advertising on Airports, Bus Queue Shelters, Light Emitting Diode (LED), Metro Stations and Flyovers. The segments have been identified and reported taking into account the nature of activities and services, the differing risks and returns, the organisation structure and the internal financial reporting systems.
- (ii) Segment revenue in each of the above business segments represents revenue directly attributable to the respective segments.
- (iii) The Segment revenue in the geographical segments considered for disclosure are as follows:
 - (a) Revenue within India includes income from customers located within India and earnings in India.
 - (b) Revenue outside India represents income from customers located outside India.
- (iv) Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the above segments and amounts allocated on a reasonable basis.

27. RELATED PARTY DISCLOSURES:

i. Parties where control exists

Bennett, Coleman & Company Limited (BCCL) - Ultimate Holding Company

Times Infotainment Media Limited (TIML) - Holding Company

ii. Fellow Subsidiary Companies

Mirchi Movies (India) Limited (MML)

Times Innovative Media Limited (TIM) – from December 30, 2010

TIM Delhi Airport Advertising Private Limited (TIMDAA) - from December 30, 2010

Times Internet Limited (TIL)

Times Global Broadcasting Company Limited (TGBCL)

Times Business Solutions Limited (TBSL)

Zoom Entertainment Network Limited (ZENL)

Optimal Media Solutions Limited (OMSL)

Financials

119

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Times VPL Limited (TVL) formerly Vijayanand Printers Limited (VAPL)

Vardhaman Publishers Limited (VPL)

Artha Distribution Services Limited (ADSL)*

Banhem Estates & IT Parks Limited (BEIPL)*

iii. **Other Related Party where common control exists**

Aegon Religare Life Insurance Company Limited (ARLIC)

Worldwide Media Private Limited (WWM)

Bennett Property Holding Company Limited (BPHCL)

iv. **Key Managerial Personnel**

Chairman

Mr. Vineet Jain

Managing Directors

Mr. Sunder Hemrajani – TIM #

Executive Director & Chief Executive Officer

Mr. Prashant Panday - Executive Director from July 1, 2010

Non – Executive Directors

Mr. Ravindra Dhariwal

Mr. A. P. Parigi

Mr. N. Kumar

Mr. Deepak M. Satwalekar up to March 30, 2011

Mr. Ravindra Kulkarni

Mr. Sivakumar Sundaram

Mr. Jason M. Brown *#

Mr. Bala Naidu *#

Mr. Richard Saldanha from November 23, 2010

Mr. Sidharath Kapur*#

Mr. N. Subramanian*#

Mr. Romy Juneja*#

Mr. Nithyanand Appakudal*#

Mr. Gautam Shahane*#

* There are no transactions during the year.

Upto December 29, 2010 (Refer Note 30)

Financials

120

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

v. Transaction with Related Parties

(₹)

Particulars	2011-2012																	2010-2011																
	Holding Companies		Fellow Subsidiary Companies												Other Related Party			Holding Companies		Fellow Subsidiary Companies												Other Related Party		
	BCCL	TIML	MML	TIM	TIMDAA	TIL	TGBCL	TBSL	ZENL	OMSL	TVL (VAPL)	VPL	BEIPL	ADSL	WWM	BPHCL	ARLIC	BCCL	TIML	MML	TIM	TIL	TGBCL	TBSL	ZENL	OMSL	TVL (VAPL)	VPL	BEIPL	ADSL	WWM	ARLIC		
Transactions with Related Parties :																																		
Sales	97,045,375	—	—	—	—	7,712,137	3,129,700	3,976,740	—	—	1,410,698	—	—	—	453,000	—	25,680,064	218,255,023	—	—	298,918	2,171,070	7,534,272	1,876,699	1,044,354	—	199,688	—	—	—	10,750,000	297,400		
Sale of Fixed Asset	364,500	—	—	27,720	—	—	—	—	—	—	—	—	—	—	—	—	—	84,816	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Receiving of services	59,129,688	—	—	1,691,512	—	5,605,098	6,641,094	—	3,617,248	28,802,140	1,556,000	143,750	—	—	—	8,594,316	—	50,393,121	—	—	1,232,585	22,666,007	3,298,001	—	154,861	36,288,093	—	143,750	5,681,899	—	—	—		
Recovery of Expenses	69,559,430	—	253,194	7,475,608	226,471	—	384,207	—	—	—	—	—	—	—	—	—	—	10,349,661	44,120	713,223	1,674,841	—	337,403	—	—	—	—	—	—	—	—	9,066		
Finance received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	700,000,000	100,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—		
Commission on Private Treaty Sales	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,442,930	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Interest paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,599,541	2,259,192	—	—	—	—	—	—	—	—	—	—	—	—	—		
Bad Debts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10,200,000	—		
Loan repaid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34,310,693	35,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—		
Sale of Investment in Subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	450,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Year end Balances with Related Parties :																																		
Trade Receivables	3,774,500	—	—	—	—	4,907,684	2,445,376	488,438	—	—	—	—	—	—	739,667	—	28,325,111	188,614,430	—	—	323,113	341,707	4,465,384	317,713	—	—	—	—	8,922,580	28,476,184	—			
Non-trade Receivables (net)	—	—	109,641	—	31,084	—	1,780,555	—	—	—	—	—	—	—	—	—	—	—	—	751,831	1,722,598	—	2,015,669	—	—	—	—	—	—	—	—	—		
Deposit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10,000,000	—	10,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Payables (net)	7,400,234	—	—	—	—	11,148,625	97,285	—	205,400	59,801,949	—	—	—	—	—	33,148,140	—	160,481,178	—	—	—	12,989,035	97,285	—	9,442,194	59,973,120	—	—	—	—	—	—		

Financials

121

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

vi. Details relating to Persons referred to in 27 (iv) above:

Name of the Person	2011-2012 ₹	2010-2011 ₹
Mr. Sunder Hemrajani @	—	14,021,186
Mr. Prashant Panday	20,653,895	18,246,662
Directors' Sitting fees	1,260,000	1,350,000
Total	21,913,895	33,617,848

(@ Refer Note 30)

28. Disclosures for Operating Leases

- i) Disclosures in respect of cancellable agreements for cars, transmission towers, office and residential premises taken on lease:
- Lease payments recognised in the Profit and Loss Account ₹ 153,516,356 (Previous Year: ₹ 145,027,265).
 - All the agreements provide for early termination by the Company by giving prior notice in writing.
- ii) Disclosure in respect of non – cancellable agreements for LED taken on lease :
- Lease payments recognised in the Profit and Loss Account (License Fees) ₹ Nil (Previous Year: ₹ 1,265,863) (Refer Note 30).

29. Earnings Per Share (Basic and Diluted)

The number of shares used in computing Basic Earnings per share (EPS) is the weighted average number of shares outstanding during the year.

	2011-2012	2010-2011
Profit after tax and before Minority Interest (₹)	561,034,410	177,247,379
Minority Interest (₹)	—	5,502,733
Profit attributable to Equity Shareholders of the Company (₹) (A)	561,034,410	171,744,646
Weighted Average Number of Shares (Nos.) (B)	47,670,415	47,670,415
Earnings per share – Basic and Diluted (₹) (A/B)	11.77	3.60
Face Value per share (₹)	10.00	10.00

Financials

122

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30. On December 29, 2010 the Company sold its entire stake in Times Innovative Media Limited (TIM) to Bennett, Coleman and Company Limited (BCCL). The sale resulted in a loss of ₹ 177,647,596 in the consolidated financial statements and has been reflected as exceptional item therein in the previous year. Pursuant to the sale of the subsidiary following assets, liabilities and reserves were transferred:

Particulars	₹
Total Assets	2,491,683,334
Total Liabilities	(1,743,334,628)
Net Assets (A)	748,348,706
Minority interest pertaining to TIM (B)	123,852,871
Total assets of TIM pertaining to ENIL transferred (A)-(B)	624,495,835
Transfer of Reserves and Surplus	
Securities Premium	(1,603,079,400)
Capital Reserve	(2,086,092)
Profit and Loss Account Debit Balance	1,605,165,492

31. The Company has a Media Collaboration Arrangement with Bennett, Coleman & Company Limited (BCCL), the ultimate holding company. This arrangement seeks to expand the advertisement market and inter-alia helps the Company gain access to certain clients who may not otherwise advertise in FM radio. The revenues generated from this arrangement were ₹ 149,249,927 (Previous Year: ₹ 229,935,903).

Hitherto, in view of the uncertainties subsequent to the sale as to the timing and the quantum of the ultimate collection, the Company had based on the Accounting Standards created a provision for doubtful debts in respect of the sales made pursuant to this arrangement and remaining uncollected. The provision amounted to ₹ 157,317,270 in the previous year. The cumulative provision for doubtful debts relating to this arrangement amounting to ₹ 117,906,930 was transferred pursuant to the sale of the subsidiary.

During the current year, the Company revised the terms of settlement for the deals under the Media Collaboration Arrangement. The Company also finalised the terms of settlement for all outstanding deals done up to March 31, 2011. The revised terms and the settlement of the prior deals resulted in an aggregate net write back of ₹ 115,247,775.

32. The Honourable Copyright Board ("CRB") vide its final order dated August 25, 2010 ruled that radio broadcasters will be liable to set apart 2% of the net advertising earnings of each of their FM radio stations for royalty payment to all the music providers in proportion to usage. Following a writ petition by the Super Cassettes Industries Ltd ("SCIL"), the Honourable Delhi High Court granted stay on the implementation of the aforesaid CRB order against SCIL. Accordingly, w.e.f. August 25, 2010 the Company has accounted the music royalty for sound recordings provided by all music providers other than the SCIL on a revenue share basis. In the interim, the music royalty for sound recording provided by SCIL is accounted based on the needle hour rate indicated in the CRB order dated November 19, 2002.

Financials

123

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33. The financial statements for the year ended March 31, 2011 was prepared as per the then applicable pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
34. Previous year's figures of statement of profit and loss are not comparable due to sale of the subsidiary.

Signatures to Schedules "1" to "34" forming part of the financial statements.

For Price Waterhouse & Co.

Firm Registration No. 007567S

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai

Dated : May 25, 2012

For and on behalf of the Board of Directors

Vineet Jain*Chairman***N. Kumar***Director***Ravindra Kulkarni***Director***Ravindra Dhariwal***Director***A. P. Parigi***Director***Richard Saldanha***Director***Prashant Panday***Executive Director & CEO***N. Subramanian***Group CFO***Mehul Shah***VP - Compliance &
Company Secretary*

[illegible]



Entertainment Network (India) Limited

Registered Office : Matulya Centre, 4th Floor, A-Wing, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013.

ATTENDANCE SLIP

Thirteenth Annual General Meeting on Tuesday, August 14, 2012 at 3.00 p.m. at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Near Mantralaya, Nariman Point, Mumbai – 400 021.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP Id*

Client Id*

Registered Folio No.

NAME AND ADDRESS OF THE MEMBER:.....

No. of Share(s) held: :.....

I hereby record my presence at the Thirteenth Annual General Meeting of the Company at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Near Mantralaya, Nariman Point, Mumbai – 400 021, on Tuesday, August 14, 2012 at 3.00 p.m.

Signature of the Member / Proxy

* Applicable for Members holding shares in electronic form.

----- TEAR HERE -----

Entertainment Network (India) Limited

Registered Office : Matulya Centre, 4th Floor, A-Wing, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013.

PROXY FORM

DP Id*

Client Id*

Registered Folio No.

I/We of

being a Member(s) of ENTERTAINMENT NETWORK (INDIA) LIMITED hereby appoint

..... of or failing him / her

..... of as my / our proxy to vote for me / us and on my / our behalf at the Thirteenth Annual

General Meeting of the Company to be held on Tuesday, August 14, 2012 at 3.00 p.m. and at any adjournment thereof.

Signed 2012.

Place:

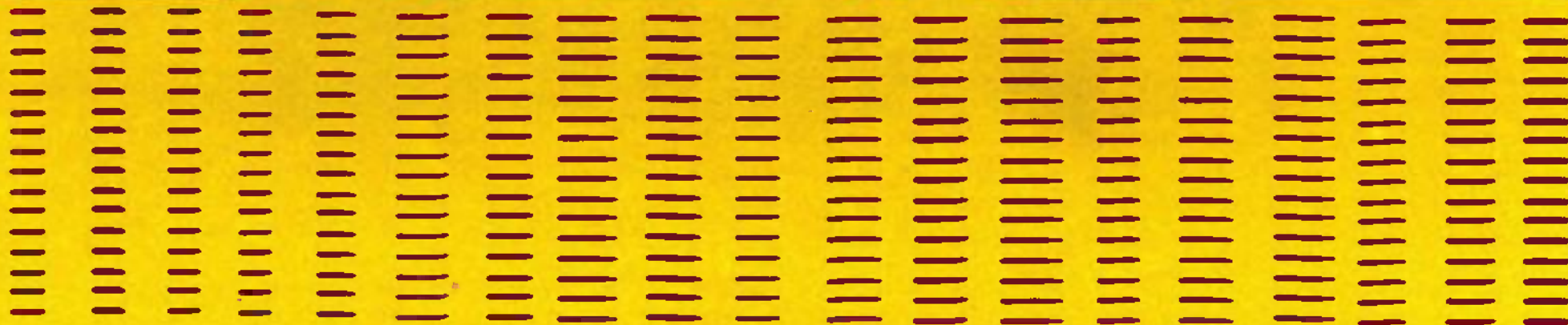
Signature

Affix
Re. 1/-
Revenue
Stamp

* Applicable for Members holding shares in electronic form.

Note: The Proxy, in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours prior to commencement of the Meeting.

The Proxy need not be a Member of the Company



Caution regarding forward- looking statements

This document contains statements about expected future events, financial and operating results of Entertainment Network (India) Limited, which are forward- looking. By their nature, forward- looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward- looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward- looking statements as number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward- looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred herein.

*All Logos, Trade names, service marks, Images, Graphics and company names used on the cover are well known trademarks™ or registered® trademarks of their respective holders and/or their affiliates. Such third-party trademarks are used only to identify the products and services of the respective Holders. Use of them does not imply any affiliation with or endorsement by them. ENIL claims neither ownership in, nor any affiliation with, any third-party trademarks/service marks appearing on the cover page and it is used purely for non commercial purpose.



98.3 FM

RADIO MIRCHI®

It's hot!

www.radiomirchi.com

Download this Annual Report from – <http://enl.co.in/financials-annual-reports.php>

Corporate office

Trade Gardens, Ground Floor, Kamala Mills Compound, **Senapati Bapat Marg, Lower Parel (West)**, Mumbai – 4000 13.

Tel.: +91 22 6753 6983; Fax : +91 22 6753 6800.