

**Annual Report
2009 - 10**



Corporate Information

BOARD OF DIRECTORS

Shri Gautam Doshi, Director
 Shri Amit Khanna, Director
 Shri Sujal Shah, Director
 Shri Anil Sekhri, Director
 Shri Prasoon Joshi, Director
 Shri Ajay Prasad, Director

COMPANY SECRETARY AND MANAGER

Ms. Kirti Desai

AUDITORS

B S R & Co., Chartered Accountants
 Chaturvedi & Shah, Chartered Accountants

BANKERS

HDFC Bank Ltd.
 Bank of Baroda
 Axis Bank Ltd.
 ICICI Bank Ltd.

REGISTERED OFFICE

Reliance MediaWorks Limited

Film City Complex,
 Goregaon (East),
 Mumbai - 400 065.
 Phone: +91 22 39808900
 Fax: +91 22 39808985
 Website: www.reliancemediaworks.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
 L.B.S Marg, Bhandup (W), Mumbai 400 078.
 Phone: +91 22 25946970
 Fax: +91 22 2594 6969
 Website: www.linkintime.co.in

CONTENTS	
	Page No.
Notice of Annual General Meeting.....	2
Directors' Report.....	11
Management Discussion & Analysis Report	14
Report on Corporate Governance	20
Practising Company Secretary's Certificate on Corporate Governance	35
Auditors' Report on Financial Statements.....	36
Balance Sheet	40
Profit and Loss Account.....	41
Cash Flow Statement	42
Significant Accounting Policies	44
Schedules forming part of Balance Sheet and Profit and Loss Account.....	49
Notes to Accounts.....	57
Auditors' Report on Consolidated Financial Statements.....	73
Consolidated Balance Sheet.....	74
Consolidated Profit and Loss Account	75
Consolidated Cash Flow Statement.....	76
Significant Accounting Policies to Consolidated Financial Statements	78
Schedules Forming part of Consolidated Balance Sheet and Profit and Loss Account.....	88
Notes on Consolidated Accounts.....	96
Statement of Interest in Subsidiaries	108

Reliance MediaWorks Limited

Notice

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Reliance MediaWorks Limited (Formerly known as Adlabs Films Limited) will be held on Tuesday, August 31, 2010 at 11.00 a.m. at Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Anil Sekhri who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Gautam Doshi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, (Reg. No. 101720W) and M/s. B S R & Co., Chartered Accountants, (Reg. No. 101248W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Ajay Prasad, who was appointed as an Additional Director with effect from February 15, 2010 on the Board of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 132 of Articles of Association of the Company, and who holds office upto the date of the ensuing Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, and subject to all such sanctions, as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Ms. Kirti Desai as the Manager of the Company, to be designated as Company Secretary & Manager, for a period of 3 (three) years commencing from January 30, 2011 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Ms. Kirti Desai, a draft whereof is placed before this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or agreement, as may be agreed to between the Board and Ms. Kirti Desai, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Ms. Kirti Desai, as Manager, the remuneration and perquisite set out as aforesaid be paid or granted to her as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
 - a) **"RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the

Notice

time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue such QIP Securities shall not exceed Rs. 500 crore.

b) **RESOLVED FURTHER THAT** the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a

later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

- c) **RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) **RESOLVED FURTHER THAT** such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) **RESOLVED FURTHER THAT** the issue to the holders of the Securities with equity shares underlying such securities shall be *inter alia*, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company or of the capital of the Company.
- f) **RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/ trustees/agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g) **RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on

Notice

the Company's assets under Section 293(1) (a) of the Companies Act, 1956 in respect of the QIP Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

- h) **RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered in to with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions by any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the Reliance MediaWorks Employee Stock Option Scheme ("ESOS") as detailed in the Explanatory Statement to this Notice and to create, grant, offer, issue and allot, to or for the benefit of such person(s) who are in the permanent employment of the Company, its holding/subsidiary companies, whether working in India or out of

India and the Directors (including non executive and independent Directors) of the Company and its holding / subsidiary companies and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS under prevailing laws and regulations, (hereinafter collectively referred to as the "Employees"), equity shares of the Company and/or Options giving right to purchase or subscribe such number of equity shares/equity linked instruments including any depository receipts, which could give rise to the issue of equity shares (hereinafter collectively referred to as the "Securities") of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide.

RESOLVED FURTHER THAT the maximum number of Securities issued/granted in terms of this resolution, to any single Employee (including any non executive or independent Director) during any one year shall be less than 1% of the issued and paid up equity shares of the Company i.e. upto 4,61,261 equity shares; provided however that the aggregate Securities issued/granted to all the Employees/other persons under the ESOS shall not exceed 10% of the existing paid-up share capital of the Company as on August 2, 2010, i.e. up to 46,12,617 equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ESOS on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the ESOS from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the ESOS either directly and/or through an existing trust or a trust which may be set up and / or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respects

Notice

rank *pari passu* inter se with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOS on the Stock Exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the listing agreements with the Stock Exchanges and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other rules and regulations, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority, from time to time, to the extent applicable and subject to any approvals, consents, permissions and sanctions of any authorities as may be required, and subject to any such conditions or modifications as may be prescribed or imposed by such authorities while granting such approval, consents, permissions and sanctions, and

which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to extend the benefits of the Reliance MediaWorks Employee Stock Option Scheme (ESOS) referred to in the resolution under Item No. 8 of this Notice and duly passed by the Members, subject to the overall limit specified under the said ESOS, to such permanent employees of the holding company and subsidiary companies of the company whether working in India or out of India and Directors of the holding Company and subsidiary companies (including non executive and independent Directors) and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS under prevailing laws and regulations on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the ESOS either directly and / or through an existing trust or a trust which may be set up and/or in any other permissible manner and that the ESOS may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe the Securities of the Company as per the ESOS.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respects rank *pari passu* inter se with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOS on the Stock Exchanges, where the securities of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretions, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the securities without requiring the Board to secure any further consent

Reliance MediaWorks Limited

Notice

or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Kirti Desai
Company Secretary & Manager

Registered Office

Film City Complex
Goregaon (East),
Mumbai 400 065

August 2, 2010

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
3. Members/proxies should fill the attendance slip for attending the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their Attendance Slip alongwith their copy of the annual report to the Meeting.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
7. All documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, August 27, 2010 to Tuesday, August 31, 2010 (both days inclusive).
9. Non-resident Indian members are requested to inform the Registrar and Transfer Agent immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment/ Appointment of Director:
 - a. In terms of Article 132 of the Articles of Association of the Company, Shri Gautam Doshi and Shri Anil Sekhri, Directors, retire by rotation and being eligible, offer themselves for re-appointment.
 - b. Shri Ajay Prasad, an Additional Director shall hold office upto the date of this Annual General Meeting and is proposed to be appointed as Director under Section 257 of the Companies Act, 1956. Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship, membership and chairmanship of board committees, shareholding and relationships between directors inter-se, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Report on Corporate Governance forming part of this Annual Report.
11. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.

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

Item No. 5

Shri Ajay Prasad was appointed as an Additional Director with effect from February 15, 2010 in accordance with the provisions of Section 260 of the

Notice

Companies Act, 1956 and Article 132 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Shri Ajay Prasad holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing along with a deposit of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Shri Ajay Prasad is not disqualified from being appointed as Director in terms of Section 274(1) (g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Ajay Prasad, in terms of the Companies (Disqualifications of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Profile of Shri Ajay Prasad is given in the Report on Corporate Governance forming part of the Report. Keeping in view his experience and qualification of Shri Ajay Prasad, your Directors considered it to be in the interest of the Company, if Shri Ajay Prasad is appointed as Director of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

Shri Ajay Prasad, may be deemed to be concerned or interested in the resolution relating to his appointment. None of the other Directors of the Company and the Manager is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding, if any.

Item No. 6

Ms. Kirti Desai was appointed as the Manager of the Company for 3 (three) years commencing from January 30, 2008 i.e. upto January 29, 2011 as approved by the shareholders in the Annual General Meeting held on August 7, 2008.

The Board of Directors of the Company at their meeting held on May 28, 2010, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Ms. Kirti Desai as Manager of the Company, designated as Company Secretary & Manager, for a period of 3 (three) years commencing from January 30, 2011 on the remuneration determined by the Board of Directors. Ms. Kirti Desai, aged 41 years, is a Chartered Accountant and Associate Member of the Institute of Company Secretaries of India. She has sixteen years of experience in corporate secretarial, finance and managerial functions. The remuneration payable to and the terms of appointment of Ms. Kirti Desai as Manager of the Company during the tenure

of her appointment will comprise salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to Rs. 24 lakh per annum. The perquisites and allowances payable to Ms. Kirti Desai will include Company owned/Leased Accommodation or House Rent allowance in lieu thereof, medical reimbursements, leave travel concession for self and her family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income tax Act, 1961 or any Rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration. In addition to the above, Ms. Kirti Desai shall also be eligible to an annual increment not exceeding 20% on the last drawn salary, perquisites and allowances during her tenure as Manager. Ms. Kirti Desai fulfils the conditions for eligibility contained in Part I of Schedule XIII of the Companies Act, 1956. The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Ms. Kirti Desai. The Board or any Committee thereof, subject to requisite approval(s), if necessary, is entitled and authorised to revise at any time, the salary, allowances and perquisites payable to the Manager of the Company such that the overall remuneration payable to the Manager of the Company shall not exceed the limits specified above. Either party may terminate the aforesaid Agreement by giving three months prior notice of termination in writing to the other party.

The draft Agreement to be entered into between the Company and Ms. Kirti Desai is available for inspection by Members of the Company at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto August 31, 2010.

The terms and conditions mentioned herein may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

While Ms. Kirti Desai being Manager is interested, none of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Notice

Item No. 7

The Company, in order to enhance its Global Competitiveness and ability to compete with the peer groups in domestic and international markets, needs to strengthen its financial position and Net worth by augmenting long term resources from time to time.

The proposed Special Resolution seeks the enabling authorization of the Members of the Company to the Board of Directors (Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR").

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

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by issue of QIP Securities shall not exceed Rs. 500 crore.

The Securities issued under QIP issue pursuant to offer may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders/Trustees in favour of Security Holders/Trustees for the holders of the said securities.

As the documents to be executed between the security holders/trustees for the holders of the said securities and the Company may contain the power to takeover any asset or undertaking of the Company or to takeover the management of the company in certain events, enabling approval is also sought under Section 293(1)(a) of the Companies Act, 1956.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

Your Directors therefore recommend the said resolution for your approval.

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

Item No. 8 and 9

The Company has formulated an Employee Stock Option Scheme in the name of Reliance MediaWorks Employees Stock Option Scheme (herein after called as ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to enable aligning the interests of the employees with those of the Company and its members and to create a common sense of ownership among them. ESOS will also act as an effective tool to attract, reward, motivate and retain the best talent in the industry.

The salient features of the ESOS are set out below:

Total number of Options that could be issued under ESOS:

Upto 10% of the aggregate of the number of issued and paid up equity shares of the Company as on August 2, 2010 i.e. upto 46,12,617 Options to the Eligible Employees as specified hereunder:

Notice

One Option would entitle the holder of the options a right to apply for one equity share of face value of Rs.5/- and/or equity linked instrument including any depository receipt entitling for one equity share of Rs.5/- of the Company, as may be decided by the Board. The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

The Options which lapse/expire or are forfeited will be available for grant to Eligible Employee(s).

Grant Date:

The date(s) of the Meeting or of the Resolution of the Board/Committee approving the grant of the Option(s).

Plans:

ESOS may be implemented through one or more Plans.

Eligibility for grant of options:

- (a) Persons as are in the permanent employment of the Company or holding company/subsidiary companies in such grade and with such experience/association with the Company as may be decided by the Board/Committee.
- (b) Directors (including non-executive and independent directors) of the Company and holding company and/or subsidiary companies at any time.
- (c) Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the Board for this purpose.

Above persons are referred herein collectively as "the Eligible Employees".

Employees not eligible for grant of Options:

An employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10 per cent of the outstanding equity shares of the Company at the time of granting of option shall not be eligible to participate in ESOS.

Vesting, requirements of vesting and maximum period of vesting:

The Vesting Period under each plan shall commence on expiry of one year from the date of Grant Date and may extend up to 5 (five) years or such further or other period as the Board/Committee may determine, from the Grant date.

The options may vest in one or more tranches, subject to the terms and conditions as may be stipulated

by the Board/Committee, which may include satisfactory performance of eligible employees and their continued employment/association with the Company/Holding Company/Subsidiaries Companies as the case may be, unless such employment/association is discontinued on account of death, permanent / total incapacity / disability or on retirement. In the event of death of an employee while in employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. In case the employee suffers a permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation shall vest in him on that day.

If the Eligible Employees voluntarily terminates employment/association with the Company/holding Company/subsidiary companies, as the case may be, the options to the extent not vested shall lapse/expire and be forfeited forthwith. However, this shall not be applicable to the Eligible Employees who have resigned or who may resign from time to time to join companies, approved by the Board/Committee, that have been established or promoted/set up (whether solely or jointly with any other entity) by the Company.

Exercise Price:

The equity shares would be issued at such price as the Board/Committee may determine on the date(s) of grant of option(s) in accordance with the applicable guidelines. Different Exercise Prices may apply to different plans.

Exercise period and process of exercise:

The exercise period shall commence from the date of vesting and expire at the end of five years from the date of vesting or ten years from the Grant Date, whichever is later as may be stipulated in the respective Plan(s) or such other period as may be decided by the Board/Committee. The options would be exercisable by submitting the requisite application form/exercise notice to the Company or such other person as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board/Committee.

Appraisal Process:

The Board/Committee shall determine the eligibility criteria for the Eligible Employees under the ESOS based on their evaluation on various parameters, such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it.

Reliance MediaWorks Limited

Notice

Maximum number of options to be issued per employee and in aggregate:

The maximum number of options/ securities granted to any single Eligible Employee (including any non executive or independent director) during any one year, shall be less than 1% of the issued and paid up equity shares of the Company as on August 2, 2010 i.e. up to 4,61,261 equity shares. The aggregate of all such grants shall not result into equity shares exceeding 10% of the paid-up equity share capital of the Company as on August 2, 2010 i.e. up to 46,12,617 equity shares.

Disclosure and Accounting Policies:

The Company shall comply with the disclosure and accounting policies as prescribed by Securities and Exchange Board of India (SEBI) and any other appropriate authority, from time to time.

Method of valuation:

The Company shall use/ follow the intrinsic value method for valuation of the Options. The intrinsic value means excess of the market price of shares under ESOS over the exercise price of the Options (including upfront payment, if any). The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised had the fair value of the Options been recognised shall be disclosed in the Directors' Report and the impact of such difference on profits and on EPS of the Company shall also, if required, be disclosed in the Directors' Report.

ESOS to Employees and Directors of holding/ subsidiary companies and other persons:

The benefit of ESOS shall also be extended to the permanent employees and the directors (including non-executive and independent Directors) of the holding and subsidiary companies of the Company and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS, in the same manner and subject to terms and conditions as mentioned herein. The aggregate options/ securities issued in terms of the ESOS shall not exceed the overall limits as mentioned in the ESOS i.e. 10% of the issued and paid-up equity shares of the Company as on August 2, 2010 i.e. up to 46,12,617 equity shares.

It is accordingly proposed to seek the approval of the Members for extending the Scheme to the permanent employees and directors of the holding and subsidiary companies of the Company and/or such other persons, as may from time to time, be allowed to enjoy the benefits of ESOS, within the overall limit as set out in the proposed Resolutions stated at item No. 8 and 9 of the accompanying Notice.

Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 provides for separate approval of members to be obtained for the employees and directors of holding and subsidiary companies of the Company.

In terms of the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of the Members is sought to issue equity shares, pursuant to the options granted under ESOS to the employees and directors of holding and subsidiary companies of the Company, not exceeding in aggregate 10% of the issued and paid-up equity shares of the Company as on August 2, 2010 i.e. up to 46,12,617 equity shares.

The Board may in its absolute discretion, provide for an appropriate ESOS to be operated through any ESOS Trust, which shall be governed and operated in terms of the provisions stipulated therein.

The Board/Committee shall have the absolute authority to vary or modify the terms of ESOS in accordance with the regulations and guidelines prescribe by SEBI or regulations that may be issued by any appropriate authority, from time to time unless such variation, modification or alteration is detrimental to the interest of the employees/ directors (including non-executive and independent directors).

The Options to be granted under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

Your Directors therefore recommend the said resolutions set out at Item No. 8 and 9 for your approval.

None of the Directors of the Company and the Manager is, in any way, concerned or interested in the said resolution, except to the extent of the Options that may be offered to them under ESOS.

By Order of the Board of Directors

Kirti Desai
Company Secretary & Manager

Registered Office
Film City Complex
Goregaon (East),
Mumbai 400 065

August 2, 2010

Directors' Report

To the Members,

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

Financial Results

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

(Rs. in millions)

Particulars	Financial year ended March 31, 2010	Financial year ended March 31, 2009
Gross income		
Film Production Services	1,122.10	1,075.68
Theatre Operations	3,109.11	2,248.06
Film Distribution	15.10	367.32
Film production & Related Services	354.10	1,161.62
Other Income	307.32	655.60
Total	4907.73	5,508.28
Less: Expenditure	4035.35	3,543.67
Profit Before Depreciation, Interest & Tax	872.38	1,964.61
Less: Interest	1315.09	1,113.97
Less: Depreciation	608.74	1,146.23
Profit / (Loss) Before Tax	(1,051.45)	(295.59)
Tax expenses	-	1.67
Excess / (Short) provision for tax in respect of earlier years	7.75	-
Profit / (Loss) After Tax	(1,043.70)	(297.26)
Balance brought forward from previous year	(243.65)	53.61
Total	(1,287.35)	(243.65)
Appropriations		
General Reserve	-	-
Proposed Dividend	-	-
Dividend Tax	-	-
Balance carried forward	(1,287.35)	(243.65)
Total	(1,287.35)	(243.65)

Financial Performance

During the year under review, your Company has earned income of Rs. 4907.73 million against Rs. 5508.28 million in the previous year. The overall net loss of the company was Rs. 1043.70 million compared to Rs. 297.26 million in the previous year. The loss is primarily on account of expenses related to interest and finance charge, scaling up, expansion and stabilization of various businesses.

Dividend

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

Management Discussion and Analysis

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

Review of Operations

In the recent past, the Company has established a strong and dominant presence for its multiplex business in India and internationally.

It has also entered new segments of the film production value chain including digital post-production services, digital cinema mastering, film restoration, film camera equipment and production support services.

The Company's television venture, BIG Synergy is among the top players in the television programming industry.

Backed by the Group strength, the Company has seen strong growth in terms of canvas and scale of operations and its businesses are organized into Film and Media Services, Exhibition and TV Content production.

Change of name

Pursuant to the approval of the Shareholders of the Company in the last annual general meeting held on September 30, 2009 and consequent upon the receipt of fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai, the name of the Company was changed from "Adlabs Films Limited" to "Reliance MediaWorks Limited" with effect from October 5, 2009.

Subsidiaries

During the year under review Adlabs Forum LLC and Big Cinemas Union LLC, ceased to be the subsidiaries of your Company. Further Digital Media Imaging Limited, Adlabs Globalstar LLC, Reliance Media & Marketing Communications LLC and Reliance Media Works VFX Inc., became subsidiaries of your Company during the year.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, and Reports of the Board of Directors and Auditors of the subsisting subsidiaries have not been attached with the Balance Sheet of the Company. However, these documents will be

Reliance MediaWorks Limited

Directors' Report

made available upon request by any member of the Company. As directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Financial Information of Subsidiary Companies', which forms part of the Annual Report. The annual accounts of the Company including that of subsidiaries will be kept for inspection by any member. Further, pursuant to Accounting Standard (AS-21) prescribed under Companies (Accounting Standards) Rules, 2006, and the listing agreement, the audited consolidated financial statements presented by the Company include financial information of subsidiaries.

Fixed Deposits

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

Directors

In terms of the provisions of the Companies Act, 1956, Shri Gautam Doshi and Shri Anil Sekhri, Directors of the Company shall retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

Shri Ajay Prasad was appointed as Additional Director of your Company in terms of Section 260 of the Companies Act, 1956. He holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Ajay Prasad for the office of Director, liable to retirement by rotation.

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

Shri Darius Kakalia has resigned from the Directorship of your Company with effect from June 9, 2010. The Board wishes to place on record its sincere appreciation for the valuable services rendered and guidance extended by him during his tenure as Director of the Company.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been

followed along with proper explanation relating to material departures ;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the loss of the Company for the year under review;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the accounts for the financial year ended March 31, 2010 on a "going concern" basis.

Group

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

Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiaries and associates as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard-21 (AS-21) on "Consolidated Financial Statements" read with Accounting Standard-23 on "Accounting for Investments in Associates" (AS-23) and Accounting Standard-27 (AS-27) on " Financial Reporting for Interest in Joint Ventures" notified under Section 211(3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, as applicable.

Auditors

M/s. B S R & Co., Chartered Accountants and M/s. Chaturvedi and Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for appointment.

The Company has received letters from M/s. B S R & Co., Chartered Accountants and M/s. Chaturvedi & Shah, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act,

Directors' Report

1956 and that they are not disqualified for such appointment within the meaning of the Section 226 of the Companies Act, 1956.

Auditors' Report

The observations and comments given by Auditors' in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

Approval Under Section 211(4) of the Companies Act, 1956

The Company has received approval from the Central Government in terms of Section 211(4) of the Companies Act, 1956 for exemption from disclosing the quantitative details of goods pertaining to the Exhibition Division in its Financial Statements for the financial year ended March 31, 2010 which is required to be statutorily disclosed in terms of Para 3(i)(a) and 3(ii)(d) of Part II of Schedule VI to the Companies Act, 1956.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (2) Foreign Exchange earnings and outgo:
Earnings – Rs. 0.79 million
Outgo – Rs. 48.07 million

Transfer of Unclaimed dividend to IEPF

Pursuant to the provisions of section 205(A) of the Companies Act, 1956, the declared dividend which remained unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

Particulars of Employees

In terms of the provisions of the Section 217(2A) of the Companies Act, 1956 read with the Companies

(Particulars of Employees) Rules, 1975 as amended, the name and other particulars of employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of the Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Corporate Governance

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

Acknowledgements

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

For and on behalf of the Board of Directors

Gautam Doshi Amit Khanna
Director Director

Date: August 2, 2010
Place: Mumbai.

Management Discussion and Analysis

Forward looking statements

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

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

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

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company" or "RMW" are to Reliance MediaWorks Limited and its subsidiaries and associates.

Macro Economic Overview

Resilient Indian Economy

Indian economy continued to remain resilient in FY 2009-10 owing to proactive actions by the Indian policymakers and the inherent strength of the economy. To mitigate the impact of the global financial crisis, the RBI reduced key policy rates in tranches in 2008. As a result, the impact of global financial crisis on Indian economy was less severe than feared. The policy actions accompanied with robust industrial recovery, upturn in business confidence, revival in capital flows and the financial markets, higher resource mobilization and the improvement in global macroeconomic conditions helped in sustaining the growth in the Indian economy.

Buoyant GDP Growth

Post the global crisis, the recovery of the overall Indian economy has been better than expected. The

decline in inflation created enough space for reducing the policy rates to support growth.

The GDP growth improved in the first quarter of FY 2009-10 (Apr-Jun' 09) to 6.1% from 5.8% recorded during the previous two quarters of FY 2008-09. In the second quarter of FY 2009-10, GDP further accelerated to 7.9%. The sequential recovery in growth in Q2 - FY 2009-10 was driven by significant turnaround in industrial output (9%), and services sector (9%), while agriculture sector also clocked a modest positive growth despite drought and later floods in some parts of the country.

In FY 2009-10, the overall GDP of India is projected to have grown at 7.2%, driven mainly by industrial and service sector. Going forward in FY 2011, the GDP is expected to grow at 8.2% on higher industry growth, low base of agriculture growth, continued impact of stimuli and improved global conditions.

Industry Overview and Business Outlook

The Indian Media and Entertainment industry (primarily comprising film, television, printed media, radio and music) has witnessed steady growth in recent years. The Indian Media and Entertainment industry stood at US\$ 12.9 billion in 2009 registering a 1.4 per cent growth over the previous year, according to a joint report by KPMG and an industry chamber. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014, the report states.

Nonetheless, the industry went through a tough phase in last two years due to economic slowdown which impacted the businesses in the country. In 2009 the film industry suffered due to the Producer - Multiplex strike, which had a significant negative impact on the industry's first financial quarter of 2009-10.

Growth drivers for the sector include expansion of factors like increase in the number of multiplex screens, increase in digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and supplementary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

The year was also a year marked with innovation and a focus on cost efficiencies across sectors, more as a necessity to combat the pressures on bottom line. Newer content formats and strategies are being adopted by the players in the industry which shall help ensure that customers have more choices and leading to the evolution of the industry.

Management Discussion and Analysis

Reliance MediaWorks – Business Overview

RMW was established in 1975 as a processing laboratory primarily catering to the advertising industry. RMW soon became India's premier film processing laboratory and also entered film production and allied services. In 2001, the company entered the multiplex business with the world's largest IMAX Dome Theatre in Mumbai and began to build, what is now, India's largest cinema chain.

In 2005, Reliance Anil Dhirubhai Ambani Group became a majority stakeholder and promoter in RMW. The financial resources and management expertise acted as a catalyst in synergizing various inter related businesses, catapulting RMW into becoming India's multi dimensional success story in the film and entertainment industry.

In the recent past RMW has not just established a strong presence for its multiplex business in India and internationally but has also entered new segments of the film production value chain including digital post-production services, digital cinema mastering, film restoration, film camera equipment and production support services. RMW's television venture, BIG Synergy is among the top players in the television programming industry.

Backed by the Reliance ADA Group, RMW has seen strong growth with presence across India, USA, UK, Japan, Malaysia, Netherlands and Nepal.

BIG Cinemas

RMW's Big Cinemas is India's largest cinema chain with over 525 screens spread across India, US, Malaysia, Nepal and Netherlands and caters to over 33 million consumers.

BIG Cinemas has established leadership in film exhibition in India with over 250 screens and accounts for 10 to 15% of box office contributions of large movies. The company has also launched India's first 6D theatre launched at Agra and was among the first to show 3D versions of international movies.

BIG Cinemas has also successfully created a 190 screens pan US footprint and the circuit accounts for 20-35% of Hindi features box office collections and over 70% of Tamil and Telegu box office collections from the US.

In Malaysia, the company now has a strong presence of 72 screens that plays Hollywood features besides Chinese and Tamil films to cater to the 1.5 million Tamil population.

The company is also working towards establishing strong presence in Netherlands and has associated with Pathe Theatres to begin screening Indian movies. BIG Cinemas has also associated with local partners to set up Nepal's first multiplex in Kathmandu.

BIG Cinemas has been awarded the "Entertainment Retailer of the Year" honor at the India Retail Forum 2009.

BIG Synergy

RMW's television production division, BIG Synergy is widely regarded as a leader in non-fiction programming, and has enjoyed singular success in adapting international formats for Indian viewers. Over the years, BIG Synergy has attained both critical and commercial success with original shows such as Quiz Time, India Quiz, Eureka, A Question of Answers, Mum Tum aur Hum, as well as international formats such as Mastermind, University Challenge, Kamzor Kadi Kaun, India's Child Genius, Bluffmaster, Heartbeat and successive series of the landmark Kaun Banega Crorepati. In recent past, BIG Synergy has produced some spectacular shows like Dus Ka Dum and Jhalak Dikhla Jaa on Sony, India's Got Talent on Colors, Sach Ka Saamna, Kya Aap Paanchvi Paas Se Tez Hain and Aap Ki Kacheri on Star Plus.

Film and Media Services

In September 2008, RMW has become the first motion picture services facility in India and all of Asia to be awarded certification by the UK's industry body FACT (Federation Against Copyright Theft). The certification is a major recognition of the efforts by RMW to protect and safeguard the films that it handles from piracy.

The certification applies to RMW's film processing and print lab, digital lab, digital cinema mastering facility as well as its preview theatre, all housed within its Film City premises in Mumbai. The accreditation comes at a time when RMW has significantly grown its portfolio of film-related services, expanding from its long tradition of motion picture lab processing and replication to include post-production and grading with its 4K DI-lab and the digital cinema mastering facility.

Today, RMW has expanded and established an integrated global presence across the entire film and media services value chain in India, USA, Japan and UK and its film and media services division can be distinguished under following sections-

1. CREATIVE SERVICES

Our creative services involve businesses like the processing lab, which has been a key player in the market for 25 years. We are also ahead of technology and continually adding new businesses like the DI lab, digital cinema and visual effects.

Motion Picture Processing

RMW processes and prints over 75% of the hindi film industry requirements. The company's processing lab has won numerous national and

Management Discussion and Analysis

popular awards over the years and has been certified by Kodak Image Care four years in a row. The processing operations have also been expanded to Chennai and Kolkata.

Digital Intermediate Services

RMW's digital intermediate lab is the only true 4K facility in Asia with real time grading capabilities. The integrated offerings to clients include Telecine, Digital Optics, Promo packaging, Complete DI & deliverables (Conversion, Scanning, HD Recording & Sub-titling).

Digital Cinema Services

RMW's Digital Cinema is India's leading provider of DCI-grade digital cinema services, including mastering, installation & service and hard drive and optic fiber connectivity and distribution. RMW has introduced optical fiber distribution of digital cinema films from India to the United States in a world's first.

RMW's Digital Cinema has operated more than 15,000 commercial screenings in full DCI-compliant 2K d-cinema and has transmitted over 3,000 via fiber optic cables.

2. PRODUCTION SERVICES

Through its Production Services, RMW serves domestic film and television clients and fulfill the growing demand for high quality studios and equipment in India.

Cameras and Equipment Rentals Services

RMW's TV broadcast camera rental business pioneered tapeless solution in India and has established itself as the premium service provider in India. After achieving success in the Broadcast Equipment Rental business, RMW is also foraying into Film Camera Rental business where the company will provide solutions and expertise of a technically qualified team along with the equipments.

RMW has provided camera and equipments for shows like Dus Ka Dum, MTV Lycra Awards, ET Corporate Awards, Jhalak Dikhla Ja, Hutch Mumbai Marathon, Airtel Delhi Marathon, Filmfare Awards, Femina Miss India, Brand Equity Awards, and MTV Fast and Gorgeous.

Studio/Shooting Floors

Film City Studios

RMW is constructing a state of art 200,000 sq ft. film studio comprising 8 sound stages at Film City in Mumbai which will support film, TV and advertising productions. The Studio which will be at par with Hollywood studios and aims to

be a one stop solution for all production needs for domestic and international clients. The studio will provide all support facilities under one roof like make up rooms, costume rooms, carpentry/moulding rooms etc within its premises.

3. DIGITAL MEDIA & IMAGING SERVICES

RMW is leveraging the potential of outsourcing through our Digital Services Business. We acquired Lowry Digital in 2008 to serve as US Front end, hold important relationships with key clients and perform quality control checks. Reliance Lowry Digital Imaging Services, Inc. works jointly with our large scale BPO operation in India. The BPO works in executing large scale work for key clients in the US.

RMW's BPO

RMW's BPO is a leading global player for comprehensive digital restoration and content processing services with a MPAA (Motion Pictures Association of America) standard facility.

Spread across 90,000 sq ft, the BPO aims to provide a comprehensive one point solution for the transition from Analog to Digital and Physical Media to Digital Data. RMW's BPO addresses the needs of content owners like international studios, broadcast and television networks, library owners and mobile companies across the world. RMW obtained a prestigious order for digitization and digital restoration of 1000 films preserved by the National Film Archive of India (NFAI), Pune, a media unit of the Ministry of Information & Broadcasting, Government of India.

3D including 2D to 3D Conversion

RMW has set up one of world's largest 2D to 3D conversion facilities in India. The facility is equipped to handle 10 films a year and has a manpower capacity of over 2000 people. The facility already has 300 fully trained conversion artists on board and 200 undergoing training.

Reliance Lowry Digital Imaging Services, Inc.

Reliance Lowry Digital, a RMW subsidiary based in Burbank, Los Angeles is universally regarded one of the best digital restoration facilities. The company utilizes proprietary image processing science to deliver superior picture elements and has developed an unique technology – The Lowry Process™ which is used to create unsurpassed image quality at every stage of the workflow for all outputs, including film, broadcast television, commercials, digital cinema, Blu-ray, or web-based video. Reliance Lowry Digital's services include film restoration, emergency image

Management Discussion and Analysis

repair, digital blow-ups and digital intermediate enhancements.

Its clients are predominantly industry giants like Walt Disney, Paramount Pictures, MGM and 20th Century Fox and entertainment leaders like George Lucas, Steven Spielberg and James Cameron.

RMW's key business highlights in FY 2009-10 are as follows:

- The company changed its name to Reliance MediaWorks Limited, to reflect the company's transformational evolution pursuant to Reliance ADA Group acquiring controlling stake.
- BIG Cinemas increased presence to 525 screens in FY 2009-10 and has established a dominant network spread across India, US, Malaysia, Netherlands and Nepal.
- BIG Cinemas increased 61 screens in FY 2009-10. With 33 million admits, BIG Cinemas has witnessed a 27% increase in footfalls compared to previous year.
- BIG Cinemas was awarded Entertainment Retailer of the Year at Images Retail Forum 2009.
- RMW Motion Picture Processing and DI Lab continued to maintain market leadership and the processing Laboratory has won for the 4th consecutive year the prestigious National Film Award.
- RMW launched film cameras and equipment rentals service, making it India's largest camera and equipment rentals company.
- RMW obtained a prestigious order for digitization and digital restoration of 1000 films preserved by the National Film Archive of India (NFAI), Pune, a media unit of the Ministry of Information & Broadcasting, Government of India.
- To strengthen the company's presence in UK, RMW acquired the assets of London based ilab UK, which is a premiere lab for high end processing for film, television, commercial and shorts productions.
- RMW entered a MoU with IMAGICA Corp, Japan's largest lab and post-production company and would provide Film Restoration, Image Processing and Enhancement and HD Conversion services to Japanese Broadcasters and Studios.
- RMW Ltd formed strategic business alliance with UFO Moviez, world's largest digital satellite cinema network to establish the largest gateway for digital films releases on cinema screens in India.

- RMW has established its secure optic fibre medianet connection link between Mumbai and Los Angeles, connecting the world's two great film making centres with 24/7 high bandwidth capacity for film releases and media services.
- BIG Synergy produced some of the top shows in the nonfiction genre during the year including critically and commercially successful Aap Ki Kacheri on Star Plus, India's Got Talent on Colors, Dus Ka Dum on Sony and Sach Ka Saamna on Star Plus which emerged as the most watched daily reality shows that changed television viewing while garnering high eyeballs for the channels, strengthening BIG Synergy's leadership as one of the top production houses in the country.
- BIG Synergy has won accolades at the Indian Telly Awards 2009 including the awards for Best Host (Sach Ka Saamna), Best Game Show (Dus Ka Dum), Best Reality show with a social message (Aap Ki Kacheri) and was honoured with the award for Best Production House of the year.

Open Offer- Fame India Limited

RMW or the Acquirer, along with Persons acting in Concert, Reliance Capital Partners and Reliance Capital Limited made an open offer to the equity shareholders of Fame India Limited (the "Target Company") to acquire up to 2,17,00,000 fully paid up equity shares of face value Rs.10 (Rupees Ten only) each from the equity shareholders of the Target Company, representing 62.08% of the fully paid up and issued equity share capital of the Target Company and 52.48% of the Emerging Equity Share and Voting Capital of the Target Company at a price of Rs. 83.40 per equity share (the "Offer Price"), the public announcement for which was issued and published in all editions of The Financial Express (English), Jansatta (Hindi) and in the Mumbai edition of Navashakti (Marathi) on February 21, 2010 and subsequently vide a corrigendum on March 5, 2010.

The above open offer was made as a competitive bid pursuant to the public announcement issued by Enam Securities Private Limited on February 6, 2010 on behalf of Inox Leisure Limited, along with Gujarat Fluorochemicals Limited, for the acquisition of up to 23.66% of the fully paid up and issued equity share capital and 20% of the Emerging Equity Share and Voting Capital of the target company (the "First PA") in addition to their acquisition of 43.28% of fully paid up and issued equity share capital from Promoter shareholding and 7.21% of fully paid up and issued equity share capital from others by carrying out a block deal on the Bombay Stock Exchange.

Further, RMW vide its letter dated February 16, 2010 made a reference before the SEBI alleging

Management Discussion and Analysis

that the First PA transactions and the First PA are in violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, the FEMA, the Income Tax Act and corporate governance norms on fairness, transparency and disclosures.

In this regard, RMW has requested the SEBI for appropriate investigation in the matters mentioned above and for exercise of its powers under Sections 11(4) and 11B of the SEBI Act and other applicable regulations against the parties involved in the issuance of the First PA and to take any other appropriate action to protect the interests of the minority shareholders of the Target Company and the securities market in general.

The Draft letter of Offer with respect to the Open Offer was submitted by RMW to SEBI on March 5, 2010. RMW is awaiting comments from SEBI on the same.

Resources and Liquidity

The entertainment industry in India is facing a paradigm shift in business strategies, driven by content digitization and introduction of broadband technologies. It is hence necessary to develop the RMW's future plans and ensure its continued effectiveness and competitiveness, keeping in view that RMW becomes inherently strong and functionally diverse in the coming years.

In order to raise the necessary resources to meet these plans and strengthen the financial position, the Board of Directors of RMW in its meeting held on August 12, 2009, had approved the raising of an amount not exceeding Rs. 600 Crores by way of Rights Offer to existing Members, subject to all necessary sanctions, approvals and applicable provisions of law.

However in view of the market conditions and the economy taking some time to return back to normalcy, this issue was not brought for public subscription during 2009-10.

Risks and Mitigation Measures

RMW is exposed to specific risks that are particular to its businesses and the environment within which it operates, including competition risk, interest rate volatility, human resource risk, execution risk and economic cycle.

Competition Risk:

The media and entertainment sector industry is becoming increasingly competitive and the company's growth will depend on its ability to compete effectively. The company's main competitors are

multiplex chains, film services companies across the different segments of the value chain and television software producers. Further liberalization of the Indian media and entertainment sector could lead to a greater presence or entry of new foreign players offering a wider range of products and services. The Company's competitors may have greater resources than it does and, in some cases, may be able to raise debt in a more cost-efficient manner. The Company's growth will depend on its ability to compete effectively in this context. The Company's strong brand image, wide distribution network, diversified service offering and depth of management places it in a strong position to deal with competition effectively.

Human Resource Risk:

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company business.

Operational Risk:

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks for the Company. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations. An extensive system of internal controls is practiced by RMW to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported correctly. The Audit Committee of Directors periodically reviews the adequacy of our internal controls.

Economic Risk:

A slowdown in economic growth in India could cause the business of the Company to suffer. The performance and the growth of the operating company businesses are necessarily dependent on the health of the overall Indian economy. The Indian economy has shown sustained growth over the last several years. However, any slowdown in the Indian economy and in particular the media and entertainment sector could adversely affect the company's business.

Management Discussion and Analysis

RMW manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

Opportunities

- Overall, due to changing demographics and economic conditions in India, coupled with consumers willing to spend more on a variety of leisure and entertainment services, the filmed entertainment business is set to grow in the years to come.
- The government of India has allotted US\$ 50.13 million in the current Five-Year Plan (2007-2012) for various development projects for the film industry. The funds will be utilized to set up a centre for excellence in animation, gaming and visual effects. This initiative would help grow the industry further.
- With a proliferation of television channels and new platforms of delivery like DTH and IPTV available today, there is a significant demand for quality programming in a variety of genres, formats and languages, putting content providers in the television space in an extremely favorable position.
- Overseas markets for Indian films have opened up owing to the ever-increasing presence of Indians and South East Asians across the world. With overseas box office collections contributing a significant amount to a film's revenues, the international market has a vast potential for producers, distributors and exhibitors that is far from being fully exploited.
- The Indian Digital Post Production market which includes services like colour grading, digital intermediate, VFX, etc is to the tune of approximately Rs. 1000 crores. The domestic market is expanding at 30-35% with production budgets of films and commercials as also the spending on special and digital effects increasing exponentially. There also exists a substantial opportunity for catering to international outsourcing of work for foreign studio and media clients.
- Indian cinemas are considerably under-serviced with 300-400 celluloid prints being produced for approximately 12,000 cinemas in the country. Digital cinema has proven to be a high-quality, cost-effective and speedy way to ensure larger audiences. The digitization process will also curb piracy which is rampant, particularly in 'B' and

'C' class cities which are not able to access film prints as early as 'A' class cities.

Threats

- Currently entertainment tax exemption is available for a limited period. Multiplex profitability depends partly on entertainment tax exemptions that are available for certain duration. There may be some pressure on the margins of all players once the exemption period ends.
- The Indian box office is fairly seasonal in nature, with bigger releases and higher box office sales occurring during certain festivals and holiday periods only. Moreover, occupancies may be affected by major sports events, such as the Indian Premier League cricket tournament.
- The shelf life of films have reduced considerably in the last few years, the success or failure of a film now depends largely on its performance in the opening weeks with piracy having an adverse impact on legitimate revenues of the producer, distributor and exhibitor.

Internal control system and their adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business. The business control procedures ensure efficient use and protection of Company's resources and compliance with policies, procedures and statutory requirements. Further Internal auditors are appointed to carry audit assignments and to periodically review the transactions across the divisions and evaluate effectiveness of internal control systems.

Financial performance

The Company's financial performance is discussed in details under the head "Review of Operations" in Directors' Report to the Members.

Human resources

The Company regards human resources as a valuable asset. The company encourages a performance driven culture and enables the employees with focused training at regular intervals. Further, the training needs of the staff at all Divisions are periodically assessed and training programmes are conducted using internal resources and/or engaging external facilitators and trainers. The total number of employees as at the year end was 1566.

Reliance MediaWorks Limited

Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices on Corporate Governance, the report containing the details of governance systems and processes at Reliance MediaWorks Limited is as under :

Reliance MediaWorks Limited ("Company" or "RMW") has maintained the highest standards of corporate governance principles and best practices by adopting the "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These Policies and Code prescribe a set of systems, processes and principles which conform to the best international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors both local and global and all other stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long-term shareholder value. In our commitment to practice sound governance principles, we are guided by the following core principles:

- **Transparency**
To maintain the highest standards of transparency in all aspects of our interactions and dealings.
- **Disclosures**
To undertake timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- **Empowerment and Accountability**
To demonstrate the highest levels of personal accountability and to ensure that employees consistently pursue excellence in everything they do.
- **Compliances**
To comply with all the laws and regulations applicable to the company.
- **Ethical conduct**
To conduct the affairs of the company in an ethical manner.
- **Stakeholders' interests**
To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community.

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in

mind, we have formulated and introduced a number of policy documents as briefly described below.

A) Values and commitments

We have set out and adopted a policy document on the 'values and commitments' of Reliance MediaWorks Limited. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B) Code of ethics

Our 'code of ethics' demands that our employees conduct the business with impeccable integrity by excluding any consideration of personal profit or advantage.

C) Business policies

We have clear internal norms in place on a wide range of issues from fair market practices and insider information to financial and accounting integrity, from external communication and personal conduct to work ethics. We also have, a policy on prevention of sexual harassment in addition to guidelines on health, safety, environment and quality.

D) Separation of the Board's supervisory role from executive management

In line with best global practices, we have adopted the policy of separating the Board's supervisory role from that of executive management.

E) Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

F) Prevention of sexual harassment

Our policy aims at promoting a productive work environment and protecting the individual from sexual harassment.

G) Whistle blower policy

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

H) Risk management

Our risk mitigation procedures ensure that the management is able to control risk through a properly defined framework.

I) Boardroom practices

i. Board charter

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various board committees, etc.

Corporate Governance Report

ii. Tenure of independent directors

The tenure of independent directors on the board of the company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

iii. Lead independent director

Recognizing the need to have a representative and spokesperson for the independent directors, the Board has appointed an independent director as the lead independent director.

The lead independent director performs the following roles in addition to the role of a non-executive independent director:

- preside over all executive sessions of the Board's independent directors;
- work closely with the Chairman to finalize the information flow, and the agendas and schedules for meetings;
- to liaise between the Chairman and the independent directors on the Board; and
- take a lead role along with the Chairman in the Board evaluation process.

Shri Sujal Shah has been designated as the lead independent director.

iv. Independent director's interaction with shareholders

Shri Sujal Shah, an independent director, interacts with shareholders on their suggestions and queries which are forwarded to the company secretary.

v. Meeting of independent directors with operating team

The independent directors of the company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures; risk management strategies; measures to improve efficiencies; performance and compensation; strategic issues for board consideration; flow of information to directors; management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to all such advisors and members of the management as they may determine and deem fit.

vi. Commitment of directors

An annual calendar of meetings, involving the Board and its various committees, is circulated to the directors at the beginning of the year. Such advance planning enables

the directors to plan their commitments and facilitates optimum attendance at all meetings of the Board and its committees.

J) Governance practices being followed to promote the interests of our stakeholders

We have in the recent past introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

i. Customers

We have taken various initiatives towards customer care by providing comprehensive online support across businesses.

ii. Employees

We regularly conduct an employee assessment survey and the results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, we have programs of assessment centers, wherein employees who have a proven track record are assessed for higher role. Also we identify high potential talent on a periodic basis and provide necessary learning interventions to help them take on larger responsibilities and roles.

iii. Lenders

The Company has been prompt in honouring all debt obligations to its lenders.

iv. Society

Reliance MediaWorks, as a concerned corporate member of the society, is committed to serving the communities in which we operate by providing infrastructural support through our cinema network for holding special screenings for members from charitable entities dedicated to help those affected by physical, social or educational disadvantage.

Reliance MediaWorks has also initiated the Green Your Lifestyle campaign, which aims to create environmental awareness and drive green action at an individual level among all employees and the BIG Cinemas patrons worldwide.

Compliance with the code and rules of Singapore Exchange Securities Trading Limited

FCCBs issued by the company are listed on the Singapore Exchange Securities Trading Limited. The company's corporate governance practices substantially conform to the code and rules of Singapore Exchange Securities Trading Limited as are applicable.

Reliance MediaWorks Limited

Corporate Governance Report

Compliance with clause 49 of the listing agreement

Reliance MediaWorks Limited is fully compliant with the mandatory requirements of clause 49 of the listing agreement formulated by Securities and Exchange Board of India (SEBI).

We present our report on compliance of governance conditions specified in clause 49.

I. Board of directors

1. Board composition - Board strength and representation

As at March 31, 2010, the board consisted of seven members. The composition of and the category of directors on the board of the company were as under:

Category	Particulars of Directors
Non Executive – Non Independent Directors	Shri Gautam Doshi Shri Amit Khanna
Independent Directors	Shri Sujal Shah Shri Anil Sekhri Shri Prasoos Joshi Shri Ajay Prasad Shri Darius Kakalia*

*With effect from June 9, 2010, Shri Darius Kakalia resigned from the Company's Board due to his pre-occupation.

The Company had appointed Ms. Kirti Desai, as the Manager of the Company in respect of the provisions of the Companies Act, 1956 for a period of three years with effect from January 30, 2008.

2. Conduct of Board proceedings

The day to day business is conducted by the officers and the managers of Reliance MediaWorks Limited under the direction of the board. The board holds minimum four meetings every year to review and discuss the performance of the company, its future plans, strategies and other pertinent issues relating to the company.

The board performs the following specific functions in addition to the oversight of the business and the management:

- review, monitor and approve major financial and business strategies and corporate actions.
- assess critical risks facing the company and review options for their mitigation.
- provide counsel on the selection, evaluation, development and compensation of senior management.
- ensure that processes are in place for maintaining the integrity of

- a. the company
 - b. the financial statements
 - c. compliance with law
 - d. relationships with all the key stakeholders
- delegation of appropriate authority to the senior executives of the company for effective management of operations.

3. Board meetings

The board held eight meetings during the financial year 2009-10 on May 29, 2009, June 30, 2009, July 31, 2009, August 12, 2009, October 22, 2009, January 28, 2010, February 20, 2010 and March 6, 2010.

The maximum time gap between any two meetings was 98 days and the minimum time gap between any two meetings was 12 days. The board periodically reviews compliance reports of all laws applicable to the Company and takes steps to rectify non-compliances, if any.

Standards issued by ICSI: The Company is in compliance with the secretarial standards governing board meetings as also general meetings as set out in Secretarial Standards I and II issued by the Institute of Company Secretaries of India (ICSI). The board of directors of the company has taken necessary steps in order to ensure compliance with these standards. Besides, the board has constituted several committees to deal with various specialized issues.

4. Attendance of directors

Attendance of directors at the board meetings held during 2009-2010 and the last Annual General Meeting (AGM).

Name of the Director	Meetings held during the tenure of Directors	Meetings attended	Attendance at the last AGM
Shri Gautam Doshi	8	7	Present
Shri Amit Khanna	8	7	Present
Shri Sujal Shah	8	8	Present
Shri Darius Kakalia	8	8	Absent
Shri Prasoos Joshi	4	2	Present
Shri Anil Sekhri	8	8	Present
Shri Ajay Prasad	2	1	Not Applicable

Notes

- a. Shri Prasoos Joshi was appointed as Director with effect from September 3, 2009.
- b. Shri Ajay Prasad was appointed as Director with effect from February 15, 2010.
- c. Shri Darius Kakalia resigned with effect from June 9, 2010.

Corporate Governance Report

- d. None of the directors is related to any other director.
- e. None of the directors has any business relationship with the company.
- f. None of the directors received any loans and advances from the company during the year.

5. Other directorships and Committee Memberships

None of the directors holds directorships in more than 15 public limited companies.

The details of directorships (excluding private limited, foreign company and companies under section 25 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2010.

Name of Director	Number of Directorship (including RMW)	Committee(s) membership ¹ (including RMW)	
		Member	Chairman
Shri Gautam Doshi	10	10	5
Shri Amit Khanna	2	4	-
Shri Sujal Shah	5	3	3
*Shri Darius Kakalia	4	3	-
Shri Prasoon Joshi	2	1	-
Shri Anil Sekhri	2	1	-
Shri Ajay Prasad	-	-	-

* Resigned with effect from June 9, 2010

¹ Membership of committees includes chairman-ship, if any.

No director holds membership of more than 10 committees of boards nor is any director a chairman of more than 5 committees of boards.

6. Details of Directors

The abbreviated resumes of the Directors being appointed/ re-appointed at the ensuing AGM are furnished hereunder:

Shri Ajay Prasad, 63, is a MA in History from St. Stephen's College, Delhi University and Post Graduate Diploma in Development Administration from University of Manchester, UK. He has experience in varied fields like Media, Health, Textiles, Tourism, Defence & Civil Aviation. He carried out the Government's expansion plan for extending television coverage in India and handled the work for introducing commercial services on Doordarshan and participated in their implementation. He prepared a comprehensive health infrastructure project and a comprehensive tourism policy for Himachal Pradesh and was the Country's negotiator for Market Access agreements for Textiles and Clothing with US and EU. He has

three years experience at senior most levels in Defence. He was also a part of successful conclusion of privatization programme for major airports of the country as also policy changes leading to greater liberalization of the aviation sector and chaired a Committee to prepare a Master Plan for modernization of Air Traffic Management in India. Shri Ajay Prasad is also on the Board of Metro Valley Business Park Private Limited.

Shri Gautam Doshi, 57, is a Fellow Chartered Accountant. He has experience in the areas of mergers and acquisition, income-tax, international taxation, accounting, auditing, finance, banking, legal, and general management. Prior to his current position with Reliance Anil Dhirubhai Ambani Group, he was a Senior Partner of RSM & Co., a well-known firm of Chartered Accountants, and a founder director of Ambit Corporate Finance Private Limited, a leading investment banker. Shri Doshi is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group. Shri Doshi is also on the Board of Piramal Life Sciences Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Big TV Limited, Reliance Communications Infrastructure Limited, Reliance Life Insurance Company Limited, Reliance Telecom Limited, Sonata Investments Limited, Sterlite Industries (India) Limited, Digital Bridge Foundation, Reliance Broadcast Network Limited, Nahata Film Infotain Private Limited, Reliance Home Finance Private Limited and Telecom Infrastructure Finance Private Limited.

Shri Anil Sekhri, 53, is a Chartered Accountant and Company Secretary with over 25 years experience. He founded Anil Sekhri & Co, a well known Chartered Accountant practitioner firm. He specialises in accounting, taxation and legal matters with focus on the Media and Entertainment sector. Shri Sekhri is also on the Board of Reliance Broadcast Network Limited, Sprint Tours & Travels Private Limited and ND's Art World Private Limited.

II. Audit Committee

The audit committee comprised of four non-executive Directors viz, Shri Sujal Shah, Shri Gautam Doshi, Shri Anil Sekhri and Shri Darius Kakalia. Shri Sujal Shah, an Independent Non-executive Director is the Chairman of the committee. He is an eminent Chartered Accountant and has accounting and related financial management expertise. Shri Darius Kakalia ceased to be a Director and a member of the committee with effect from June 9, 2010. Shri Ajay Prasad was inducted as a member of the committee on June 9, 2010.

The committee held five meetings during the year. The audit committee also advises the management on the areas where internal audit can be improved. The minutes of the meetings

Corporate Governance Report

of the audit committee are placed before the board. The terms of reference of the audit committee are in accordance with all the items listed in clause 49 (II) (D) and (E) of the listing agreement and section 292A of the Companies Act, 1956, as follows:

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible.
2. Recommending the appointment, re-appointment and replacement/removal of statutory auditors and fixation of audit fee.
3. Approving payment for any other services by statutory auditors.
4. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - a) Matters required to be included in the directors' responsibility statement included in the report of the board of directors.
 - b) Any changes in accounting policies and practices.
 - c) Major accounting entries based on exercise of judgment by management.
 - d) Qualifications in draft statutory audit report.
 - e) Significant adjustments arising out of audit.
 - f) Compliance with listing and other legal requirements concerning financial statements.
 - g) Any related party transactions.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors of any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
14. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
15. Review the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Internal audit reports relating to internal control weaknesses;
 - c) Management letters / letters of internal control weaknesses issued by statutory / internal auditors;
 - d) Statement of significant related party transactions; and
 - e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

- The audit committee has the following powers:
- i. to investigate any activity within its terms of reference or in relation to the compliance with the provisions of the Companies Act, 1956 or referred to it by the Board;
 - ii. to seek any information from any employee;
 - iii. to obtain outside legal and professional advice;
 - iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Attendance at the meetings of the audit committee held during 2009-2010

Members	Meeting held during the tenure of Director	Meetings Attended
Shri Sujal Shah	5	5
Shri Gautam Doshi	5	5
Shri Anil Sekhri	5	5
*Shri Darius Kakalia	5	5
**Shri Amit Khanna	3	3
***Shri Ajay Prasad	Not applicable	Not applicable

* Shri Darius Kakalia ceased to be a member with effect from June 9, 2010.

Corporate Governance Report

** Shri Amit Khanna ceased to be a member with effect from September 3, 2009.

*** Shri Ajay Prasad was appointed as a member with effect from June 9, 2010.

The audit committee held its meetings on May 29, 2009, June 30, 2009, July 31, 2009, October 22, 2009 and January 28, 2010. Minimum and Maximum gap between any two consecutive meetings was 31 and 98 days respectively.

The Chairman of the audit committee was present at the last AGM. The meeting considered all the points in terms of its reference at periodic intervals. The Company Secretary, Ms. Kirti Desai acts as the Secretary to the Committee.

During the year, the committee discussed with the Company's auditors the overall scope and plans for the independent audit. The Management represented to the committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The committee discussed with the auditors, the Company's audited financial statements including the auditors' judgments about the quality, not just the applicability, of the accounting principles, the rationality of significant judgments and the clarity of disclosures in the financial statements. Relying on the review and discussions conducted with the Management and the auditors, the audit committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the internal control systems of the Company. The committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The committee, after review expressed, its satisfaction on the independence of both the internal and the statutory auditors.

Based on the committee's discussion with the Management and the auditors and the committee's review of the representations of the Management and the report of the auditors to the committee, the committee has recommended, the audited annual financial statements of the Company for the year ended March 31, 2010, be accepted by the Board as a true and fair statement of the financial status of the Company, to the Board of Directors.

III. Remuneration Committee

The remuneration committee of the Board comprised of Shri Darius Kakalia, Non-executive

Independent Director as Chairman of the Committee and Shri Gautam Doshi, Shri Anil Sekhri, Shri Amit Khanna and Shri Sujal Shah, Non-executive Directors as its members. The Company Secretary of the Company is the Secretary of the committee. Shri Darius Kakalia ceased to be a Director and a member of the committee with effect from June 9, 2010. The committee was reconstituted and Shri Anil Sekhri was inducted as a Chairman and Shri Ajay Prasad was inducted as a member of the committee on June 9, 2010.

The terms of reference of the remuneration committee, inter alia, consist of reviewing the overall compensation policy and structure, service agreements and other employment conditions for the members of the board.

Attendance at the meetings of the Remuneration Committee held during 2009 - 2010

Members	Meeting held during the tenure of Director	Meetings Attended
Shri Darius Kakalia	1	1
Shri Gautam Doshi	1	1
Shri Sujal Shah	1	1
Shri Anil Sekhri	1	1
Shri Amit Khanna	1	1

The details of payments made to directors during the year ended March 31, 2010 was as follows:

Name of the Director	Position	Sitting Fees (in Rs.)	Salary and perquisites (in Rs.)	Commission (in Rs.)	Total (in Rs.)
Shri Gautam Doshi	Director	95,000	-	-	95,000
Shri Amit Khanna	Director	85,000	-	-	85,000
Shri Sujal Shah	Director	1,05,000	-	-	1,05,000
Shri Darius Kakalia	Director	1,05,000	-	-	1,05,000
Shri Anil Sekhri	Director	1,05,000	-	-	1,05,000
Shri Praseon Joshi	Director	20,000	-	-	20,000
Shri Ajay Prasad	Additional Director	10,000	-	-	10,000
Total		5,80,000	-	-	5,80,000

Notes

- The company has not entered into any other pecuniary relationship or transactions with the non-executive directors.
- The company has so far not issued any stock options to its directors.
- The company has paid sitting fees of Rs.10,000 per board meeting and Rs.5,000 per Audit Committee meeting to Non- Executive Directors for attending the meetings.

Reliance MediaWorks Limited

Corporate Governance Report

Equity shares held by directors

None of the directors of the company hold any equity shares of the Company.

Managerial remuneration policy

The remuneration committee determines and recommends to the Board, the compensation of the Directors and the Manager. The key components of the Company's Remuneration Policy are:

- Compensation will be a major driver of performance.
- Compensation will be competitive and benchmarked with a select group of companies from the service sector.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully legal and tax compliant.

Details of remuneration paid to Manager for the year

The Board appointed Ms. Kirti Desai as Manager under Companies Act, 1956, w.e.f. January 30, 2008 for a period of 3 years. The aggregate value of salary, allowances and perquisite paid to Ms. Kirti Desai, Manager for the year ended March 31, 2010 was Rs.7.80 lacs including company's contribution to provident fund.

IV. Shareholders'/Investors' grievances committee

The shareholders'/investors' grievances committee of the Board currently comprises Shri Gautam Doshi as Chairman of the committee and Shri Amit Khanna, Shri Prasoos Joshi as its members. The company has appointed M/s. Link Intime India Private Limited to act as Registrar and Share Transfer Agent of the Company. The committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The committee also monitors redressal of investors' grievances. Particulars of investors' grievances received and redressed are furnished in the investor information section of this report. The committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The composition of the committee and the number of meetings held during the year are furnished hereunder.

Attendance of members at the meeting of the shareholder investors' grievance committee held during the year 2009-2010

Name of the Members	Meetings held during the tenure of Directors	Meetings Attended
Shri Gautam Doshi	4	4
Shri Amit Khanna	2	2
Shri Prasoos Joshi	2	1

Ms. Kirti Desai, Company Secretary & Manager, is the Compliance Officer.

The shareholders'/investors' grievances committee held its meetings on June 30, 2009, July 31, 2009, October 22, 2009 and January 28, 2010.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 19. There were no complaints pending as on March 31, 2010. The details of period taken on transfer of shares and nature of complaints are furnished in the investor information section of this annual report.

V. General Body Meetings: The Company held its last three Annual General Meetings as under

Year	Location	Date	Time	Whether Special Resolution Passed or not
2006-2007	Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.	October 25, 2007	3.00 p.m.	No
2007-2008	Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.	August 7, 2008	3.00 p.m.	No
2008-2009	Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.	September 30, 2009	3.00 p.m.	1. Alteration of Articles of Association. 2. Resolution u/s 81(1A) of the Companies Act, 1956 for raising funds through the Qualified Institutional Placement of securities. 3. Change of name of the Company from "Adlabs Films Limited" to "Reliance MediaWorks Limited".

The resolutions set out in the respective Notices were passed by the Shareholders with the requisite majority.

Corporate Governance Report

VI. Postal Ballot

At the ensuing Annual General Meeting there is no resolution which is proposed to be passed by postal ballot.

VII. Means of communication

Information like quarterly financial results and media releases on significant developments in the company as also presentations that have been made from time to time to the media, institutional investors and analysts are hosted on the company's web site and has also been submitted to the stock exchanges on which the company's equity shares are listed, to enable them to put them on their own web sites. The quarterly financial results are published in Free Press - English language and Navshakti - Marathi language.

VIII. EDIFAR / Corporate Filing

As per the requirements of clauses 51 and 52 of the listing agreement with the stock exchanges, all the data relating to quarterly financial results, shareholding pattern, quarterly report on Corporate Governance etc. are being displayed on www.corpfiling.co.in in addition to the filing of the same with the Stock Exchanges within the timeframe prescribed in this regard. However, the Company has also filed the above data through electronic data information filing and retrieval ("EDIFAR"), website of SEBI (www.sebiedifar.nic.in). upto the quarter ended December 31, 2009. Thereafter SEBI vide its circular number CIR/CFD/DCR/3/2010 dated April 16, 2010 has discontinued the EDIFAR system and has omitted clause 51 which stipulated filing through EDIFAR, from the Listing Agreement with effect from April 1, 2010.

IX. Compliance with other mandatory requirements

1. Management discussion and analysis

A management discussion and analysis report forms part of the annual report and includes discussions on various matters specified under clause 49(IV)(F) of the listing agreement.

2. Subsidiaries

The minutes of the meetings of the board of directors of all subsidiary companies are placed before the board of directors of the company and the attention of the directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

3. Disclosures

a. Disclosures on materially significant related party transactions that may have a potential conflict of interest with the interests of Company at large.

During the year 2009-10, no transactions of material nature had been entered into

by the Company with the Promoters or Directors or Management, their subsidiaries or their relatives that may have a potential conflict with interest of the Company. We have disclosed the related party transactions with the subsidiary companies in Note No.15 of Schedule 22.

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, or any matter related to Capital Markets, during the last three years.

The Company has complied with the requirements of the Stock Exchange or SEBI on matters related to Capital Markets, as applicable from time to time. During the last three years there were no penalties or strictures imposed on the Company by SEBI, Stock Exchange or any statutory authority for any matter related to capital market.

However, SEBI had issued Show Cause Notice to the Company on February 21, 2008 for contravention of the provisions of Regulation 12(1) read with Clause 3.2.3 and 3.2.4 of the Code of Conduct specified under Part A of Schedule I of the SEBI (Prohibition of Insider Trading) Regulations, 1992. It was alleged that trading of 10,00,000 equity shares of the Company on April 24, 2006 by Mr. Manmohan Shetty, ex-Chairman and Managing Director of the Company was done during the closure of Trading Window and was therefore violation of Code of Conduct under the said regulations. In the matter, Company had obtained a Consent Order on March 9, 2009 and the matter stands closed.

c. Disclosure of accounting treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company, to the extent relevant, are set out in the Schedule forming part of the financial statements included elsewhere in this Annual Report.

d. Disclosures on risk management

The Company has laid down procedures to inform the members of the board about the risk assessment and minimization procedures. The company has framed the risk assessment and minimization procedure which is periodically reviewed by the Audit Committee and the Board.

e. Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been

Corporate Governance Report

circulated to all the members of the board and senior management and the same has been put on the company's website www.reliancemediaworks.com.

The board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of clause 49-V of the listing agreement) is given below:

"It is hereby declared that the company has obtained from all members of the board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the company for the year 2009-10".

Kirti Desai
Manager

f. CEO/CFO certification

A certificate from the CEO and CFO was placed before the board.

g. Review of directors' responsibility statement

The board in its report has confirmed that the annual accounts for the year ended March 31, 2010 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

X. Compliance with non-mandatory requirement

1. Tenure of independent director on the board

The tenure of independent directors on the board of the company shall not exceed, in the aggregate, a period of nine years.

2. Remuneration Committee

The board has set up a remuneration committee details whereof are furnished in this report.

3. Shareholders' rights

The quarterly financial results are published in newspapers and hosted on the website of the company.

4. Audit qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the company.

5. Training of Board Members

A program has been devised to train board members in the business model of the company, risk profile of the business parameters and their responsibilities as directors.

6. Whistle Blower Policy

The company has formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry into whistle blower complaint received by the company. Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the audit committee. Employees knowingly making false allegations of alleged wrongful conduct to the audit committee shall be subject to disciplinary action. No personnel of the company has been denied access to the grievance redressal mechanism of the company.

XI. General shareholder information

The mandatory as also various additional information of interest to investors is voluntarily furnished in a separate section on investor information elsewhere in this annual report.

Certificate on corporate governance report

The Practising Company Secretary's certificate on compliance of clause 49 of the listing agreement relating to corporate governance report is published elsewhere in this annual report.

Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance MediaWorks Limited, as evolved over the years, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognized practices of governance, so as to meet the expectations of all our stakeholders.

Investor Information

Annual General Meeting

The twenty third Annual General Meeting will be held on Tuesday, the August 31, 2010 at 11 a.m. at Rangsharda Natyamandir, K.C Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050.

Financial year of the company

The financial year of the company is from April 1 to March 31 each year.

Corporate Governance Report

Web-site

The website of the company www.reliancemediaworks.com contains a sub-menu on Investor Relations. It carries comprehensive information of interest to our investors including on the results of the company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities of the company and the services rendered/facilities extended by the company to our investors.

Compliance Officer

Ms. Kirti Desai, Company Secretary & Manager is the Compliance Officer of the Company.

Registrar and Share Transfer Agent (RTA)

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (W), Mumbai-400 078.
Tel : +91 22 25963838/25946970
Fax: +91 22 25946969

Website: www.linkintime.co.in

Email: rnt.helpdesk@linkintime.co.in

Shareholders/ investors are requested to forward share transfer documents, dematerialization requests and other related correspondence directly to Link Intime India Private Limited at the above address for speedy response.

Book closure dates for the purpose of AGM

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 27, 2010 to Tuesday, August 31, 2010 (both days inclusive) for the purpose of AGM.

Unclaimed Dividends

Transfer to the Investor Education & Protection Fund:

Pursuant to the provisions of Section 205A(5) and Section 205C of the Companies Act, 1956, the amount of dividend which has remained unclaimed/unpaid for a period of seven years from date of its transfer to Unpaid Dividend Account for the financial year 2001-2002 have been transferred to Investor Education and Protection Fund and no claims shall lie against the Company or the Fund in respect of the unclaimed amounts so transferred.

The Company is required to transfer balance lying unpaid in the Unpaid Dividend account as on October 27, 2010 to the Investors Education and Protection Fund (IEPF) established by the Central Government. No claims shall lie against the IEPF or the Company in respect of such amounts after this date.

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to lodge their claim, if not already lodged with Link Intime India Private Limited, the Registrar and Transfer Agent for revalidating the warrants or obtaining

duplicate warrants/or payment in lieu of such warrants in the form of demand draft for payment of the unclaimed dividend amount.

The table presented below gives the dates of dividend declaration since 2002-03 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government:

Financial Year	Date of Declaration	Due Date of Transfer
2002-03	September 23, 2003	October 27, 2010
2003-04	September 28, 2004	November 3, 2011
2004-05	September 29, 2005	November 2, 2012
2005-06	July 29, 2006	September 1, 2013
2006-07	October 25, 2007	November 29, 2014
2007-08	August 7, 2008	September 12, 2015
2008-09	Nil	N/A

All Shareholders whose dividend has remained unclaimed and unpaid for the year 2002-03 have been intimated individually to claim their Dividend.

Share transfer system

Shareholders/investors are requested to send share transfer related documents directly to our RTA whose address is given at the beginning of this section. A committee of executives of the company is authorised to approve transfer of shares. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by our RTA.

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

The following persons constitute the Group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise control directly or indirectly, over the Company.

Shri Anil Dhirubhai Ambani, Smt Tina A. Ambani, Smt Kokila D Ambani, Shri Jai Anmol Ambani, Master Jai Anshul Ambani, K D Ambani Trust, Fidelity Shares and Securities Private Limited, Gaylord Investments and Trading Private Limited, Guruvas Textiles Private Limited, Hansdhvani Trading Company Private Limited, KDA Enterprises Private Limited, Shreeji Comtrade LLP, Guruvas Commercials LLP, Shrikrishna Tradecom LLP, Lord Comtrade LLP, Krupa Commercials LLP, Reliance Innoventures Private Limited, AAA Enterprises Private Limited, AAA Communication Private Limited, AAA Project Ventures Private Limited, AAA Power Systems (Global) Private Limited, AAA Pivotal Enterprises Private Limited, AAA Infrastructure Consulting & Engineers Private

Reliance MediaWorks Limited

Corporate Governance Report

Limited, AAA Entertainment Private Limited, AAA Communication Partners, AAA Enterprises Partners, AAA Project Ventures Partners, AAA Project Ventures Holdings Partners, RCom Holdings Partners, RCap Holdings Partners, RPower Holdings Partners, RInfra Holdings Partners, Reliance Innoventures Partners, Reliance ADA Group Holdings Partners, AAA Industries Private Limited, AAA Global Ventures Private Limited, AAA Corporate Services Private Limited, AAA & Sons Enterprises Private Limited, AAA International Capital Private Limited, AAA Business Machines Private Limited, AAA Infrastructure Finance Management Private Limited, AAA Corporation Private Limited, AAA Facilities Solutions Private Limited, AAA Cap Advisory Services Private Limited, AAA Finance Management Private Limited, AAA Project Finance Management Private Limited, AAA Financial Services Private Limited, AAA Capital Finance Services Private Limited, AAA Resources Private Limited, AAA Home Entertainment Services Private Limited, AAA Micro Services Private Limited, AAA Integrated Services Private Limited, AAA Electrical Power Development Private Limited, Atlanta Advisory Services Private Limited, AAA Industrial Services Private Limited, Standard Management Services Private Limited, AAA Multi-Technologies Private Limited, AAA Software Technologies Private Limited, AAA Technical Services Private Limited, AAA Utility Ventures Private Limited, AAA Infoservices Private Limited, AAA Commercial Enterprises Private Limited, Ace Industrial Services Private Limited, Nationwide Communication Private Limited, Relcom Software Solutions Private Limited, Sealink Engineering Services Private Limited, AAA Capital Consultants Private Limited, Aricent Commercial Services Private Limited, AAA Engineering Services Private Limited, Acerock Infrastructure & Consulting Private Limited, Nationwide Networks Technologies Private Limited, Sealink Infra Technology Private Limited, Ambani Enterprises Private Limited, Dhirubhai Ambani Enterprises Private Limited, Quadro Mercantile Private Limited, AAA Multivision Services Private Limited, Whitehills Mercantile Private Limited, Whitehills Corporate Services Private Limited, Feathertop Corporate Services Private Limited, Alpssoft Techventures Private Limited, AAA Allied Services Private Limited, AAA Advisory Services Private Limited, AAA Infra Advising Services Private Limited, AAA Advertisement Private Limited, Jumbo Mercantile Private Limited, Atlantic Ventures Private Limited, Microtech Development Private Limited, AAA Illuminative Solutions Private Limited, ADA Enterprises and Ventures Private Limited, Ambani Industries Private Limited, Ambani International Private Limited, Reliance Limited, Reliance India Private Limited, Reliance Enterprises

and Ventures Private Limited, Reliance Big Private Limited, Shreenathji Krupa Project Management Private Limited, Shriji Krupa Endeavour Management Private Limited, Solaris Information Technologies Private Limited, Sevenstar Corporate Services Private Limited, Telecom Infrastructure Finance Private Limited, Trans-Pacific Advisory Services Private Limited, Trans-Americas Holdings Private Limited, Trans-Atlantic Holdings Private Limited, AAA Infrastructure Investments Private Limited, AAA Enterprises and Ventures Private Limited, AAA Telecom Holdings Private Limited, Quadro Mercantile Private Limited, AAA Commercial Enterprises Private Limited, Deltainfra Technology Private Limited, ADAE Global Private Limited, Ikosel Investments Limited, Reliance Anil Dhirubhai Ambani Group (UK) Private Limited, Reliance Anil Dhirubhai Ambani Investments (UK) Limited, Trans-Pacific Holdings Private Limited, Reliance Broadcast Network Limited, Reliance Capital Limited, Reliance General Insurance Company Limited, Quant Capital Private Limited, Quant Broking Private Limited, Quant Securities Private Limited, Quant Commodities Private Limited, Quant Commodity Broking Private Limited, Reliance Net Limited, Reliance Land Private Limited, Reliance Communications Limited, Reliance Infratel Limited, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infrastructure Limited, Reliance Power Transmission Limited, Reliance Energy Generation Limited, Reliance Energy Limited, Reliance Energy Trading Limited, Reliance Infraprojects Limited, Reliance Cementation Private Limited, Reliance Infraventures Limited, Reliance Property Developers Limited, Reliance Futura Limited, Reliance Prima Limited, Sonata Investments Limited, Reliance Power Limited, Rosa Power Supply Company Limited, Sasan Power Limited, Maharashtra Energy Generation Limited, Vidarbha Industries Power Limited, Chitrangi Power Private Limited, Siyom Hydro Power Private Limited, Tato Hyrdro Power Private Limited, Urthing Sobla Hydro Power Private Limited, Kalai Power Private Limited, Coastal Andhra Power Limited, Maharashtra Energy Generation Infrastructure Limited, Coastal Andhra Power Infrastructure Limited, Sasan Power Infrastructure Limited, Sasan Power Infraventures Private Limited, Reliance Coal Resources Private Limited, Amulin Hydro Power Private Limited, Emini Hydro Power Private Limited, Mihundon Hydro Power Private Limited, Jharkhand Integrated Power Limited, BSES Kerala Power Limited, Reliance Goa and Samalkot Limited, Reliance Power International Sarl, Luxembourg, Reliance Patalganga Power Limited, Bharuch Power Limited, Reliance Natural Resources Limited.

Corporate Governance Report

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Shareholding pattern

S No	Category	Total number of shares as on 31.03.2010	%
(1)	Promoters & Person Acting in concert	28705000	62.23
(2)	Foreign holdings		
	A. Foreign holdings – GDRs	-	-
	B. Direct By Foreign Companies	97	0.00
	C. Individual and Others	299015	0.65
	D. Foreign Institutional Investors	1340288	2.90
	Sub-Total	1639400	3.55
(3)	Bank/Financial Institutions and Mutual Funds	898838	1.95
(4)	General Public	14882932	32.27
	GRAND TOTAL	46126170	100

Top 10 shareholders as on March 31, 2010

Sr. No.	Name of the shareholder	No. of shares	%
1	Reliance Land Private Limited	20600000	44.66
2	Reliance Capital Limited	8105000	17.57
3	Manmohan Shetty	2169234	4.70
4	Deutsche Securities Mauritius Limited	505337	1.09
5	Religare Securities Ltd.	268450	0.58
6	Credit Suisse (Singapore) Limited	241199	0.52
7	JM Financial Services Private Limited	216000	0.47
8	Thalia Infratech Private Limited	204000	0.44
9	Globe Capital Market Limited	203217	0.44
10	Birla Sun Life Trustee Company Private Limited	159000	0.34

Distribution of shareholding as on March 31, 2010

No. of Shares	Number of Share holders as on 31.03.2010		Total shares as on 31.03.2010		Number of Share holders as on 31.03.2009		Total shares as on 31.03.2009	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
1-500	110813	99.06	7073598	15.34	116791	99.17	6598189	14.30
501-5000	924	0.83	2510128	5.44	858	0.73	2382123	5.17
5001-10000	53	0.05	800217	1.73	56	0.05	814000	1.76
10001 and Above	69	0.06	35742227	77.49	64	0.05	36331858	78.77
TOTAL	111859	100	46126170	100	117769	100	46126170	100

Dematerialisation of Shares

The International Securities Identification Number (ISIN) allotted to the company is INE540B01015. The equity shares of the company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

Reliance MediaWorks Limited

Corporate Governance Report

Status of Dematerialisation of shares as on March 31, 2010

Electronic holdings			Physical holdings			Total		
No. of beneficial owners	No. of shares	%	No. of beneficial owners	No. of shares	%	No. of beneficial owners	No. of shares	%
111478	46091800	99.93	381	34370	0.07	111859	46126170	100

Investors' grievances attended – April 1, 2009 to March 31, 2010

Analysis of grievances (Direct from Investors)

	2009-2010		2008-2009	
	Numbers	%	Numbers	%
Non-receipt of dividends	9	47.37	22	66.67
Non-receipt of share certificates	4	21.05	3	9.09
Others	6	31.58	8	24.24
Total	19	100	33	100

Notes

- Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.
- The shareholder base was 1,11,859 as of March 31, 2010 and 1,17,769 as of March 31, 2009.
- All the queries and grievances received during the year have been redressed.

Stock Exchange listings

The company is actively traded scrip on the bourses.

A. Stock Exchanges on which the shares of the company are listed

1. Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Telephone: +91 22 2272 1233 / 34 Fax: +91 22 2272 1919 E-mail : corp.relations@bseindia.com Website : www.bseindia.com	2. National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Telephone: +91 22 2659 8235 / 36 Fax: +91 22 2659 8237 / 38 E-mail : cmlist@nse.co.in Website : www.nseindia.com
--	---

B. Stock Exchange on which the FCCBs of the Company are listed

Singapore Exchange Securities Trading Limited,
2 Shenton Way, #19-00, SGX Centre I, Singapore 068804

C. Stock codes/symbols for equity shares

Name of the Exchange	Physical	Electronic
Bombay Stock Exchange Ltd.	532399	INE540B01015
National Stock Exchange of India Ltd.	RELMEDIA	INE540B01015

Outstanding FCCBs of the company, conversion date and likely impact on equity

On January 25, 2006, Company had issued and allotted ₹84,000,000 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) due 2011 which unless previously converted, repurchased or cancelled were redeemable at 121.679 per cent of its principal amount on maturity. During the year ended March 31, 2008, 63,350 FCCBs were converted into 63,25,420 equity shares of Face value Rs. 5/- each. The Conversion price of each Bond was Rs. 543.42 per share with a fixed rate of exchange on conversion of Rs. 54.26 = ₹1.00.

The Company did not receive any conversion requests during the year ended March 31, 2009 and March 31, 2010. As on March 31, 2010, 20,650 Zero per cent Foreign Currency Convertible Bonds (FCCBs) are outstanding. Consequent upon the Scheme of Arrangement for the demerger of radio business having been effectuated the initial conversion price stated hereinabove will be adjusted.

Corporate Governance Report

Equity History

Details of equity shares in the last two decades.

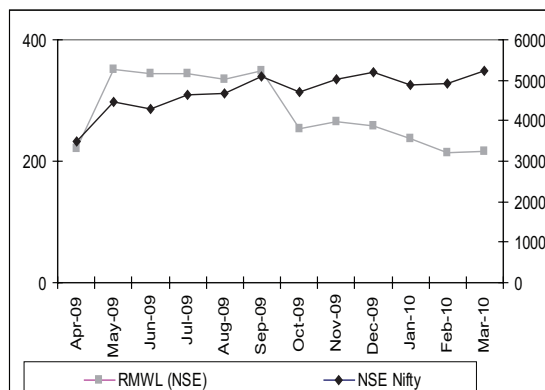
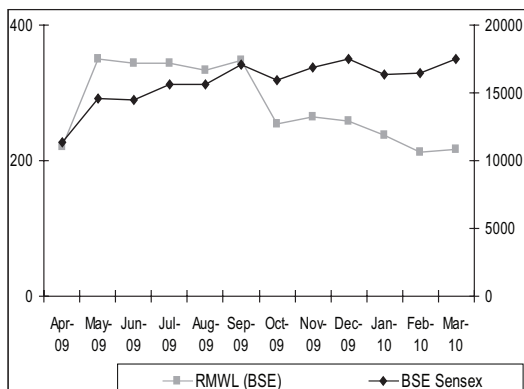
Sr. No.	Date	Particulars of issue/Forfeiture	Issue Price per equity share (Rs.)	No. of Shares	Cumulative Total
1	January 30, 1987	Subscribers to Memorandum and Articles of association	10	200	200
2	February 8, 1990	Further allotment	100	4,800	5,000
3	November 1, 1999	Subdivision of Shares	NIL	NIL	50,000
4	November 1, 1999	Issue of Bonus Shares	10	8,500,000	8,550,000
5	December 2, 1999	Further allotment	10	300	8,550,300
6	January 8, 2000	Subdivision of shares	NIL	NIL	17,100,600
7	December 29, 2000	Public Issue of shares	120	4,400,150	21,500,750
8	May 24, 2005	Preferential Allotment	150	3,500,000	25,000,750
9	August 8, 2005	Preferential Allotment	175.20	11,000,000	36,000,750
10	March 31, 2006	Conversion of warrants	175.20	3,800,000	39,800,750
11	November 11, 2007	Conversion of FCCBs	543.42	492,754	40,293,504
12	November 22, 2007	Conversion of FCCBs	543.42	748,866	41,042,370
13	November 30, 2007	Conversion of FCCBs	543.42	399,396	41,441,766
14	December 11, 2007	Conversion of FCCBs	543.42	948,565	42,390,331
15	December 19, 2007	Conversion of FCCBs	543.42	703,933	43,094,264
16	January 2, 2008	Conversion of FCCBs	543.42	1,622,544	44,716,808
17	January 22, 2008	Conversion of FCCBs	543.42	1,164,734	45,881,542
18	February 5, 2008	Conversion of FCCBs	543.42	119,818	46,001,360
19	February 25, 2008	Conversion of FCCBs	543.42	74,886	46,076,246
20	March 17, 2008	Conversion of FCCBs	543.42	49,924	46,126,170

Stock Price and Volume

Monthly high and low quotations as also the volume of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2009	251.45	167.50	1,79,75,758	251.45	165.25	4,60,78,419
May	359.90	223.10	2,00,96,026	360.00	223.60	5,58,36,110
June	463.50	333.25	1,91,59,809	463.80	330.00	6,19,16,349
July	376.20	249.15	1,57,85,826	377.00	247.50	5,37,05,222
August	355.00	307.30	71,48,277	354.95	302.00	2,32,58,202
September	370.80	326.00	62,66,599	370.90	325.00	2,07,29,647
October	369.50	250.40	70,02,613	369.45	251.00	1,37,75,924
November	301.00	235.10	29,24,448	300.70	234.00	99,60,556
December	287.00	249.00	22,53,348	286.70	250.20	72,64,154
January 2010	288.40	220.00	21,75,295	288.20	211.15	74,75,938
February	249.55	203.40	11,59,515	249.50	203.35	44,44,977
March	235.50	212.70	11,01,172	236.00	213.45	45,19,120

Reliance MediaWorks Limited



Share Price Performance in comparison to broad based indices - NSE Nifty and BSE Sensex

Communication to members

The quarterly financial results of the company during the financial year ended March 31, 2010 were announced within a month of the end of the respective quarter. The company's media releases and details of significant developments are made available on the website. These are published in the widely circulating national and local newspapers which include "The Economic Times", "Maharashtra Times", "Free Press Journal" and "Navshakti" in addition to hosting them on the company's [website: www.reliancemediaworks.com](http://www.reliancemediaworks.com)

Policy on insider trading

The company has formulated a code of conduct for prevention of insider trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The board has appointed Ms. Kirti Desai, Company Secretary & Manager as the Compliance Officer under the code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the code of conduct under the overall supervision of the board. The Company's code, inter alia, prohibits purchase and/or sale of shares of the company by an insider or by any other company, while in possession of unpublished price sensitive information in relation to the company during certain prohibited periods. The code is available on the company's website.

Secretarial audit for reconciliation of capital

The Securities and Exchange Board of India has directed vide circular no.D&CC/FITC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital. The said certificate, duly certified by a qualified practicing company secretary is submitted to the stock exchanges where the securities of the company are listed within 30 days of the end of each quarter and the certificate is also placed before the board of directors of the company.

Key Financial Reporting Dates for the Financial Year 2010-11

Unaudited results for the first quarter ended June 30, 2010	: On or before August 14, 2010
Unaudited results for the second quarter / half year ended September 30, 2010	: On or before November 14, 2010
Unaudited results for the third quarter ended December 31, 2010	: On or before February 14, 2011
Audited results for the financial year 2010-11	: On or before May 30, 2011

Any queries relating to the financial statements of the company may be addressed to:	Investors' correspondence may be addressed to the Compliance Officer of the Company:
Shri Venkat Devarajan Chief Financial Officer Reliance MediaWorks Limited Film City Complex, Goregaon (East), Mumbai - 400065 Tel. : +91 22 39808900 Fax : +91 22 39808985 Email : venkat.devarajan@relianceada.com	Ms. Kirti Desai Company Secretary and Manager Reliance MediaWorks Limited Film City Complex, Goregaon (East), Mumbai - 400065 Tel. : +91 22 39808900 Fax : +91 22 39808985 Email : kirti.desai@relianceada.com

Corporate Governance Report

Plant /Office Locations

Reliance MediaWorks Limited

Film City Complex, Goregaon (East), Mumbai 400 065.	No. 9-A, Kumaran Colony, Main Road, Vadapalani, Chennai
Plot No. 12, Block AQ, Sector V, Salt lake, Kolkatta 700 09	Bhakti Park, Near Anik Bus Depot, Wadala Link Road, Wadala, Mumbai 400 037.

The Company presently has over 525 screens spread across India, US, Malaysia, Netherlands and Nepal which are a) either owned/ operated by companies which are joint venture or subsidiaries of Reliance MediaWorks Limited or b) acquired on lease in agreement with various property owners cum developers at different locations.

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

Reliance MediaWorks Limited.

I have examined the compliance of conditions of Corporate Governance by Reliance MediaWorks Limited ("the Company"), for its financial year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreements of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

Sd/-

B. Durga Prasad Rai

Company Secretary

Membership No: ACS 10060

COP No. 4390

Mumbai

Date: May 28, 2010

Reliance MediaWorks Limited

Auditors' Report

To the Members of

Reliance MediaWorks Limited

1. We have audited the attached Balance sheet of Reliance MediaWorks Limited (formerly known as Adlabs Films Limited) ('the Company') as at 31 March 2010 and the related Profit and loss account and the Cash flow statement for the year ended on that date, annexed thereto. 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 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. Without qualifying our report, we draw attention to note 17 of schedule 22 to the financial statements regarding accounting of the Foreign Currency Convertible Bonds ('FCCB'). During the financial period ended 31 March 2008, the Company re-classified the liability towards FCCB as non-monetary liability inter-alia on the basis of the trend of earnings, movement of the Company's share prices and conversion option exercised by the FCCB holders. The Company continues to classify the liability towards FCCB as non-monetary liability as in its view the current fall in the market price of the Company's share price and non-conversion by bond holders is a temporary aberration, consequently, the foreign exchange fluctuation gain for the year aggregating Rs 171.81 million (2009: loss aggregating Rs 113.01 million) has not been recognised and the said liability has not been restated at the year-end exchange rate.

An alternate view exists that the liability towards FCCB is a monetary liability and should be restated at the year-end exchange rate in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates' prescribed in the Companies (Accounting Standards) Rules, 2006. There is no specific guidance of The Institute of Chartered Accountants of India on accounting for foreign currency bonds convertible into equity shares at the option of the holder. Had the said liability been considered as a monetary liability as before, the loss before tax for the current year would be lower by Rs 171.81 million (2009: loss for the year would be higher by Rs 113.01 million) and the reserves and surplus would be lower by Rs 127.23 million (2009: reserves and surplus would lower by Rs 299.04 million).

4. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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, the Profit and loss account and the Cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance sheet, the Profit and loss account and the 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;

Auditors' Report

- e) On the basis of written representations received from the directors of the Company as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f) In our opinion, and to the best of our information and according to the explanations given to us, read with paragraph 3 above, the said accounts give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - (ii) in the case of the Profit and loss account, of the loss of the Company for the year ended on that date; and
 - (iii) in the case of the Cash flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

For Chaturvedi & Shah

Chartered Accountants

Firm's Registration No: 101720W

Bhavesh Dhupelia

Partner

Membership No: 042070

Mumbai

28 May 2010

Parag D. Mehta

Partner

Membership No: 113904

Mumbai

28 May 2010

Reliance MediaWorks Limited

Annexure to the Auditors' Report

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of fixed assets are for the Company's specialised requirements and similarly certain services rendered / rights and goods sold are of a specialised nature and rendered / sold to specific buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and rendering of services.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products sold / services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales-tax / VAT, Service Tax, Customs duty, Entertainment tax, Investor Education & Protection Fund, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As informed to us, the Company did not have any dues on account of Wealth tax.

There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales-tax / VAT, Service tax, Customs duty, Entertainment tax, Investor Education & Protection Fund and other material statutory dues were in arrears as at 31 March 2010 for a year of more than six months from

Annexure to the Auditors' Report

the date they became payable. As more fully explained in note 1 of Schedule 22 to the financial statements, no amount has been accrued in respect of Maharashtra Value Added Tax.

- (b) According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount (Rs million)	Year to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty and penalty	171.53	1998-2010	Central Excise and Service Tax Appellate Tribunal (CESTAT)
Entertainment tax	Entertainment tax	24.60	2006-2010	High Court of Judicature of Ahmedabad

- (x) The accumulated losses of the Company are less than 50% of its net worth and it has incurred cash losses in the financial year. No cash losses were incurred in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to bankers or financial institutions or bondholders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans / credit facilities taken by others from banks / others are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short term basis for long term investments. The Company has used short term borrowings aggregating Rs 2,656 million to fund fixed assets, investments and long term loans to subsidiaries.*
- (xviii) The Company has not made any preferential allotment of shares during the year to companies / firms / parties covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

Bhavesh Dhupelia
Partner
Membership No: 042070
Mumbai
28 May 2010

Parag D. Mehta
Partner
Membership No: 113904
Mumbai
28 May 2010

Reliance MediaWorks Limited

Balance Sheet as at 31 March 2010

(Currency: Indian Rupees in Millions)

	<i>Schedule</i>	31 March 2010	31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	230.63	230.63
Reserves and surplus	3	<u>5,233.42</u>	<u>5,317.65</u>
		5,464.05	5,548.28
Loan funds			
Secured loans	4	5,385.26	5,003.72
Unsecured loans	5	<u>12,566.01</u>	<u>7,143.58</u>
		<u>17,951.27</u>	<u>12,147.30</u>
		<u>23,415.32</u>	<u>17,695.58</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	12,936.35	10,528.98
Less: Accumulated depreciation / amortisation / impairment		<u>4,453.60</u>	<u>3,849.28</u>
Net block		8,482.75	6,679.70
Capital work-in-progress (including capital advances)		<u>1,870.99</u>	<u>1,864.02</u>
		<u>10,353.74</u>	<u>8,543.72</u>
Investments			
	7	1,325.18	233.46
Current assets, loans and advances			
Inventories	8	59.68	51.83
Sundry debtors	9	2,233.61	2,439.43
Cash and bank balances	10	474.01	406.82
Interest accrued on investment		11.94	13.86
Loans and advances	11	<u>9,590.25</u>	<u>7,284.23</u>
		<u>12,369.49</u>	<u>10,196.17</u>
Less: Current liabilities and provisions			
Current liabilities	12	1,492.06	1,056.24
Provisions	13	<u>308.87</u>	<u>345.67</u>
		<u>1,800.93</u>	<u>1,401.91</u>
Net current assets			
		<u>10,568.56</u>	<u>8,794.26</u>
Profit and loss account	14	<u>1,167.84</u>	<u>124.14</u>
		<u>23,415.32</u>	<u>17,695.58</u>
Significant accounting policies			
	1		
Notes to the accounts			
	22		

The schedules referred to above form an integral part of this balance sheet.
As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Bhavesh Dhupelia
Partner
Membership No: 042070

Parag D. Mehta
Partner
Membership No: 113904

Kirti Desai
Company Secretary and Manager
Mumbai
28 May 2010

Mumbai
28 May 2010

Mumbai
28 May 2010

Reliance MediaWorks Limited

Profit and Loss Account for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<i>Schedule</i>	For the year ended 31 March 2010	For the year ended 31 March 2009
INCOME			
Theatrical exhibition	15	3,109.11	2,248.06
Film production services	16	1,122.10	1,075.68
Film distribution		15.10	367.32
Film production and related services		354.10	1,161.62
Other income	17	<u>307.32</u>	<u>655.60</u>
		<u>4,907.73</u>	<u>5,508.28</u>
EXPENDITURE			
Direct operational expenses	18	1,563.19	1,575.29
Personnel costs	19	596.92	564.58
Other operating and general administrative expenses	20	1,875.24	1,403.80
Interest and financial charges (net)	21	1,315.09	1,113.97
Depreciation / amortisation	6	<u>608.74</u>	<u>1,146.23</u>
		5,959.18	5,803.87
(Loss) before tax		(1,051.45)	(295.59)
Less: Provision for taxes			
- Deferred tax (credit) / charge		-	(13.48)
- Fringe benefit tax		-	15.15
- (Excess) / short provision for income tax in earlier years		(7.75)	(150.20)
- Reversal of Minimum Alternate Tax ('MAT') credit		<u>-</u>	<u>150.20</u>
(Loss) after tax carried to balance sheet		(1,043.70)	(297.26)
Basic earnings per share Rs.		(22.63)	(6.44)
Diluted earnings per share Rs.		(22.63)	(6.44)
(Refer note 18 of Schedule 22)			
Significant accounting policies	1		
Notes to the accounts	22		

The schedules referred to above form an integral part of this profit and loss account.

As per our report of even date attached.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

For Chaturvedi & Shah

Chartered Accountants

Firm's Registration No: 101720W

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Bhavesh Dhupelia

Partner

Membership No: 042070

Parag D. Mehta

Partner

Membership No: 113904

Kirti Desai
Company Secretary and Manager
Mumbai
28 May 2010

Mumbai
28 May 2010

Mumbai
28 May 2010

Reliance MediaWorks Limited

Cash Flow Statement for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
A. Cash flow from operating activities		
Net loss before tax	(1,051.45)	(295.59)
Adjustment for:		
Depreciation / amortisation	608.74	1,146.23
Loss on sale / discarding of assets (net)	4.08	0.44
Dividend income	(8.53)	(20.54)
Interest and finance charges (net)	1,315.09	1,113.97
Interest income	(40.64)	(71.67)
Bad debts / advances written off	5.05	26.30
Provision for advances written off	12.19	-
Profit on sale of investments / mutual funds (net) / rights therein	(27.44)	(196.92)
Provisions written back	(24.17)	-
Unrealised foreign exchange loss / (gain)	200.02	(80.72)
Operating profit before working capital changes	992.94	1,621.50
Adjustment for:		
(Increase) in sundry debtors	(200.86)	(1,731.76)
(Increase) in loans and advances	(138.75)	(38.86)
(Increase) in inventories	(7.85)	(32.54)
Increase / (Decrease) in trade and other payable	486.31	(444.40)
Cash used in operating activities	1,131.79	(626.06)
Taxes paid (net of refunds) (including fringe benefit tax)	(112.26)	(154.25)
Net cash flow from / (used in) operating activities (A)	1,019.53	(780.31)
B. Cash flow from investing activities		
Purchase of fixed assets	(2,473.36)	(2,136.36)
Proceeds from sale of fixed assets	1.08	108.76
Purchase of investments - long term - in shares of subsidiary companies / joint venture / associates	(300.50)	(20.18)
Advance for application money towards subscription of shares in a joint venture	(12.50)	-
Repayment of capital by a Partnership firm	24.17	-
Purchase of investments-long term-other	(0.99)	(0.45)
Proceeds on sale of long term investments / rights therein	406.68	312.73
Profit on sale of mutual funds (net)	27.44	26.92
Long term loan to subsidiaries and joint ventures (net)	(2,119.57)	(862.70)
Dividend income	8.53	20.54
Interest income	42.56	139.54
Cash used in investing activities	(4,396.46)	(2,411.20)
Taxes paid (net of refunds)	(2.67)	(7.81)
Net cash used in investing activities (B)	(4,399.13)	(2,419.01)

Cash Flow Statement for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
C. Cash flow from financing activities		
Proceeds from short term borrowings (net)	5,453.97	-
Proceeds from long term borrowings	350.00	3,125.08
Dividend (including dividend tax) paid	-	(134.92)
Recoverable from Reliance Media World Limited towards interest	(250.79)	(258.49)
Interest and finance charges (net)	(1,316.08)	(1,110.97)
Net cash flow from financing activities (C)	4,237.10	1,620.70
Net increase / (decrease) in cash and cash equivalent (A+B+C)	857.50	(1,578.62)
Cash and cash equivalents as at beginning of the year	405.36	2,064.58
Cash and cash equivalents acquired on merger (refer note 27(b) of Schedule 22)	-	3.77
Cash and cash equivalents transferred on de-merger (refer note 27(a) of Schedule 22)	-	(84.37)
Cash and cash equivalents as at end of the year (Refer note 1 below)	1,262.86	405.36
	857.50	(1,578.62)

Notes:

1) Cash and cash equivalents at year end comprises:

Cash on hand	8.52	5.58
Balances with scheduled banks		
- Deposit accounts	327.28	286.88
- Current accounts	136.83	112.90
Liquid investment in mutual funds	790.23	-
(of the above fixed deposits of Rs. 281.34 (2009 : Rs. 230.20) are under lien under bank)	1,262.86	405.36

As per our report of even date attached.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Bhavesh Dhupelia

Partner

Membership No: 042070

Mumbai

28 May 2010

For Chaturvedi & Shah

Chartered Accountants

Firm's Registration No: 101720W

Parag D. Mehta

Partner

Membership No: 113904

Mumbai

28 May 2010

For and on behalf of the Board

Gautam Doshi

Director

Amit Khanna

Director

Kirti Desai

Company Secretary and Manager

Mumbai

28 May 2010

Reliance MediaWorks Limited

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Background

Reliance MediaWorks Limited ('Reliance MediaWorks' or 'the Company') was incorporated in 1987 as a Private Limited Company and is currently a Public Listed Company. The equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Reliance MediaWorks is primarily engaged in theatrical exhibition, film production services and film production and distribution.

On 5 October 2009, the Company received a fresh certificate of incorporation from Registrar of Companies changing the name of the Company from Adlabs Films Limited to Reliance MediaWorks Limited.

1. Summary of significant accounting policies

1. Basis of preparation

These financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting except for revaluation of certain fixed assets and in accordance with the Accounting Standards ('AS') notified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable. The financial statements are presented in Indian Rupees in million except per share data and where mentioned otherwise.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed assets and depreciation / amortisation

a. Tangible assets

Tangible fixed assets are stated at cost and / or revalued amount in accordance with scheme of amalgamation less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses related directly / indirectly to the acquisition / construction and installation of the fixed assets for bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided on the straight line method, at the rates prescribed in Schedule XIV to the Act, which, in management's opinion, reflects the estimated useful lives of those fixed assets, except in case of following assets of theatrical exhibition segment wherein depreciation is provided at following rates:

Particulars of fixed assets	Rate of depreciation
Plant and machinery	10%
Furniture and fixture	10%
Computers	20%
Motor car	10%

Leasehold improvements are depreciated over the lower of useful life of the asset and lease term, on a straight line basis.

Individual assets costing up to Rs. 0.005 are depreciated fully in the year of acquisition.

(Also refer note 25 of Schedule 22)

b. Intangible assets

Intangible assets, all of which have been acquired / created and are controlled through custody or legal rights, are capitalised at cost, where they can be reliably measured. Where capitalised, intangible assets are regarded as having a limited useful economic life and the cost is amortised over the lower of useful life and 10 years.

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortised on a straight line basis over its useful life, not exceeding five / ten years, as determined by management.

Film rights comprise negative rights and distribution rights in films and are for a contractually specified mode of exploitation, period and territory and are stated at cost less accumulated amortisation. Cost of film rights comprises original purchase price / minimum guarantee. Cost is ascertained on specific identification basis where possible. In case multiple films / rights are acquired for a consolidated amount, cost is allocated to each film / right based on management's best estimates.

The individual film forecast method is used to amortise the cost of film rights acquired. Under this method, costs are amortised in the proportion that gross revenues realised bear to management's estimate of the total gross revenues expected to be received. If estimates of the total revenues and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film right's realisable value.

In respect of unreleased films, payments towards film rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.

Purchased goodwill is recognised by the Company on the basis of excess of purchase consideration paid over the value of the assets acquired at the time of acquisition and is amortised over its estimated useful life not exceeding ten years.

4. Impairment

In accordance with AS 28 – 'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

5. Investments

Long-term investments are carried at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments and is determined separately for each individual investment.

Current investments are carried at lower of cost and fair value.

6. Inventories

Inventories (comprising of food and beverage items, chemicals, negative film rolls, xenon lamps and stores and spares related to theatrical exhibition / film production services business etc.) are stated at the lower of cost and net realisable value. Cost is determined on the first-in first out (FIFO) basis.

7. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period.

Long term employee benefits:

Provident fund and other schemes

Reliance MediaWorks Limited

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

The Company's state governed provident fund scheme, employee state insurance scheme and labour welfare fund are defined contribution plans. The contribution paid / payable under the schemes is recognised during the year in which the employee renders the related service.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior year; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Other Long term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

8. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The amount recognised as sales is exclusive of value added tax and service tax and net of trade discounts.

Amount of entertainment tax is shown as a reduction from revenue.

Film production services

Revenue from processing / printing of cinematographic films is recognised upon completion of the related processing / printing.

Revenue from processing of digital content is recognised using the proportionate completion method. Use of the proportionate completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion, as there is a direct relationship between efforts expended and contracted output.

Sale of traded goods is recognised when the risks and rewards of ownership are passed on to the customer, which generally coincides with the dispatch of goods.

Income from equipment / facility rental is recognised over the period of the relevant agreement / arrangement.

Theatrical exhibition and related income

Sale of tickets

Revenue from theatrical exhibition is recognised on the date of the exhibition of the films and comprises proceeds from sale of tickets, gross of entertainment tax. As the Company is the primary obligor with respect to exhibition activities, the share of distributors in these proceeds is separately disclosed as distributors' share.

Amount of entertainment tax is shown as a reduction from revenue

Sale of food and beverages

Revenue from sale of food and beverages is recognised upon sale and delivery at the counter.

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Advertisement / sponsorship revenue

Revenue from advertisements, sponsorship and events is recognised on the date of the exhibition of the advertisement / event, over the period of the contract or on completion of the Company's obligations, as applicable.

Film production and related income

Revenue from sale of content / motion pictures is accounted for on the date of agreement to assign / sell the rights in the concerned motion picture/content or on the date of release of the content / movie, whichever is later.

Income from film distribution activity

In case of distribution rights of motion pictures / content, revenue is recognised on the date of release / exhibition.

Revenue from other rights such as satellite rights, overseas rights, music rights, video rights, etc. is recognised on the date when the rights are made available to the assignee for exploitation.

Revenue from sale of VCDs / DVDs, etc is recognised when the risks and rewards of ownership are passed on to the customer, which generally coincides with the dispatch of the products.

Interest income / income from film financing

Interest income, including from film / content related production financing, is recognised on a time proportion basis at the rate implicit in the transaction.

Dividend income

Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.

Marketing rights / Rights to profit

Amounts received in lieu of future marketing rights sale, right to future profit from business of the Company and other rights are recognised as income in the year of entering into the contract.

9. Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the profit and loss account except in case of exchange differences arising on translation of monetary items which form part of Company's net investment in a non-integral foreign operation which is accumulated in a 'Foreign Currency translation reserve' until its disposal.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Forward contracts are entered into to hedge the foreign currency risk of the underlying transaction. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Exchange difference on forward contracts are recognised as income or expense in the profit and loss account of the year. Any profit or loss arising on the cancellation and renewal of forward contract is recognised as income or expense for the year.

10. Earning per share

In determining earning per share, the Company considers the net result after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti - dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

issued at a later date.

11. Taxation

Income-tax expense comprises current tax expense computed in accordance with the relevant provisions of the Income tax Act, 1961 and deferred tax charge or credit.

Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961. Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits / losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down / up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Provision for fringe benefit tax was made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961 till 31 March 2009 on the basis of applicability.

12. Share issue / Foreign Currency Convertible Bonds (FCCB) issue expenses and premium on redemption.

Share / FCCB issue expenses incurred and premium payable on FCCB are adjusted in the year of issue against the Securities premium account.

13. Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Company recognises it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

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

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

14. Leases

Rental expenses in non-cancellable arrangements / agreements with scheduled rent increases are recorded on a straight line basis over the lease term.

15. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

16. Commercial papers

Commercial papers are recognised as a liability, at the amount of cash received at the time of issuance ie. discounted value. The discount is amortised as interest cost over the period of the commercial paper at the rate implicit in the transaction.

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<u>31 March 2010</u>	<u>31 March 2009</u>
2 Share capital		
Authorised		
100,000,000 (2009: 92,058,000) equity shares of Rs.5/-each	<u>500.00</u>	<u>460.29</u>
Issued, subscribed and paid-up capital		
46,126,170 (2009: 46,126,170) equity shares of Rs.5/- each, fully paid-up	230.63	230.63
Of the above:		
- 17,000,000 (2009: 17,000,000) equity shares of Rs.5/- each fully paid-up were allotted as bonus share by capitalisation of general reserves		
- During the year, the Company has increased its authorised share capital from 92,058,000 shares to 100,000,000 equity shares of Rs. 5/- each vide a special resolution passed at the annual general meeting of the Company.		
The authorised share capital of the Company was increased vide a members resolution in the annual general meeting of the Company held on 30 September 2009.		
(Also refer note 17 of Schedule 22)	<u>230.63</u>	<u>230.63</u>
3 Reserves and surplus		
Securities premium account		
At the commencement of the year	4,681.80	6,377.09
Provision for premium on redemption of zero coupon foreign currency convertible bonds ('FCCB') (Refer note 17 of Schedule 22)	37.25	(24.49)
Adjustment on demerger of Radio division (Refer note 27(a) of Schedule 22)	-	(1,670.80)
	<u>4,719.05</u>	<u>4,681.80</u>
Capital reserve		
At the commencement of the year	582.62	-
Amounts transferred to capital reserve as per provisions of the amalgamation scheme (Refer note 27(b) of Schedule 22)	-	582.62
	<u>582.62</u>	<u>582.62</u>
General reserve		
At the commencement of the year	119.51	119.51
Less: Debit balance of Profit and loss account, deducted as per contra	<u>(119.51)</u>	<u>(119.51)</u>
	-	-
Foreign Currency Translation Reserve		
At the commencement of the year	53.23	-
Add: Foreign currency translation gain / (loss) on translation of monetary investment in non-integral operations (net)	(121.48)	53.23
	<u>(68.25)</u>	<u>53.23</u>
	<u>5,233.42</u>	<u>5,317.65</u>
4 Secured loans		
<u>From banks</u>		
- Term loan	5,350.00	5,000.00
- Cash credit	35.26	3.72
(Refer note 3 of Schedule 22)	<u>5,385.26</u>	<u>5,003.72</u>
5 Unsecured loans		
<u>Short term loans</u>		
Commercial paper	7,268.30	4,902.45
Inter-corporate deposit from Subsidiaries	34.50	24.50
From banks	4,000.00	1,000.00
Buyers credit	139.26	92.68
<u>Other loans</u>		
Zero coupon Foreign Currency Convertible Bonds ('FCCB') (Refer note 17 of Schedule 22)	1,123.95	1,123.95
	<u>12,566.01</u>	<u>7,143.58</u>
Repayable within 1 year Rs. 12,566.01 (2009: Rs. 6,019.63)		

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

6. Fixed Assets

Particulars	Gross block		Accumulated depreciation / amortization / impairment				Net block				
	As at 1 April 2009	Adjustments @	Additions during the year	Deductions during the year	As at 31 March 2010	As at 1 April 2009	Charge for the year	Depreciation on assets sold / discarded	Impairment	As at 31 March 2010	As at 31 March 2009
Intangible assets											
Goodwill	-	-	1.22	-	1.22	-	0.06	-	-	1.16	-
Distribution rights	1,624.58	-	-	-	1,624.58	-	11.25	-	-	1,624.58	11.25
Negative rights	1,245.24	-	-	-	1,245.24	-	-	-	-	1,245.24	-
Computer software	14.73	-	10.10	-	24.83	-	3.45	-	-	7.53	10.65
Tangible assets											
Leasehold land	844.20	-	-	-	844.20	-	-	-	-	844.20	844.20
Buildings											
Leasehold	2,858.99	-	658.55	15.86	3,501.68	174.49	185.66	13.60	-	346.55	2,684.50
Freehold	235.08	-	38.65	-	273.73	60.81	9.68	-	-	70.49	174.27
Plant and machinery	3,424.66	-	1,446.59	1.24	4,870.01	684.97	372.71	0.94	-	1,056.74	2,739.69
Furniture and fixtures	262.25	-	274.11	7.82	528.54	61.82	40.87	6.10	-	96.59	200.43
Vehicles	19.25	-	4.44	1.37	22.32	4.54	1.77	0.49	-	5.82	14.71
Total	10,528.98	(457.93)	2,433.66	26.29	12,936.35	3,849.28	625.45	21.13	-	4,453.60	6,679.70
Previous year	7,949.93		3,146.27	109.29	10,528.98	2,710.90	1,158.42	0.09	55.17	3,849.28	5,239.03
Capital work-in-progress including capital advances (CWIP)							(75.12)			6,679.70	1,864.02

@ - Also refer note 2 and 4 below

Notes:

- Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.
- Gross block of leasehold land and building includes revalued amount of leasehold land having deemed ownership of Rs. 821.63 and building of Rs. 967.37 pursuant to scheme of arrangement carried out in the year ended 31 March 2009. (Also refer note 27(b) of schedule 22)
- Additions to fixed assets / CWIP include the following expenses capitalized

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Depreciation	16.71	12.19
Interest	96.47	155.99
Professional fees	24.09	149.29
Personnel cost	175.86	47.47
Rent	107.14	124.41
Other expenses	90.88	52.19
Trial period income, netted from fixed assets capitalised	-	(4.30)
	511.15	537.24

4) Adjustment to Gross Block & Accumulated depreciation / amortisation includes (Refer note 27(a) and 27(b) of Schedule 22):

- Transfer of fixed assets of Radio division gross block amounting to Rs. 3,272.82 (computer software Rs. 53.54, Radio licenses Rs. 1,597.76, Copy Rights, Rs. 4.15, leasehold building Rs. 297.57, plant & machinery Rs. 1,265.39, furniture & fixtures Rs. 20.17 and vehicles Rs. 34.24) and accumulated depreciation / amortisation of total amounting Rs. 384.54 (computer software Rs. 5.75, Radio licenses Rs. 185.09, copy rights Rs. 0.63, leasehold building Rs. 33.30, plant & machinery Rs. 150.74, furniture & fixtures Rs. 7.09 and vehicles Rs. 1.94) pursuant to scheme of de-merger of Radio division of the Company to Reliance Media World Limited (formerly known as Reliance Unicom Limited)
- Transfer of fixed assets of Subsidiary Companies at fair value, gross block amounting to Rs. 1,099.53 (leasehold building Rs. 802.83, plant & machinery Rs. 224.38, furniture & fixtures Rs. 72.32, total amounting to Rs. 1,099.53) and accumulated depreciation / amortisation amounting to Rs. 39.29 (leasehold building Rs. 17.33, plant & machinery Rs. 15.01 and furniture & fixtures Rs. 6.95) as per scheme of amalgamation of these subsidiaries with the Company.
- Revaluation of lease hold land having deemed ownership, building and leasehold building pertaining to the Film production services and theatrical exhibition segment (Revalued amount of leasehold land Rs. 821.63, and leasehold building Rs. 967.37) based on the valuation report obtained from a government approved external valuer, discarded plant & machinery amounting to Rs. 73.64 and accumulated depreciation / amortisation of film rights and other fixed assets of amounting to Rs. 270.13 (Distribution Right Rs. 149.55, Negative Right Rs. 104.77, Leasehold building Rs. 0.01, plant & machinery Rs. 15.70 and furniture & fixture Rs. 0.10). Pursuant to the scheme the difference between the carrying cost of these assets and the revalued amount has been credit to 'Capital Reserve Account' after netting off the impairment loss.

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<u>31 March 2010</u>	<u>31 March 2009</u>
7 Investments		
A Long term (trade, unquoted and at cost)		
<u>Government securities</u>		
National savings certificates (Pledged with State government authorities)	11.26	10.27
B Long term (non-trade, unquoted and at cost)		
(a) Shares of subsidiary companies		
(i) Adlabs Distributors and Exhibitors Limited 50,000 (2009: 50,000) equity shares Rs.10/- each, fully paid-up	0.50	0.50
(ii) Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited) 10,000 (2009: 10,000) ordinary shares of £. 1/- each, fully paid-up	0.85	0.85
(iii) Reliance MediaWorks (USA), Inc (formerly known as Adlabs Films USA, Inc.) 200 (2009: 200) common stock with no par value	0.92	0.92
(iv) Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films Netherlands B.V.) 180 (2009: 180) ordinary shares of € 100 each, fully paid up	1.04	1.04
(v) Reliance MediaWorks (Mauritius) Limited (formerly known as Adlab (Mauritius) Limited) 1,000 (2009: 1,000) ordinary shares issued and outstanding with no par value. (Rs. 1,550/-)	*	*
(vi) Big Synergy Media Limited (formerly known as Synergy Adlabs Media Limited) 5,100 (2009: 5,100) equity shares of Rs 100/- each, fully paid-up	64.16	64.16
(vii) Rave Entertainment & Food Nepal Private Limited 96,000 (2009: 96,000) equity shares of Nepali Rupees 100/- each fully paid-up	6.00	6.00
(viii) Sri Ramakrishna Theatre Limited 403,574 (2009: 403,574) shares of Rs. 10 each, fully paid up	44.21	44.21
(ix) Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited) 50,000 (2009: Nil) shares of Rs. 10 each, fully paid up	0.50	-
(x) Reliance Lowry Digital Imaging Services Inc. (formerly known as Reliance Big Entertainment Inc.) 100 (2009: Nil) shares of no par value (these shares constitute 10% of the outstanding shares and the balance 90% of the outstanding shares are held by Reliance MediaWorks (USA), Inc. a wholly owned subsidiary of the Company)	300.00	-
(b) Shares of Joint Ventures		
(i) Cineplex Private Limited 250,000 (2009: 250,000) equity shares of Rs.10/- each, fully paid-up	2.50	2.50

Reliance MediaWorks Limited

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010	31 March 2009
7 Investments (contd.)		
(ii) Divyashakti Marketing Private limited 100,000 (2009: 100,000) equity shares of Rs. 10/- each, fully paid-up	32.90	32.90
(iii) Swanston Multiplex Cinemas Private Limited 390,000 (2009: 390,000) equity shares of Rs. 10/- each, fully paid-up	70.01	70.01
(c) Shares of others		
(i) Tree of Knowledge DOT Com Private Limited. # Nil (2009: 150,000) 0.5% cumulative redeemable preference shares of Rs 1,000/- each, Rs 800/- partly paid	-	120.00
(ii) Sultan Production Private Limited (refer note 23 of schedule 22) 9,800 (2009: 9,800) equity shares of Rs. 10 each, fully paid up	0.10	0.10
(d) Investment in Partnership firm		
(i) HPE / Adlabs LP (Investment in limited partnership)	224.10	460.78
Less: Repayment of principal from the Partnership firm	24.17	-
Less: Recovery of principal pursuant to contracts	-	<u>236.68</u>
	199.93	224.10
Less: Provision for diminution in value of long term investments (Refer note 27(b) of Schedule 22)	(199.93)	(344.10)
Total long term investment	<u>534.95</u>	<u>233.46</u>
C Current investments (non-trade, unquoted and at lower of cost and fair value)		
Investment in mutual funds		
5,233,869 (2009: Nil) units of Reliance Liquidity Fund - Growth Option [Net asset value: Rs. 72.55 (2009: Nil)]	72.53	-
581,214 (2009: Nil) units of Reliance Medium Term Fund - Retail Plan- Growth Plan- Growth Option [Net asset value: Rs. 11.09 (2009: Nil)]	11.06	-
8,052,502 (2009: Nil) units of Reliance Monthly Interval fund - Series II-Institutional Growth Plan [Net asset value: Rs. 100.03 (2009: Nil)]	100.00	-
483,782 (2009: Nil) units of Reliance Money Manager Fund - Institutional Option - Growth Plan [Net asset value: Rs. 607.09 (2009: Nil)]	606.64	-
Total current investments	790.23	-
(Refer note 22 of Schedule 22 for details of purchase and sale of investments during the current year)	<u>1,325.18</u>	<u>233.46</u>
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	1,325.18	233.46
	<u>1,325.18</u>	<u>233.46</u>

* - Indicates a value of less than Rs. 0.005

- These shares have been forfeited during the current year

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<u>31 March 2010</u>	<u>31 March 2009</u>
8 Inventories		
Stores and spares	29.39	28.33
Chemical stock	1.65	3.35
Food and beverages	23.86	14.69
Negative film rolls	4.78	5.46
	<u>59.68</u>	<u>51.83</u>
9 Sundry debtors		
<u>Unsecured and considered good</u>		
Debts outstanding for a period exceeding six months	1,315.97	1,534.14
Other debts	917.64	498.61
Other Receivable for sale of investment / rights therein	-	406.68
	<u>2,233.61</u>	<u>2,439.43</u>
<u>Unsecured and considered doubtful</u>		
Debts outstanding for a period exceeding six months	0.19	-
Less: Provision for doubtful debts	0.19	-
	<u>-</u>	<u>-</u>
	<u>2,233.61</u>	<u>2,439.43</u>
<u>Sundry debtors include</u>		
Receivable from Companies under same management		
(i) Reliance Media World Limited (formerly known as Reliance Unicom Limited) (Maximum amount outstanding during the year Rs. 133.79 (2009: Rs. Nil))	133.79	-
10 Cash and bank balances		
Cash on hand	8.52	5.58
Balances with scheduled banks		
- in current accounts	136.83	112.90
- in fixed deposit account	327.28	286.88
- Dividend account	1.38	1.46
(Of the above fixed deposit of Rs. 281.34 (2009 : Rs. 230.20) are under lien under bank)	<u>474.01</u>	<u>406.82</u>
11 Loans and advances		
<u>Unsecured and considered good</u>		
Amount due from Reliance Media World Limited (formerly known as Reliance Unicom Limited) pursuant to demerger (Refer note 27(a) of Schedule 22)	2,609.50	2,609.50
Loans and advances to subsidiaries (Refer note 16 of Schedule 22)	3,587.70	1,772.98
Loans and advances to joint ventures (Refer note 16 of Schedule 22)	39.92	56.57
Loans and advances to Others	140.28	84.87
Advance towards share application money	12.50	-
Advances recoverable in cash or in kind or for value to be received (Refer note 21 of Schedule 22)	1,032.86	739.30
Deposits	1,635.45	1,611.65
Advance tax, tax deducted at source, advance fringe benefit tax (Net of provision for tax Rs. 59.35 (2009: Rs. 447.03))	532.04	409.36
	<u>9,590.25</u>	<u>7,284.23</u>
<u>Unsecured and considered doubtful</u>		
Advances recoverable in cash or in kind or for value to be received	12.00	-
Less: Provision for doubtful advances	12.00	-
	<u>-</u>	<u>-</u>
	<u>9,590.25</u>	<u>7,284.23</u>

Reliance MediaWorks Limited

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<u>31 March 2010</u>	<u>31 March 2009</u>
11 Loans and Advances (contd.)		
Loans and advances include		
A Receivable from Companies under same management		
(i) Reliance Media World Limited (formerly known as Reliance Unicom Limited) (Maximum amount outstanding during the year Rs. 2,874.98 (2009: Rs. 2,609.50)) (Refer note 27(a) of Schedule 22)	2,874.98	2,609.50
B Receivable from Joint Ventures		
(i) Divyashakti Marketing Private Limited (Maximum amount outstanding during the year Rs.22.36 (2009: Rs. 22.36))	19.45	22.36
(ii) Cineplex Private Limited (Maximum amount outstanding during the year Rs. 34.21 (2009: Rs. 48.38))	20.47	34.21
(iii) Swanston Multiplex Cinemas Private Limited (advance towards share application money) (Maximum amount outstanding during the year Rs. 12.50 (2009: Rs. Nil))	12.50	-
12 Current liabilities		
Sundry creditors for goods and services (Refer note 4 of Schedule 22)	1,157.93	856.02
Other current liabilities	173.71	117.40
Advance payments received	157.03	78.36
Interest accrued but not due	2.01	3.00
Unclaimed dividend	1.38	1.46
An amount of Rs. Nil (2009: Rs. Nil) is due and outstanding for credit to Investor Education and Protection Fund.		
	<u>1,492.06</u>	<u>1,056.24</u>
13 Provisions		
Leave encashment	37.63	37.18
Premium on redemption of FCCB (refer note 17 of schedule 22)	271.24	308.49
	<u>308.87</u>	<u>345.67</u>
14 Profit and loss account		
Opening balance	243.65	(53.61)
Loss of current year	1,043.70	297.26
	<u>1,287.35</u>	<u>243.65</u>
Deducted as per contra	(119.51)	(119.51)
	<u>1,167.84</u>	<u>124.14</u>
	For the year ended	For the year ended
	31 March 2010	31 March 2009
15 Theatrical exhibition		
Sale of tickets	2,240.18	1,814.70
Less: Entertainment tax	289.08	192.58
	<u>1,951.10</u>	<u>1,622.12</u>
Advertisements / sponsorship revenue	381.93	124.50
Facilities provided at multiplex	57.84	52.56
Food and beverages	559.20	416.04
Others	159.04	32.84
	<u>3,109.11</u>	<u>2,248.06</u>

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<u>For the year ended 31 March 2010</u>	<u>For the year ended 31 March 2009</u>
16 Film production services		
Processing / printing of films	710.64	699.96
Equipment rental income	183.94	61.24
Trading income	222.93	307.74
Others	4.59	6.74
	<u>1,122.10</u>	<u>1,075.68</u>
17 Other income		
Dividend income from:		
- Subsidiary	8.53	-
- Joint venture companies	-	7.50
- Current investments	-	13.04
Interest income from:		
- Banks (Tax deducted at source Rs. 2.67 (2009: Rs. 7.81))	25.35	34.46
- Loans, advances and other deposits	15.29	37.21
Profit on sale of investments / Rights in investments (long term)	-	170.00
Profit on sale of current investments	27.44	26.92
Foreign exchange gain (net)	-	111.16
Consultation fees	-	213.05
Proceeds from keyman insurance policy	-	26.64
Bad debts recovered / Provisions written back	108.09	-
Share of advertisement income	121.30	-
Miscellaneous income	1.32	15.62
	<u>307.32</u>	<u>655.60</u>
18 Direct operational expenses		
Distributors' share	807.33	599.23
Print, publicity expenses and producers overflow	11.93	135.59
Show tax, INR charges etc	8.02	7.90
Cost of food and beverage sold		
Opening stock	14.69	5.33
Purchases	168.60	139.26
Less: Closing stock	23.86	14.69
Consumption	159.43	129.90
Chemical consumed		
Opening stock	3.35	1.72
Purchases	28.42	37.11
Less: Closing stock	1.65	3.35
Consumption	30.12	35.48
Consumables	10.03	27.45
Processing charges	42.27	69.15
Electricity, power and water charges	289.01	250.03
Cost of raw films sold		
Opening stock	5.46	5.88
Purchases	199.54	300.45
Less: Closing stock	4.78	5.46
Consumption	200.22	300.87
Other direct expenses	4.83	19.69
	<u>1,563.19</u>	<u>1,575.29</u>

Reliance MediaWorks Limited

Schedules to the Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
19 Personnel costs		
Salaries, wages and bonus	532.58	495.48
Contribution to provident and other funds	19.85	19.13
Gratuity	2.84	7.70
Leave encashment	18.02	22.95
Staff welfare expenses	23.63	19.32
	<u>596.92</u>	<u>564.58</u>
20 Other operating and general administrative expenses		
Advertisement	158.35	129.93
Bank charges	28.24	31.84
Business promotion	2.11	10.23
Rent	809.26	644.06
Rates and taxes	86.18	65.96
Commission and brokerage	0.47	3.46
Travelling and conveyance	47.40	69.46
Labour charges	128.23	106.95
Insurance	12.74	15.96
Legal and professional fees	68.63	56.38
Directors sitting fees	0.58	0.28
Loss on sale / discarding of assets (net)	4.08	0.44
Printing and communication	71.89	70.74
Bad debts / advances written off	5.05	26.30
Provision for bad debts and advances	12.19	-
Facility maintenance charges	89.93	75.65
Repairs and maintenance		
- Building	3.33	1.46
- Machinery	27.74	20.49
- Others	54.35	37.11
Foreign exchange loss (net)	188.57	-
Auditors' fees (refer note 6 of Schedule 22)	9.37	5.25
Miscellaneous expenses	66.55	31.85
	<u>1,875.24</u>	<u>1,403.80</u>
21 Interest and financial charges (net)		
On fixed loan	728.37	495.16
On other loans	508.60	523.41
	<u>1,236.97</u>	<u>1,018.57</u>
Less: Recoverable from Reliance Media World Limited	(250.79)	(258.49)
Less: Interest capitalised	(96.47)	(155.99)
	<u>889.71</u>	<u>604.09</u>
Finance charges	71.46	23.39
Loss on derivative contracts (net)	353.92	486.49
	<u>1,315.09</u>	<u>1,113.97</u>

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Schedule 22: Notes to the accounts

1. Contingent Liabilities

On Account of	31 March 2010	31 March 2009
Disputes with central excise		
Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal	171.53	130.88
Entertainment tax		
In respect of certain multiplexes, the Company has made an application for availing exemption under the relevant Act retrospectively from the date of commencement of the operations of the said multiplex and the application is pending approval	34.00	39.13
In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant Act	45.17	29.34
In respect of demand orders received for payments of entertainment tax collected and not paid to the authorities, the Company has made an appeal against said demand orders as it believes that the same is not payable, being exemption from payment available to it	10.75	6.29
The Company shall be liable to pay the entertainment tax in the event that the multiplexes do not continue operations for a period of 10 years from the respective dates from which they commenced their operations	1,061.49	574.75
Disputed property tax	7.40	7.40
Guarantees		
Guarantees given to Ministry of Information and Broadcasting for Radio licenses (since transferred to Reliance Media World Limited (formerly known as Reliance Unicom Limited) pursuant to scheme of demerger	-	230.20
Guarantees given for loans given to Subsidiary Companies	1,768.96	1,125.84
Guarantee given to a Service providers in respect of Subsidiary Companies	421.81	3.37

Value added tax: The Maharashtra Value Added Tax Act, 2002 lists the Scheduled entry, inter alia, "Copy right" w.e.f. 1 April 2005. Pursuant to this enactment / scheduled entry, the entertainment industry has made a written representation to the Finance Minister, Maharashtra for deletion of the scheduled entry from the Act. Similar representation was made by the industry in some other states, as a result of which the Act was modified to delete this scheduled entry. The Company is awaiting a positive response from the Ministry of Finance in respect of the assurance given. Accordingly, no provision (amount not currently ascertainable) has been made in the books of accounts

Note:

- a) The Company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.
- b) The amounts are excluding penalty and interest if any that would be levied at the time of final conclusion.

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

2. Commitments

	31 March 2010	31 March 2009
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances	1,185.83	566.18
Amount of uncalled on 150,000 partly paid preference shares of Tree of Knowledge DOT COM Private Limited #	-	30.00

- these shares have been forfeited during the current year

3. Secured loans

Cash credit of Rs. 35.26 is secured by *pari passu* first charge on the inventories and book debts of the Company.

Term loan from the banks of Rs. 4,350 are secured by *pari passu* first charge on fixed assets and Rs. 1,000 are secured by *pari passu* first charge on inventories, book debts and loans and advances of the Company.

4. Sundry creditors

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosures are required to be made relating to micro and small enterprises. The Company has taken necessary steps to seek relevant information from its suppliers about the coverage under the Act. According to information available with the management, no amounts are outstanding pertaining to covered creditors for a period of more than 45 days.

	31 March 2010	31 March 2009
Amounts due to creditors covered under the provisions of Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil
Other creditors	1,157.93	856.02
Total	1,157.93	856.02

5. Remuneration to Directors / Manager

Remuneration to the manager as appointed under Section 269 of Companies Act, 1956:

	Year ended 31 March 2010	Year ended 31 March 2009
Salary	0.74	0.74
Contribution to provident fund	0.04	0.04
Total	0.78	0.78

The above does not include gratuity and leave encashment benefits as the provision for these are determined for the Company as a whole and therefore separate amounts for the Manager are not available.

No commission is paid to directors and hence disclosure under Section 198 of the Act is not made.

6. Auditors fee:

	Year ended 31 March 2010	Year ended 31 March 2009
Audit fee	8.82	4.57
Other attestation fees	0.35	0.34
Reimbursement of out of pocket expense	0.20	0.34
Total	9.37	5.25

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

7. Quantitative details

a) Quantitative details of turnover

Particulars	Units	For year ended 31 March 2010		For year ended 31 March 2009	
		Quantity	Value	Quantity	Value
Processing and printing of films	Feet ('000)	358,387	453.04	440,432	491.53
Others			257.60		208.43
Total processing / printing of films			710.64		699.96
Traded goods	Cans ('000)	18.41	222.93	26.92	307.74

b) Quantitative details of traded goods—raw stock (negative):

Particulars	Units	For year ended 31 March 2010		For year ended 31 March 2009	
		Quantity	Value	Quantity	Value
Negative Film Rolls					
Opening Stock	Cans ('000)	0.54	5.46	1.23	5.88
Purchases	Cans ('000)	18.31	199.54	26.88	300.45
Closing stock	Cans ('000)	0.44	4.78	0.54	5.46

c) Quantitative details - Food and Beverage

- The Company has obtained exemption from providing quantitative details pertaining to the Theatrical exhibition business from the Central Government vide its approval dated 4 May 2010.

8. Value of imports on CIF basis (on accrual basis)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Chemicals, consumables and spare parts	14.16	15.39
Capital goods	450.40	171.56

9. Value of chemicals, components and spare parts

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
		%		%
Imported	14.16	35.27	15.39	24.46
Indigenous	25.99	64.73	47.54	75.54
Total	40.15	100.00	62.93	100.00

10. Expenditures in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Travelling	5.44	6.85
Professional fees	12.94	41.56
Others	29.69	27.49

11. Earnings in foreign exchange (on accrual basis)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Film distribution income	-	210.00
Processing / printing of films	0.79	20.17

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

12. Lease disclosure under AS 19 – 'Leases'

The Company is obligated under non-cancellable leases primarily for multiplex and single screen properties which are renewable thereafter as per the term of the respective agreements.

The future minimum lease payments in respect of non-cancellable operating lease are as follows:

Particulars	Minimum lease payments	
	31 March 2010	31 March 2009
Amounts due within one year from the balance sheet date	808.96	672.43
Amounts due in the period between one year and five years	3,315.44	2,798.87
Amount due after five years	7,171.24	7,137.44
Total	11,295.64	10,608.74

Amount payable within lock-in-period is Rs. 5,480.54 (2009: Rs. 3,939.80).

Amount debited to profit and loss account for lease rental is Rs. 809.26 (2009: Rs. 644.06) (excluding amount capitalised Rs. 107.14 (2009: Rs. 124.41))

13. Disclosure of Segment Reporting under AS 17 – 'Segment disclosures'

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided in the notes to consolidated financial statements.

14. Mark to Market (MTM) losses on derivative contracts

The Company has assigned the derivative contracts pertaining to Options for FCCB and interest rate swap for long term loans to a Company (Assignee), who has advised the Company regarding entering into these contracts. The Assignee had advised the Company with regards to entering into these derivative contracts and has indemnified the Company with regards to any mark to market losses that the Company will have to incur on termination of these contracts. Consequently, the total mark to market loss of Rs. 275.04 (2009: (Rs. 1,403.70)) has not been recognised by the Company in its Profit and Loss Account. For the same reason, the Company has also not recognised a liability for these MTM losses and amounts receivable from the Assignee Company.

15. Disclosure of Related Party under AS 18 – 'Related party disclosures'

Parties where control exists

Subsidiary Companies

- Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited)
- Reliance MediaWorks (USA), Inc. (formerly known as Adlabs Films USA, Inc.)
- Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films Netherlands B.V.)
- Reliance MediaWorks (Mauritius) Limited (formerly known as Adlabs (Mauritius) Limited)
- Adlabs Distributors and Exhibitors Limited
- Big Synergy Media Limited (formerly known as Synergy Adlabs Media Limited)
- Sri Ramakrishna Theatre Limited
- Rave Entertainment and Food Nepal Private Limited (with effect from 24 August 2008)
- Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited) (with effect from 4 May 2009)

Step down Subsidiary Companies

- Big Cinemas Entertainment LLC (formerly known as Adlabs Entertainment LLC)
- Big Cinemas Entertainment (DE) LLC (formerly known as Adlabs Entertainment (DE) LLC)
- Adlabs Forum LLC (upto 3 February 2010) **
- Big Cinemas Laurel LLC (formerly known as Adlabs Laurel LLC)
- Big Cinemas Falls Church LLC (formerly known as Adlabs-Falls Church LLC)
- Adlabs Heritage LLC
- Big Cinemas Norwalk LLC (formerly known as Adlabs Norwalk LLC)
- Big Cinemas Galaxy LLC (formerly known as Adlabs-Galaxy LLC)
- Big Cinemas Sahil LLC (formerly known as Adlabs-Sahil LLC)
- Big Cinemas SAR LLC (formerly known as Adlabs-Sar LLC)
- Phoenix Big Cinemas Management LLC (formerly known as Phoenix Adlabs Theatre Management LLC)

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

- Big Cinemas Union LLC (formerly known as Adlabs Union LLC) (upto 19 February 2010) **
- Big Cinemas Phoenix LLC (formerly known as Adlabs Phoenix LLC)
- Big Cinemas Exhibition LLC (formerly known as Adlabs Exhibitions LLC)
- Big Cinemas IMC LLC (formerly known as Adlabs IMC LLC)
- Adlabs Digital Media USA LLC (with effect from 27 March 2009)
- Big Pictures USA Inc. (with effect from 30 March 2009)
- Adlabs Globalstar LLC (with effect from 23 September 2009)
- Reliance Media & Marketing Communications LLC (formerly known as Adlabs Media LLC) (with effect from 13 May 2009)
- Reliance Lowry Digital Imaging Services Inc. (formerly known as Reliance Big Entertainment Inc.) (with effect from 1 September 2008)
- Reliance Media Works VFX Inc. (with effect from 25 January 2010)
- Reliance MediaWorks (Malaysia) Sdn. Bhd. (formerly known as Reliance Big Entertainment (Malaysia) Sdn. Bhd.) (with effect from 18 April 2008)
- Big Cinemas Lotus Five Star Cinemas Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.) (with effect from 1 November 2008)

Other related parties

(a) Significant Shareholders, Key Management Personnel and their relatives

- Kirti Desai – Manager appointed under section 269 of the Companies Act, 1956

(b) Enterprises over which company has significant influence / Associates

- HPE / Adlabs LP.
- Sultan Production Private Limited (upto 31 March 2009) (refer note 23 of schedule 22)

(c) Joint Ventures

- Divyashakti Marketing Private Limited
- Cineplex Private Limited
- Swanston Multiplex Cinemas Private Limited

** Dissolved during the year.

Transactions	Subsidiaries Companies		Key Management Personnel		Enterprises over which Company has significant influence / Associates		Joint Venture	
	CY	PY	CY	PY	CY	PY	CY	PY
Rendering of services								
Reliance MediaWorks (USA), Inc.	0.40	74.03						
Reliance MediaWorks (UK) Limited	0.38	42.58						
Cineplex Private Limited							1.65	1.69
Big Synergy Media Limited	31.21	7.60						
Adlabs Distributors and Exhibitors Limited	0.60	0.60						
Digital Media Imaging Limited	0.06	-						
Reliance MediaWorks Netherland B.V.	0.18	-						
Interest Income								
Divyashakti Marketing Private Limited*							1.71	1.33
Cineplex Private Limited							5.07	2.90

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Transactions	Subsidiaries Companies		Key Management Personnel		Enterprises over which Company has significant influence / Associates		Joint Venture	
	CY	PY	CY	PY	CY	PY	CY	PY
Interest Expenses								
Adlabs Distributors and Exhibitors Limited	1.44	0.90						
Receiving of Services								
Adlabs Distributors and Exhibitors Limited	0.06	0.06						
Digital Media Imaging Limited	0.30	-						
Divyashakti Marketing Private Limited							0.84	1.46
Cineplex Private Limited							0.97	1.76
Swanston Multiplex Cinemas Private Limited							0.14	-
Reimbursement of Expenses								
Reliance MediaWorks (USA), Inc.	(0.08)	(6.61)						
Reliance MediaWorks (UK) Limited	(0.09)	(7.02)						
Big Synergy Media Limited	5.85	8.67						
Divyashakti Marketing Private Limited							0.05	0.13
Cineplex Private Limited							0.05	0.15
Digital Media Imaging Limited	3.89							
Sultan Production Private Limited					-	10.77		
Managerial Remuneration								
Kirti Desai			0.78	0.78				
Dividend received								
Big Synergy Media Limited	8.53	-						
Swanston Mutiplex Private Limited							-	7.50
Advance towards share application money								
Swanston Multiplex Cinemas Private Limited							12.50	-
Loan given								
Reliance MediaWorks (USA), Inc.	1,156.46	938.17						
Reliance MediaWorks (UK) Limited	237.59	31.84						
Reliance MediaWorks (Netherlands) B.V.	6.70	-						
Reliance MediaWorks (Mauritius) Limited	109.43	1,152.75						
Digital Media Imaging Limited	627.75	-						

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Transactions	Subsidiaries Companies		Key Management Personnel		Enterprises over which Company has significant influence / Associates		Joint Venture	
	CY	PY	CY	PY	CY	PY	CY	PY
Sultan Production Private Limited					-	54.83		
Kirti Desai			0.50	-				
Loans received back								
Reliance MediaWorks (USA), Inc.	-	575.76						
Cineplex Private Limited							10.43	12.81
Kirti Desai			0.50					
Loan taken								
Adlabs Distributors and Exhibitors Limited	30.00	24.50						
Loan repaid								
Adlabs Distributors and Exhibitors Limited	20.00	-						
Subscription of Shares								
Digital Media Imaging Limited	0.40	-						
Repayment of principal by limited liability partnership								
HPE / Adlabs LP					24.17	-		
Guarantees given								
Reliance MediaWorks (USA), Inc.	81.05	1,125.84						
Reliance MediaWorks Netherlands B. V.	-	3.37						
Rave Entertainment and Food Nepal Private Limited	28.30	-						
Digital Media Imaging Limited	750.00	-						
Guarantees outstanding								
Reliance MediaWorks (USA), Inc.	1,409.45	1,125.84						
Reliance MediaWorks Netherlands B. V.	3.03	3.37						
Rave Entertainment and Food Nepal Private Limited	28.30	-						
Digital Media Imaging Limited	750.00	-						
Outstanding balance as at year end								
Reliance MediaWorks (USA), Inc.	1,545.16	557.23						
Reliance MediaWorks (UK) Limited	242.76	40.61						
Reliance MediaWorks (Mauritius) Limited	1,170.82	1,200.89						
Adlabs Distributors and Exhibitors Limited	(33.31)	(23.51)						

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Transactions	Subsidiaries Companies		Key Management Personnel		Enterprises over which Company has significant influence / Associates		Joint Venture	
	CY	PY	CY	PY	CY	PY	CY	PY
Reliance MediaWorks (Netherlands) B.V.	9.65	3.99						
Big Synergy Media Limited	(47.72)	28.86						
Digital Media Imaging Limited	642.06	-						
Cineplex Private Limited							25.69	34.21
Divyashakti Marketing Private Limited							19.45	22.36
Swanston Multiplex Cinemas Private Limited							12.58	-
Sultan Production Private Limited						115.97		

CY- Year ended 31 March 2010

PY - Year ended 31 March 2009

*amount written off during the year Rs. 3.04.

The Company's stake in share capital of Sultan Production Private Limited ('Sultan') is in excess of 20%. This investment was made by the Company with the intention of investment in the movie "Sultan: The warrior" starring Rajnikanth. However, during the current period, the Company has issued a letter of termination, demanded refund for the moneys paid by the Company and filed a recovery suit against Ocher Studios, as per a shareholders agreement signed by the Company which has been agreed to by Ocher Studios.

Since, the Company has intention of selling the shares, the Company has decided not to consider Sultan as an associate under AS-18 Related Party Disclosures and AS-23 'Accounting for Associates in Consolidated Financials Statements.

The outstanding balance of Sultan Production Private Limited is Rs. 115.88 (2009: Rs. 115.97) of which the Company has considered Rs. 12 as doubtful in the current year and provided for the same.

16. Loans and advances in the nature of loans given to Subsidiaries and Joint ventures:

A) Loans and advances in the nature of Loans:

Name of the Company	Particulars	As at 31 March 2010	As at 31 March 2009	Maximum Balance during the year
Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited)	Subsidiary	242.29	29.66	242.29
Reliance MediaWorks (Mauritius) Limited (formerly known as Adlabs Films (Mauritius) Limited)	Subsidiary	1,170.82	1,235.32	1,235.32
Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films Netherlands B.V.)	Subsidiary	9.65	4.08	9.65
Reliance MediaWorks (USA), Inc. (formerly known as Adlabs Films USA Inc.)	Subsidiary	1,537.19	502.21	1,537.19
Digital Media Imaging Limited (formerly known as AAA Digital Media Limited)	Subsidiary	627.75	-	627.75
Divyashakti Marketing Private Limited	Joint Venture	19.45	22.36	22.36
Cineplex Private Limited	Joint Venture	20.47	34.21	34.21

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

- (a) Loans and advance shown above, to subsidiaries fall under the category of loans and advances in nature of loans where there is no repayment schedule and re-payable on demand.
- (b) Loans to employee as per Company's policy are not considered.

17. Foreign Currency Convertible Bonds

On 25 January 2006 the Company ('Issuer') issued 84,000 Zero Coupon Foreign Currency Convertible Bonds of face value of Euro 1,000 each ('Bonds' or 'FCCB') aggregating Euro 84 million. The Bonds are convertible at any time on or after 7 March 2006 and up to the close of the business on 19 January 2011 by the holders of the Bonds ('the Bondholders') into newly issued equity shares of the Company with full voting rights with par value of Rs 5 each ('Shares') at an initial conversion price (as defined in Terms and Conditions of the Bonds) of Rs 543.42 per share with a fixed rate of exchange on conversion of Rs 54.26=EUR 1.00. Of the above bondholders holding bonds of value Euro 63.35 million opted for conversion in period ended 31 March 2008. The balance bond values aggregating to EURO 20.65 million are outstanding as on the balance sheet date. During the previous year, the Company demerged its radio division to Reliance Media World Limited (formerly known as Reliance Unicom Limited) (refer note 27(a) of Schedule 22). As per the terms of bond issue, the conversion price of the bonds is subject to adjustment, after agreement with the bondholders. Pending finalisation of agreement, the revised conversion price is not yet decided. Consequently the equity shares issuable on conversion of FCCB (2,061,884 (2009: 2,061,884)) have been computed based on initial conversion price. The Bonds are listed on the Singapore Exchange Securities Trading Limited ('SGX ST').

The Bonds may be redeemed, in whole but not in part, at the option of the issuer at any time on or after 25 January 2009 and on or prior to 26 January 2011 subject to satisfaction of certain conditions. Unless previously redeemed, converted or purchased and cancelled, the bonds will mature on 26 January 2011 at 121.679 per cent of the principal amount.

The balance in premium account as at 31 March 2010 is as follows:

	31 March 2010	31 March 2009
Opening balance	308.49	284.00
Adj: foreign exchange fluctuation	(37.25)	24.49
Closing balance	271.24	308.49

During the financial period ended 31 March 2008, the Company classified the liability towards FCCB as non-monetary liability inter-alia on the basis of the trend of earnings, movement of the Company's share prices and conversion option exercised by the FCCB holders. The Company continues to classify the liability towards FCCB as a non-monetary liability as in its view the current fall in the market price of the Company's share price and non-conversion by bond holders is a temporary aberration. Further, pursuant to scheme of demerger of the radio division, the conversion price is subject to adjustment, after agreement with bond holders. The Company estimates that there will be significant adjustments to conversion price considering the value of Radio division which has demerged. Consequently, the foreign exchange fluctuation (gain) / loss for the year ended 31 March 2010 aggregating to Rs (171.81) (2009: Rs. 113.01) has not been recognised by management. Cumulative loss not recognized due to classification of FCCB as a non-monetary liability is Rs. 127.22 in respect of outstanding FCCB's. Unrecognized losses on FCCB's which were converted into equity shares in earlier periods is Rs.219.95.

18. Earning per share ('EPS')

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Net (loss) after tax	(1,043.70)	(297.26)
Weighted average number of equity share outstanding during the year for basic EPS	46,126,170	46,126,170
Add: Equity share issuable on conversion of FCCB (also refer note 17 of schedule 23)	2,061,884	2,061,884
Weighted average number of equity shares outstanding during the period for dilutive EPS	48,188,054	48,188,054
Basic EPS	(22.63)	(6.44)
Dilutive EPS*	(22.63)	(6.44)
Nominal value per share	5.00	5.00

* - Dilutive EPS has not been calculated considering the option on equity shares, as it is anti-dilutive

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

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

	Currency	Year ended 31 March 2010 Amount - foreign currency (mns)	Year ended 31 March 2010 Amount - Indian rupees	Year ended 31 March 2009 Amount - foreign currency (mns)	Year ended 31 March 2009 Amount - Indian rupees
Sundry Debtors	USD	0.26	11.76	1.82	94.83
	GBP	0.01	1.08	0.17	12.44
	EURO	-	-	0.02	1.06
Advance from Customers	USD	0.01	0.22	-	-
	USD	0.16	7.14	0.38	20.04
Sundry Creditors	GBP	-	-	0.01	0.40
	EURO	0.01	0.80	0.01	0.35
	USD	60.14	2,708.01	33.30	1,737.53
Loans & advances	GBP	3.57	242.29	0.44	32.74
	EURO	0.16	9.65	0.06	4.08
	USD	1.82	81.79	0.53	27.66
Buyers Credit	GBP	0.12	7.80	0.12	8.53
	EURO	0.82	49.67	0.82	56.49
	USD	20.65	1,123.95	20.65	1123.95
Foreign currency convertible bonds (FCCB)#	EURO	20.65	1,123.95	20.65	1123.95
Provision for premium on redemption on FCCB	EURO	4.48	271.24	4.48	308.49

- Refer note 17 of Schedule 22

20. Interest in Joint ventures

The Company's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name of the Company	Country of Incorporation	% of ownership interest as at 31 March 2010	% of ownership interest as at 31 March 2009
Swanston Multiplex Cinemas Private Limited	India	50%	50%
Cineplex Private Limited	India	50%	50%
Divyashakti Marketing Private Limited	India	50%	50%

Details of Joint Venture

Particulars	31 March 2010	31 March 2009
I Assets		
1. Fixed assets net block (including Capital work-in-progress)	87.10	96.42
2. Investments	-	-
3. Current assets, loans and advances		
a) Inventories	1.14	1.12
b) Sundry debtors	7.05	5.37
c) Cash and bank balances	7.78	8.20
d) Interest Accrued but not due	0.10	0.06
e) Loans and advances	27.78	11.50
II Liabilities		
1. Shareholders' fund - reserves and surplus	49.13	47.86
2. Advance towards share application money	12.50	-
3. Unsecured loans	45.68	50.68

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Particulars		31 March 2010	31 March 2009
4.	Deferred tax liability (net)	3.95	5.57
5.	Current liabilities and provisions		
a)	Liabilities	15.39	16.06
b)	Provisions	4.30	2.50
III	Income		
1.	Income from theatrical exhibition (net of duties and taxes)	102.73	118.67
2.	Other Income	3.60	9.20
IV	Expenses		
1.	Direct operational expenses	53.97	51.65
2.	Personnel costs	5.36	3.14
3.	Other operating and general administrative expenses	34.86	40.89
4.	Depreciation	11.18	10.97
5.	Interest	4.44	-
	(Loss) / profit before Taxation	(3.48)	21.22
	Provision for tax (including deferred tax)	(4.75)	5.15
	Profit after tax	1.27	16.07
V.	Other Matters		
1.	Contingent Liabilities	94.82	101.61
2.	Capital Commitments	Nil	Nil
	Movement of the aggregate reserves of the joint ventures:		
	Reserves as at beginning of the year	47.86	40.49
	Add: Share of profits for the year	1.27	16.07
	Less: Dividend declared during the year	-	(8.70)
	Reserves as at the end of the year / period	49.13	47.86

21. Employee benefits

Defined contribution plan

Contribution to defined contribution plan, recognized as expense for the year are as under:

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Employers contribution to Provident fund and other funds	19.85	19.13

Defined benefit plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of defined benefit obligation

	31 March 2010	31 March 2009
Gratuity		
Defined Benefit obligation at the beginning of the year	15.01	17.91
Transferred as per provision of Radio demerger scheme (Refer note 27(a) of Schedule 22)	-	(10.42)
On amalgamation of Subsidiaries (Refer note 27(b) of Schedule 22)	-	0.08

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010	31 March 2009
Current service cost	5.74	4.00
Interest cost	1.61	1.00
Actuarial (gain) / loss	(4.73)	2.50
Benefit paid	(0.27)	-
Settlement cost	-	(0.06)
Defined benefit obligation at year end	17.36	15.01

II. Reconciliation of opening and closing balances of fair value of plan assets

	31 March 2010	31 March 2009
Gratuity		
Fair value of plan assets at beginning of year	23.89	3.90
Actuarial gain/ (loss)	(2.16)	(0.37)
Expected return on plan assets	1.78	0.42
Employer contribution	0.48	20.00
Benefit paid	(0.27)	(0.06)
Fair value of plan assets at year end	23.72	23.89
Actual return on plan assets	(0.31)	0.05

III. Reconciliation of fair value of assets and obligation

	Year ended 31 March 2010	Year ended 31 March 2009
Gratuity		
Fair value of plan assets at end of year	23.72	23.89
Present value of obligation at the end of year	17.36	15.01
Amount recognized in balance sheet as (net assets) / net liability	(6.36)	(8.88)

-Recognized as an assets under advance recoverable in cash or kind or for value to be received in schedule 11

-since paid

IV. Expense recognized during the year (Under the head 'Personnel costs' – Refer Schedule '19')

	Year ended 31 March 2010	Year ended 31 March 2009
Gratuity		
Current service cost	5.74	4.00
Interest Cost	1.61	1.00
Expected return on plan assets	(1.78)	(0.42)
Actuarial (gain) / loss	(2.57)	2.87
Limitation of assets recognition as per AS 15	(0.16)	0.25
Net Cost	2.84	7.70

V. Investment details

% invested as at year / period end

Nature of Investment	31 March 2010	31 March 2009
Insurance policies	100%	100%

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

VI. Actuarial assumptions

	Gratuity (funded)
Mortality Table (LIC)	1994-96 (Ultimate)
Discount rate (per annum)	8.30%
Expected rate of return on plan assets (per annum)	7.50%
Rate of escalation in salary (per annum)	10% for the first two years and 7% thereafter

VII. Other disclosures

	Year ended 31 March 2010	Year ended 31 March 2009	Nine months ended 31 March 2008
Present value of plan liabilities	17.36	15.01	17.91
Fair value of plan assets	23.72	23.89	3.90
(Deficit) / Surplus of the plan	6.36	8.88	(14.01)
Experience adjustments on plan liabilities [loss / (gain)]	(4.73)	2.50	0.93
Experience adjustments on fair value of plan assets [(loss) / gain]	(2.16)	(0.37)	0.28

The estimates for rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

22. Investments purchased and sold / extinguished during the year and not existing as on Balance sheet date

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
	No of Units	Purchase amount	No of Units	Purchase amount
Reliance Liquid Fund – Growth option	1,305,572,549	17,884.57	354,425,085	4,551.72
Reliance Liquid Plus Fund – Institutional Option – Growth Plan	2,432,004	2,999.06	1529261	1770.66
Reliance Medium Term Fund – Retail Plan– Growth Plan– Growth Option	161,442,322	3,067.42	-	-
LIC MF Liquid Fund – Growth Plan	129,348,802	2,149.40	-	-
LIC MF Savings Plus Fund – Growth Plan	28,375,838	400.00	-	-
LIC MF Income Plus Fund – Growth Plan	122,907,797	1,500.18	-	-
Reliance Liquidity Fund – Weekly Dividend Option	-	-	202,922,017	2031.17
Reliance Liquid Plus Fund – Institutional Option – Daily Dividend Plan	-	-	1,231,359	1232.76
Reliance Monthly Interval Fund– Series I – Institutional Option – Dividend Plan	-	-	4,996,153	50.00

Reliance MediaWorks Limited

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
	No of Units	Purchase amount	No of Units	Purchase amount
Equity Share of Rave Entertainment Private Limited	-	-	2,000,000	338.59
Preference Shares of Mahimna Entertainment Private Limited	-	-	190,000	190.00
Equity Share of Mahimna Entertainment Private Limited	-	-	10,000	0.10
Preference Share of Entertainment Retail Services Private Limited	-	-	190,000	190.00

- 23.** The Company's stake in share capital of Sultan Production Private Limited ('Sultan') is in excess of 20%. This investment was made by the Company with the intention of investment in the movie "Sultan: The warrior" starring Rajnikanth. However, during the current period, the Company has issued a letter of termination, demanded refund for the moneys paid by the Company and filed a recovery suit against Ocher Studios, as per a shareholders agreement signed by the Company which has been agreed to by Ocher Studios.

Since, the Company has intention of selling the shares, the Company has decided not to consider Sultan as an associate under AS-18 Related Party Disclosures and AS-23 'Accounting for Associates in Consolidated Financials Statements.

The outstanding balance of Sultan Production Private Limited is Rs. 115.88 (2009: Rs. 115.97) of which the Company has considered Rs. 12 as doubtful in the current year and provided for the same.

24. Deferred tax assets

	31 March 2010	31 March 2009
(A) Deferred tax asset		
Arising on account of timing difference in:		
Provision for leave encashment	12.79	12.64
Others	7.93	58.33
Unabsorbed depreciation allowance and carried forward business loss *	221.50	109.39
	242.22	180.36
(B) Deferred tax liability		
Arising on account of timing difference in:		
Depreciation/ amortisation	242.22	180.36
Net deferred tax liability	-	-

* Restricted to the extent of deferred tax liability due to absence of virtual certainty

25. Impairment disclosure

During the previous year, the Company had impaired certain fixed assets pertaining to the theatrical exhibition segment on the basis of determination of value in use of each property, which the Company considers as the relevant Cash Generating Unit ('CGU') for the purpose of impairment testing. The Company had considered a discount rate of 11.68%. The amount of impairment loss of Rs. 55.17 was debited to the Capital reserve pursuant to Scheme of Amalgamation. (Refer note 27(b) of Schedule 22). The management has not reversed the provision in the current year, on the basis of the determined value in use for the current year.

26. Translation of foreign subsidiaries

The Group in the current year has classified its operations in Nepal, as non-integral to the business of the Group in India considering the size of the operations, autonomy of management of the subsidiary and the local sources of funding of the operations. The effect of the above change on the loss of the Nepal operations for the year ending 31 March 2010 is not significant.

Schedules to the financial statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

27. Scheme of arrangement for demerger of Radio business and merger of wholly owned subsidiaries with the Company in previous period ended 31 March 2009

(a) Demerger of the Radio business of the Company to Reliance Media World Limited (formerly known as Reliance Unicom Limited)

During the previous year, the Company implemented a scheme for arrangement for demerger of its Radio business to Reliance Media World Limited (formerly known as Reliance Unicom Limited) ('RML'), an erstwhile wholly owned subsidiary. The scheme of arrangement was approved by the High Court of Judicature at Bombay vide its order dated 4 April 2009 and on completion of other formalities the scheme was given effect to from 1 April 2008.

As per the provisions of the Radio scheme, excess balances of assets transferred over liabilities including allocations for general borrowings of Rs. 1,670.80 and the cost of Investments in RML cancelled has been debited to Securities premium account.

(b) Merger of wholly owned subsidiaries with the Company

During the previous year, the Company implemented a scheme of amalgamation of its wholly owned subsidiaries Adlabs Multiplexes and Theatres Limited ('AMTL'), Adlabs Multiplex Limited ('AML'), Mahimna Entertainment Private Limited ('MEPL') and Rave Entertainment Private Limited ('REPL'). The amalgamation scheme was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 8 May 2009 and on completion of other formalities was given effect to from 1 April 2008.

AMTL, AML, and REPL are engaged in the theatrical exhibition segment and have been included in the exhibition segment. MEPL has been included in the unallocated corporate segment.

In accordance with the requirements of the amalgamation scheme, the credit aggregating Rs. 582.62 to Capital reserve has been arrived at as follows:

- All assets and liabilities of the transferor companies as at 1 April 2008 which have been identified by the Board of Directors have been recorded at their respective fair values (as determined based on valuation reports from government approved valuer / management estimates) as on 31 March 2009. Investments in the equity shares of the transferor companies as appearing in the books of the transferee Company as at 31 March 2009 have been cancelled. The excess of net assets of the transferor companies taken over at fair value (as determined on 31 March 2009) over the cost of investment in these companies, aggregating Rs 360.58 has been credited to capital reserve.
- The Company has recorded an increase in the value of its assets based on revaluation of certain assets of the Company pertaining to the Theatrical exhibition and film production services business. The total increase in value of assets of the Company is Rs. 1,789.01, based on revaluation reports obtained from government approved external valuers. The Company has also reduced the value of its assets by Rs. 1,566.97 (fixed assets and intangible rights Rs. 398.95, debtors Rs. 205.07, loans and advances including capital advances Rs. 618.85 and investments Rs. 344.10). The net increase in the value of assets of the Company Rs. 222.04 has been credited to Capital reserve pursuant to the provision of the Scheme.
- The authorised share capital of the transferor Companies was considered as authorised share capital of the transferee Company. Hence, the authorised share capital of the Company has been increased by Rs. 160.29 divided into 32,058,000 shares of Rs. 5 each.

28. The figures for the previous year have been regrouped / rearranged as necessary to conform to current year's presentation.

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Mumbai
28 May 2010

Kirti Desai
Company Secretary and Manager

Reliance MediaWorks Limited

Balance sheet abstract and Company's general business profile

(Currency: Indian Rupees in Millions)

I Registration Details

Registration no

4	5	4	4	6
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

II Capital raised during the year (Amount Rs. in Thousands)

Public Issue

	N	I	L
--	---	---	---

 Rights Issue

	N	I	L
--	---	---	---

Bonus Issue

	N	I	L
--	---	---	---

 Private Placement

	N	I	L
--	---	---	---

III Position of Mobilisation and Deployment of funds (Amount Rs. in Thousands)

Total Liabilities

1	9	7	5	2	2	0	0
---	---	---	---	---	---	---	---

 Total Assets

1	9	7	5	2	2	0	0
---	---	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

	2	3	0	6	3	1
--	---	---	---	---	---	---

 Reserves and Surplus

4	0	6	5	5	8	0
---	---	---	---	---	---	---

Secured Loans

5	3	8	5	2	6	0
---	---	---	---	---	---	---

 Unsecured Loans

1	2	5	6	6	0	1	0
---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	1	0	3	5	3	7	4	0
--	---	---	---	---	---	---	---	---

 Investments

1	3	2	5	1	8	0
---	---	---	---	---	---	---

Net Current Assets

	1	0	5	6	8	5	6	0
--	---	---	---	---	---	---	---	---

 Miscellaneous Expenditure

	N	I	L
--	---	---	---

Accumulated Losses

	1	1	6	7	8	4	0
--	---	---	---	---	---	---	---

IV Performance of the Company (Amount Rs. in Thousands)

Turnover

	4	9	0	7	7	3	0
--	---	---	---	---	---	---	---

 Total Expenditure

5	9	5	9	1	8	0
---	---	---	---	---	---	---

Profit before Tax

-	1	0	5	1	4	5	0
---	---	---	---	---	---	---	---

 Profit after Tax

-	1	0	4	3	7	9	0
---	---	---	---	---	---	---	---

Earnings per Share in Rs.

		-	2	2	.	6	3
--	--	---	---	---	---	---	---

 Dividend Rate % age

			N	I	L
--	--	--	---	---	---

(Please tick Approximate box = for profit - for loss)

Earning per share (Basic) in Rs.

		-	2	2	.	6	3
--	--	---	---	---	---	---	---

 Dividend %

			N	I	L
--	--	--	---	---	---

V Generic Names of Three Principal Products / Services of the Company

Item Code No (ITC Code)

A	I
---	---

Product description

P	R	O	C	E	S	S	I	N	G		&		P	R	I	N	T	I	N	G		O	F	
C	I	N	E	M	A	T	O	G	R	A	P	H	I	C		F	I	L	M	S				

Item Code No (ITC Code)

A	I
---	---

Product description

T	R	A	D	I	N	G		O	F		N	E	G	A	T	I	V	E		S	T	O	C	K
---	---	---	---	---	---	---	--	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Mumbai
28 May 2010

Kirti Desai
Company Secretary and Manager

Auditors' Report

**To the Board of Directors of
Reliance MediaWorks Limited**

- 1 We have audited the attached Consolidated balance sheet of Reliance MediaWorks Limited (formerly known as Adlabs Films Limited) ('the Company' or 'the Parent Company') and its subsidiaries, associate and joint ventures, as listed in Note 2 of Schedule 1 to the Consolidated financial statements (collectively referred to as 'the Group'), as at 31 March 2010 and also the Consolidated profit and loss account and the Consolidated cash flow statement for the year ended on that date, annexed thereto. 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 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 consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 The financial statements of a subsidiary for the year ended 31 March 2010 have been audited by one of the joint auditors, Chaturvedi & Shah. The consolidated financial statements include total assets of Rs. 69.14 million (2009: Rs. 62.96 million) as at 31 March 2010, total revenues of Rs. 17.35 million (2009: Rs. 26.46 million) and net cash inflows aggregating Rs. 4.38 million (2009: Rs. 4.66 million) for the year ended on that date in respect of the aforementioned subsidiary.
- 4 The financial statements of a joint venture for the year ended 31 March 2010 have been audited by one of the joint auditors, B S R & Co. The consolidated financial statements include Group's share of total assets of Rs. 93.76 million (2009: Rs. 84.26 million) as at 31 March 2010, Group's share of total revenues of Rs. 54.21 million (2009: Rs. 69.24 million) and Group's share of net cash inflows aggregating Rs. 0.32 million (2009: Rs. 3.07 million) for the year ended on that date in respect of the aforementioned joint venture.
- 5 We did not audit the financial statements and other financial information of subsidiaries and joint ventures (2009: subsidiaries, joint ventures and associate) (other than a subsidiary and a joint venture as given in paragraphs 3 and 4 above). The consolidated financial statements include Group's share of total assets of Rs. 6,384.48 million (2009: Rs. 3,413.72 million) as at 31 March 2010 and the Group's share of total revenues of Rs. 2,547.61 million (2009: Rs. 1,721.83 million) and net cash outflows aggregating Rs. 3.56 million (2009: Rs. 154.49 million) for the year ended on that date in respect of the aforementioned subsidiaries and joint ventures (2009: subsidiaries, joint ventures and associate). These financial statements and related other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures (2009: subsidiaries, joint ventures and associate) is based solely on the report of the other auditors.
- 6 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, AS 23 Accounting for Investments in Associates in Consolidated Financial Statements and AS 27 – Financial Reporting of Interest in Joint Ventures notified in the Companies (Accounting Standards) Rules, 2006.
- 7 Without qualifying our report, we draw attention to Note 8 of Schedule 23 to the financial statements regarding accounting of the Foreign Currency Convertible Bonds ('FCCB'). During the financial period ended 31 March 2008, the Company re-classified the liability towards FCCB as non-monetary liability inter-alia on the basis of the trend of earnings, movement of the Company's share prices and conversion option exercised by the FCCB holders. The Company continues to classify the liability towards FCCB as non-monetary liability as in its view the current fall in the market price of the Company's share price and non-conversion by bond holders during the year is a temporary aberration, consequently, the foreign exchange fluctuation gain for the year aggregating Rs. 171.81 million (2009: loss aggregating Rs. 113.01 million) has not been recognised and the said liability has not been restated at the year-end exchange rate.
An alternate view exists that the liability towards FCCB is a monetary liability and should be restated at the year-end exchange rate in accordance with Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates' prescribed in the Companies (Accounting Standards) Rules, 2006. There is no specific guidance of The Institute of Chartered Accountants of India on accounting for foreign currency bonds convertible into equity shares at the option of the holder. Had the said liability been considered as a monetary liability as before, the loss before tax for the current year would be lower by Rs. 171.81 million (2009: loss for the year would be higher by Rs. 113.01 million) and the reserves and surplus would be lower by Rs. 127.23 million (2009: Rs. 299.04 million).
- 8 Based on our audit as aforesaid, and on consideration of reports of other auditors as explained in paragraphs 3, 4 and 5 above, and to the best of our information and according to the explanations given to us, read with matters stated in paragraph 7 above, the 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 31 March 2010;
 - (b) in the case of the Consolidated profit and loss account, of the loss of the Group for the year then ended; and
 - (c) in the case of the Consolidated cash flow statement, of the cash flows of the Group for the year then ended.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

Bhavesh Dhupelia
Partner
Membership No: 042070
Mumbai
28 May 2010

Parag D. Mehta
Partner
Membership No: 113904
Mumbai
28 May 2010

Reliance MediaWorks Limited

Consolidated Balance Sheet as at 31 March 2010

(Currency: Indian Rupees in Millions)

		<i>Schedule</i>	31 March 2010	31 March 2009
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	2		230.63	230.63
Reserves and surplus	3		5,310.29	5,334.03
			5,540.92	5,564.66
Minority Interest			172.78	299.78
Loan funds				
Secured loans	4		5,815.23	5,003.72
Unsecured loans	5		13,109.23	7,957.29
			18,924.46	12,961.01
Deferred tax liabilities (net)	6		5.73	6.05
			24,643.89	18,831.50
APPLICATION OF FUNDS				
Fixed assets				
Gross block	7		16,115.00	12,405.40
Less :Accumulated depreciation/amortisation/impairment			4,996.35	4,037.00
Net block			11,118.65	8,368.40
Capital work-in-progress (including capital advances)			2,739.52	2,298.06
			13,858.17	10,666.46
Goodwill on consolidation (Refer note 13 of Schedule 23)			886.79	421.17
Deferred tax asset (net)	6		0.22	1.87
Investments	8		917.47	116.17
Current assets, loans and advances				
Inventories	9		90.72	69.05
Sundry debtors	10		2,344.76	2,522.36
Cash and bank balances	11		849.59	789.23
Interest accrued on investment			14.38	25.85
Loans and advances	12		6,350.52	5,786.09
			9,649.97	9,192.58
Less: Current liabilities and provisions				
Current liabilities	13		2,135.95	1,523.38
Provisions	14		326.15	366.48
			2,462.10	1,889.86
Net current assets				
Miscellaneous expenditure (to the extent not written - off or adjusted)				
Deferred revenue expenditure			0.25	0.51
Profit and loss account	15		1,793.12	322.60
			24,643.89	18,831.50
Significant accounting policies				
Notes to the accounts				
	1			
	23			

The schedules referred to above form an integral part of this balance sheet. As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Bhavesh Dhupelia
Partner
Membership No: 042070

Parag D. Mehta
Partner
Membership No: 113904

Kirti Desai
Company Secretary and Manager
Mumbai
28 May 2010

Mumbai
28 May 2010

Mumbai
28 May 2010

Consolidated Profit and Loss Account for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	<i>Schedule</i>	For the year ended 31 March 2010	For the year ended 31 March 2009
INCOME			
Theatrical exhibition	16	4,717.42	3,347.60
Film production services	17	1,535.45	1,305.70
Film distribution		274.89	409.11
Television/film production and related services		669.38	1,561.61
Other income	18	338.29	709.30
		<u>7,535.43</u>	<u>7,333.32</u>
EXPENDITURE			
Direct operational expenses	19	2,810.20	2,386.83
Personnel costs	20	1,317.93	1,014.76
Other operating and general administrative expenses	21	2,578.28	2,036.10
Interest and finance charges (net)	22	1,356.15	1,122.52
Depreciation/amortisation	7	959.93	1,268.91
		<u>9,022.49</u>	<u>7,829.12</u>
(Loss) before tax		(1,487.06)	(495.80)
Less: Provision for tax			
- Current tax		4.00	40.67
- Deferred tax (credit)/charge		1.33	(7.59)
- Fringe benefit tax		-	17.17
- (Excess)/short provision for income tax in earlier years		(7.22)	(150.26)
- Reversal of Minimum Alternate Tax ('MAT') credit		-	150.20
Net loss after tax, before minority interest		(1,485.17)	(545.99)
Less: Minority interest allocation		(53.09)	(32.21)
(Loss) after tax		(1,432.08)	(513.78)
Appropriations			
Proposed dividend on preference shares of a Subsidiary		5.35	7.60
Dividend tax on above		0.91	5.41
Reduction for Reserves of Adlabs Multiplex Limited, Adlabs Multiplex and Theatres Limited and Reliance Unicom Limited pursuant to Scheme of Amalgamation and Demerger (Refer note 18(a) and 18(b) of Schedule 23)		-	(64.93)
Balance carried to balance sheet		<u>(1,438.34)</u>	<u>(591.72)</u>
Basic earnings per share Rs.		(31.18)	(11.33)
Diluted earnings per share Rs. (Refer note 9 of Schedule 23)		(31.18)	(11.33)
Significant accounting policies	1		
Notes to the accounts	23		

The schedules referred to above form an integral part of this profit and loss account. As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

For and on behalf of the Board

Gautam Doshi Director
Amit Khanna Director

Bhavesh Dhupelia
Partner
Membership No: 042070

Parag D. Mehta
Partner
Membership No: 113904

Kirti Desai
Company Secretary and Manager

Mumbai
28 May 2010

Mumbai
28 May 2010

Mumbai
28 May 2010

Reliance MediaWorks Limited

Consolidated Cash Flow Statement for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
A. Cash flow from operating activities		
Net (loss) before tax	(1,487.06)	(495.80)
Adjustment for:		
Depreciation/ amortisation	959.93	1,268.91
Loss on sale/ discarding of assets (net)	7.06	0.68
Dividend income	-	(13.26)
Interest and finance charges (net)	1,356.15	1,122.52
Interest income	(53.86)	(96.71)
Bad debts/ advances written off	15.21	34.84
Provisions written back	(24.17)	-
Provision for advances written off	12.19	-
Deferred revenue expenditure written off	0.26	0.34
Profit on sale of investments/ mutual funds (net)/ rights therein	(27.44)	(196.92)
Unrealised foreign exchange loss/ (gain)	(47.44)	(113.66)
Operating profit before working capital changes	710.83	1,510.94
Adjustment for:		
(Increase) in sundry debtors	(251.39)	(1,737.19)
(Increase) in loans and advances	(196.36)	538.91
(Increase) in inventories	(23.15)	8.01
Increase/ (Decrease) in trade and other payable	419.62	(208.70)
Cash used in operating activities	659.55	111.97
Taxes paid (net of refunds) (including fringe benefit tax)	(146.81)	(197.60)
Net cash used in operating activities (A)	512.74	(85.63)
B. Cash flow from investing activities		
Purchase of fixed assets	(4,091.76)	(3,591.10)
Proceeds from sale of fixed assets	2.31	109.75
Amount paid for acquisition of subsidiaries	(300.10)	(786.12)
Purchase of investments - long term - other	(0.99)	(0.43)
Accrual/ withdrawals from partnership firm	37.18	27.83
Proceeds on sale of long term investments/ rights therein	406.68	312.73
Profit on sale of mutual funds (net)	27.44	26.92
Dividend income	-	13.26
Interest income	64.73	162.61
Cash used in investing activities	(3,854.51)	(3,724.55)
Taxes paid (net of refunds)	(3.56)	(10.31)
Net cash used in investing activities (B)	(3,858.07)	(3,734.86)
C. Cash flow from financing activities		
Proceeds from short term borrowings (net)	5,296.26	3,283.64
Proceeds from long term borrowings	548.90	782.61
Repayment of long term borrowings	-	(156.52)
Dividend and repayment of minority (including dividend tax)	-	(21.29)

Reliance MediaWorks Limited

Consolidated Cash Flow Statement for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
Dividend (including dividend tax) paid	-	(134.92)
Introduction of capital by Minority partners in a Subsidiary	6.30	-
Dividend tax paid on distribution by subsidiaries and joint venture	-	(1.28)
Payment to minority	(59.86)	-
Recoverable from Reliance Media World Limited towards interest	(250.79)	(258.49)
Interest expense and finance charges (net)	<u>(1,354.10)</u>	<u>(1,119.52)</u>
Net cash flow from financing activities (C)	4,186.71	2,374.23
Net increase / (decrease) in cash and cash equivalent (A+B+C)	<u>841.38</u>	<u>(1,446.26)</u>
Cash and cash equivalents as at beginning of the year	<u>840.85</u>	<u>2,646.62</u>
Cash and cash equivalents taken over on acquisition of subsidiaries	29.21	61.09
Cash and cash equivalents acquired on merger (Refer note 18(b) of Schedule 23)	-	0.10
Exchange gain/loss on cash and cash equivalents at the beginning of the year	(11.95)	-
Cash and cash equivalents transferred on de-merger (Refer note 18(a) of Schedule 23)	-	(420.70)
Cash and cash equivalents as at end of the year (Refer note 1 below)	<u>1,699.49</u>	840.85
	<u><u>841.38</u></u>	<u><u>(1,446.26)</u></u>
Notes:		
1) Cash and cash equivalents at year end comprises:		
Cash on hand	25.77	19.60
Balances with banks		
-Deposit accounts	541.46	444.67
-Current accounts	280.98	323.50
Liquid investment in mutual funds	851.28	53.08
(of the above fixed deposit of Rs. 425.81 (2009 : Rs. 230.20) are under lien under bank)	<u>1,699.49</u>	<u>840.85</u>

As per our report of even date attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For Chaturvedi & Shah
Chartered Accountants
Firm's Registration No: 101720W

For and on behalf of the Board

Bhavesh Dhupelia
Partner
Membership No: 042070

Parag D. Mehta
Partner
Membership No: 113904

Gautam Doshi
Director

Amit Khanna
Director

Mumbai
28 May 2010

Mumbai
28 May 2010

Kirti Desai
Company Secretary and Manager
Mumbai
28 May 2010

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Background

Reliance MediaWorks Limited ('Reliance MediaWorks' or 'the Company') was incorporated in 1987 as a Private Limited Company and is currently a Public Listed Company. The equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Reliance MediaWorks is primarily engaged in theatrical exhibition, film production services and television/film production and distribution.

On 5 October 2009, the Company received a fresh certificate of incorporation from Registrar of Companies changing the name of the Company from Adlabs Films Limited to Reliance MediaWorks Limited.

1. Summary of significant accounting policies

1. Basis of preparation and consolidation

These consolidated financial statements relate to Reliance MediaWorks Limited ('the Company/ Parent Company'), its subsidiary companies, associates and joint ventures. The Company along with its subsidiaries, associates and joint ventures constitute 'the Group'.

The financial statements of the subsidiaries, joint venture and associates used in the consolidation are for the same reporting period as the Company, i.e. year ended 31 March 2010. These financial statements are audited by the auditors of the respective entities.

The financial statements of the Group are prepared and presented under the historical cost convention on the accrual basis of accounting except for revaluation of certain fixed assets and in accordance with the Accounting Standards ('AS') notified in the Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956 (the 'Act') to the extent applicable. The financial statements are presented in Indian Rupees in millions except for per share data and where mentioned otherwise.

2. Principles of consolidation

The consolidated financial statements are prepared in accordance with AS 21 – 'Consolidated Financial Statements', AS 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS 27 – 'Financial Reporting of Interest in Joint Ventures'. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its independent financial statements. The consolidated financial statements have been consolidated on the following basis:

Subsidiaries

The excess of cost to the Group of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investments in such subsidiaries was made is recognized in the financial statements as goodwill and any excess of assets over the investment of the Group in a subsidiary is transferred to Capital Reserve. The Group's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of the investment.

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves/accumulated losses comprise the reserve/accumulated losses as per the balance sheet of the Parent Company and its share in the post-acquisition increase/decrease in the relevant reserve/accumulated losses of the subsidiaries.

The amount of Goodwill and Capital reserve are presented on a net basis for each subsidiary.

Minority interest's share of profits or losses is adjusted against the income to arrive at the net income attributable to the shareholders. Minority interest's share of net assets is disclosed separately in the consolidated balance sheet.

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

During the year-

- The Group acquired 100% of the outstanding shares of Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited)
- The Group has registered three new Companies / LLC's in United States of America namely Reliance Media Works VFX Inc., Adlabs Globalstar LLC, Reliance Media & Marketing Communication LLC (formerly known as Adlabs Media LLC)
- The Group has dissolved two LLC's in the USA namely BIG Cinemas Union LLC (formerly known as Adlabs Union LLC) and Adlabs Forum LLC
- The Group has purchased the balance 10% of the outstanding shares of Reliance Lowry Digital Imaging Services Inc. (formerly known as Reliance Big Entertainment Inc., the balance 90% of the shares are held by Reliance MediaWorks (USA), Inc.)
- The Group has diluted 3% share in BIG Cinemas Sahil LLC (formerly known as Adlabs-Sahil LLC)

Joint venture entities

Interests in jointly controlled entities are accounted for using the proportionate consolidation method.

The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Interest in 2010	Ownership Interest in 2009
1	Adlabs Distributors and Exhibitors Limited	India	100%	100%
2	Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited)	United Kingdom	100%	100%
3	Reliance MediaWorks (USA), Inc. (formerly known as Adlabs Films USA, Inc)	United States of America	100%	100%
4	Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films Netherlands B.V.)	The Netherlands	100%	100%
5	Reliance MediaWorks (Mauritius) Limited (formerly known as Adlabs (Mauritius) Limited)	Mauritius	100%	100%
6	Big Synergy Media Limited (formerly known as Synergy Adlabs Media Limited)	India	51%	51%
7	Sri Ramakrishna Theatre Limited	India	89.68%	89.68%
8	Rave Entertainment and Food Nepal Private Limited	Nepal	100%	100%
9	Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited)	India	100%	—

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

The List of step-down subsidiaries considered in these consolidated financial statements with percentage shareholding is summarized below:

Sr. No	Name of the Subsidiary	Country of incorporation	Name of the Parent Company	Ownership Interest in 2010	Ownership Interest in 2009
1	BIG Cinemas Entertainment LLC (formerly known as Adlabs Entertainment LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
2	BIG Cinemas Entertainment (DE) LLC (formerly known as Adlabs Entertainment (DE) LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
3	Adlabs Forum LLC#	United States of America	Reliance MediaWorks (USA), Inc.	NA	100%
4	BIG Cinemas Laurel LLC (formerly known as Adlabs Laurel LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
5	BIG Cinemas Falls Church LLC (formerly known as Adlabs-Falls Church LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
6	Adlabs Heritage LLC	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
7	BIG Cinemas Norwalk LLC (formerly known as Adlabs Norwalk LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
8	BIG Cinemas Galaxy LLC (formerly known as Adlabs-Galaxy LLC)	United States of America	Reliance MediaWorks (USA), Inc.	51%	51%
9	BIG Cinemas Sahil LLC (formerly known as Adlabs-Sahil LLC)	United States of America	Reliance MediaWorks (USA), Inc.	97%	100%
10	BIG Cinemas SAR LLC (formerly known as Adlabs-Sar LLC)	United States of America	Reliance MediaWorks (USA), Inc.	51%	51%
11	Phoenix BIG Cinemas Management LLC (formerly known as Phoenix Adlabs Theatre Management LLC)	United States of America	Reliance MediaWorks (USA), Inc.	51%	51%
12	BIG Cinemas Union LLC (formerly known as Adlabs Union LLC)#	United States of America	Reliance MediaWorks (USA), Inc.	NA	100%

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Sr. No	Name of the Subsidiary	Country of incorporation	Name of the Parent Company	Ownership Interest in 2010	Ownership Interest in 2009
13	BIG Cinemas Phoenix LLC (formerly known as Adlabs Phoenix LLC)	United States of America	Reliance MediaWorks (USA), Inc.	51%	51%
14	BIG Cinemas Exhibition LLC (formerly known as Adlabs Exhibitions LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
15	BIG Cinemas IMC LLC (formerly known as Adlabs IMC LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
16	Big Pictures USA Inc	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
17	Adlabs Digital Media USA LLC	United States of America	Reliance MediaWorks (USA), Inc.	100%	100%
18	Adlabs Globalstar LLC	United States of America	Reliance MediaWorks (USA), Inc.	100%	NA
19	Reliance Media and Marketing Communications LLC (formerly known as Adlabs Media LLC)	United States of America	Reliance MediaWorks (USA), Inc.	100%	NA
20	Reliance Lowry Digital Imaging Services Inc. (formerly known as Reliance Big Entertainment Inc.)*	United States of America	Reliance MediaWorks (USA), Inc.	100%	90%
21	Reliance Media Works VFX Inc.	United States of America	Reliance MediaWorks (USA), Inc.	100%	NA
22	Reliance MediaWorks (Malaysia) Sdn. Bhd. (formerly known as Reliance Big Entertainment (Malaysia) Sdn. Bhd.)	Malaysia	Reliance MediaWorks (Mauritius) Limited	100%	100%
23	BIG Cinemas Lotus Five Star Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.)	Malaysia	Reliance MediaWorks (Malaysia) Sdn. Bhd.	70%	70%

* - 90% of the outstanding shares are held by Reliance MediaWorks (USA) Inc. in 2010 and 2009 and the balance 10% are held by the Parent Company in 2010.

These LLC's have been dissolved during the current year.

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

The list of Joint venture entities considered in these consolidated financial statements with percentage shareholding is summarized below:

Sr. No	Name of the Joint Venture	Country of Incorporation	Ownership Interest in 2010	Ownership Interest in 2009
1	Swanston Multiplex Cinemas Private Limited	India	50%	50%
2	Divyashakti Marketing Private Limited	India	50%	50%
3	Cineplex Private Limited	India	50%	50%

The Group holds 9,800 (2009: 9800) equity shares of Sultan Production Private Limited which was considered as an associate up to 31 March 2009 (refer note 17 of schedule of 23)

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

4. Goodwill

The excess of cost to the Parent company of its investments over its portion of equity in the subsidiaries / joint ventures / associates, as at the date on which the investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries / joint ventures / associates is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

Goodwill is reviewed for a decline other than temporary in its carrying value, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses the recoverability of goodwill by reference to the valuation methodology adopted by it on the acquisition date, which included strategic and synergic factors that were expected to enhance the enterprise value. Accordingly, the Group would consider that there exists a decline other than temporary in the carrying value of goodwill when, in conjunction with its valuation methodology, its expectations with respect to the underlying acquisitions it has made deteriorates with adverse market conditions.

5. Fixed assets and depreciation / amortisation

a) Tangible assets

Tangible fixed assets are stated at cost and/or revalued amount in accordance with scheme of amalgamation less accumulated depreciation and any provision for impairment. Cost includes freight, duties, taxes (other than those recoverable from tax authorities) and other expenses related directly / indirectly to the acquisition / construction and installation of the fixed assets for bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided on the straight line method, at the rates prescribed in Schedule XIV to the Act, which, in management's opinion, reflects the estimated useful lives of those fixed assets, except in case of the following assets of theatrical exhibition segment wherein depreciation is provided at following rates:

Particulars of fixed assets	Rate of depreciation
Plant & Machinery	10%
Furniture & fixture	10%
Computers	20%
Motor car	10%

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Leasehold improvements are depreciated over the lower of useful life of the asset and lease term, on a straight line basis.

Individual assets costing up to Rs 0.005 are depreciated fully in the year of acquisition.

Depreciation on fixed assets relating to Reliance MediaWorks (USA), Inc. (formerly known as Adlabs Films USA, Inc.) and BIG Cinemas Lotus Five Star Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.) and Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited) is provided on the basis of estimated useful life of the assets which is similar to the rates prescribed in Schedule XIV of the Companies Act.

(Also refer note 15 and 16 of Schedule 23)

b) Intangible assets

Intangible assets, all of which have been acquired/created and are controlled through custody or legal rights, are capitalised at cost, where they can be reliably measured. Where capitalised, intangible assets are regarded as having a limited useful economic life and the cost is amortised over the lower of useful life and 10 years.

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortised on a straight line basis over its useful life, not exceeding five/ten years, as determined by management.

Film rights comprise negative rights and distribution rights in films and are for a contractually specified mode of exploitation, period and territory and are stated at cost less accumulated amortisation. Cost of film rights comprises original purchase price/minimum guarantee. Cost is ascertained on specific identification basis where possible. In case multiple films/rights are acquired for a consolidated amount, cost is allocated to each film/right based on management's best estimates.

The individual film forecast method is used to amortise the cost of film rights acquired. Under this method, costs are amortised in the proportion that gross revenues realised bear to management's estimate of the total gross revenues expected to be received. If estimates of the total revenues and other events or changes in circumstances indicate that the realisable value of a right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film right's realisable value.

In respect of unreleased films, payments towards film rights are classified under capital advances as the amounts are refundable in the event of non-release of the film.

Internally generated software is capitalised by the Group and amortised over its estimated useful life of five/ten years.

Purchased goodwill is recognised by the Group on the basis of excess of purchase consideration paid over the value of assets acquired at the time of acquisition of business and is amortised over its estimated useful life not exceeding ten years.

6. Impairment

In accordance with AS 28 - 'Impairment of Assets', where there is an indication of impairment of the Group's asset, the carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

7. Investments

Long-term investments are carried at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments and is determined separately for each individual investment.

Current investments are carried at lower of cost and fair value.

8. Inventories

Inventories (comprising of food and beverage items, chemicals, negative film rolls, xenon lamps and stores and spares related to theatrical exhibition/film production services business etc.) are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out (FIFO) basis except in the case of Reliance MediaWorks (USA), Inc. (formerly known as Adlabs Films USA, Inc.), and BIG Cinemas Lotus Five Star Cinemas Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.) wherein the Group uses the weighted average method.

Inventory of DVD's is stated at lower of cost or net realisable, value wherein cost is determined using weighted average method.

Inventory of content cost not aired is stated at lower of cost and net realisable value.

9. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period.

Long term employee benefits:

Provident fund and other schemes

The Company's state governed provident fund scheme, employee state insurance scheme and labour welfare fund are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employee renders the related service.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Other Long term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Group and the revenue can be reliably measured. The amount recognised as sales is exclusive of value added tax, service tax and net of trade discounts.

Amount of entertainment tax is shown as a reduction from revenue.

Film production services

Revenue from processing/printing of cinematographic films is recognised upon completion of the related processing/printing.

Revenue from processing of digital content is recognised using the proportionate completion method. Use of the proportionate completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion, as there is a direct relationship between efforts expended and contracted output.

Sale of traded goods is recognised when the risks and rewards of ownership are passed on to the customer, which generally coincides with the dispatch of goods.

Income from equipment/facility rental is recognised over the period of the relevant agreement/arrangement.

Theatrical exhibition and related income

Sale of tickets

Revenue from theatrical exhibition is recognised on the date of the exhibition of the films and comprises proceeds from sale of tickets, gross of entertainment tax. As the Group is the primary obligor with respect to exhibition activities, the share of distributors in these proceeds is separately disclosed as distributors' share.

Amount of entertainment tax is shown as a reduction from revenue where applicable.

Sale of food and beverages

Revenue from sale of food and beverages is recognised upon sale and delivery at the counter.

Advertisement/sponsorship revenue

Revenue from advertisements, sponsorship and events is recognised on the date of the exhibition of the advertisement/event, over the period of the contract or on completion of the Group's obligations, as applicable.

Television/film production and related income

Revenue from sale of content/motion pictures is accounted for on the date of agreement to assign/sell the rights in the concerned motion picture/content or on the date of release of the content/movie, whichever is later.

Income from film distribution activity

In case of distribution rights of motion pictures/content, revenue is recognised on the date of release/exhibition.

Revenue from other rights such as satellite rights, overseas rights, music rights, video rights, etc. is recognised on the date when the rights are made available to the assignee for exploitation.

Revenue from sale of VCDs/DVDs, etc is recognised when the risks and rewards of ownership are passed on to the customer, which generally coincides with the dispatch of the products.

Interest income/income from film financing

Interest income, including from film/content related production financing, is recognised on a time proportion basis at the rate implicit in the transaction.

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

Dividend income

Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.

Marketing rights / Rights to profit

Amounts received in lieu of future marketing rights sale, right to future profit from business of the Group are recognised as income in the year of entering into the contract.

11. Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the profit and loss account except in case of exchange differences arising on translation of monetary items which form part of Company's net investment in a non-integral foreign operation which is accumulated in a 'Foreign currency translation reserve' until its disposal.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Forward contracts are entered into to hedge the foreign currency risk of the underlying transaction. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Exchange difference on forward contracts is recognised as income or expense in the profit and loss account of the year. Any profit or loss arising on the cancellation and renewal of forward contract is recognised as income or expense for the year.

12. Foreign currency translation

The consolidated financial statements are reported in Indian rupees in accordance with AS-11 – 'The Effects of Changes in Foreign Exchange Rates' which specifies translation of foreign subsidiaries on the basis of their classification as integral/non-integral to the operations of the Parent Company.

The foreign subsidiaries in Netherlands, United Kingdom, Malaysia and Mauritius fall in the criteria of integral operations and the translation of the local currency financials of each integral foreign subsidiary within the Group into Indian rupees is performed in respect of assets and liabilities other than fixed assets, using the exchange rate in effect at the balance sheet date and for revenue and expense items other than the depreciation costs, using average exchange rate during the reporting year. Net exchange difference resulting from the above translation of the financial statements of integral foreign subsidiaries is recognised in the consolidated profit and loss account. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

The foreign subsidiaries in the United States of America and Nepal fall in the criteria of non-integral foreign operations wherein the translation of the local currency balances of the assets and liabilities are translated at the exchange rate in effect at the balance sheet date and for revenue and expense items at the average exchange rate during the reporting year. Net exchange differences resulting from the above translation of the financial statements is accumulated in a 'Foreign currency translation reserve', disclosed as Reserves and surplus. The amount accumulated will be held in this account till the time of disposal of the net investment in the subsidiary.

13. Earning per share

In determining earning per share, the Group considers the net result after tax and includes the post tax effect of any extraordinary/exceptional item. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

deriving basic earnings per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares unless the results would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

14. Taxation

Income-tax expense comprises current tax expense computed in accordance with the relevant provisions of the Income tax Act, 1961 /local Income tax regulations of the respective countries of operation of the Group and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961 /local Income tax regulations of the respective countries of operation of the Group.

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down/up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Provision for fringe benefit tax was made on the basis of applicable rates on the taxable value of eligible expenses of the Group as prescribed under the Income Tax Act, 1961 till 31 March 2009 on the basis of applicability.

15. Share issue / FCCB issue expenses and premium on redemption

Share / FCCB issue expenses incurred and premium payable on FCCB are adjusted in the year of issue against the Securities premium account.

16. Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Group recognises it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

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

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

17. Leases

Rental expenses in non-cancellable arrangements/agreements with scheduled rent increases are recorded on a straight line basis over the lease term.

18. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

19. Commercial Papers

Commercial Papers issued are recognised as a liability, at the amount of cash received at the time of issuance ie. discounted value. The discount is amortised as interest cost over the period of the commercial paper, at the rate implicit in the transaction.

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010	31 March 2009
2 Share capital		
<i>Authorised</i>		
100,000,000 (2009: 92,058,000) equity shares of Rs.5/-each	<u>500.00</u>	<u>460.29</u>
Issued, subscribed and paid-up capital		
46,126,170 (2009: 46,126,170) equity shares of Rs.5/- each, fully paid-up	230.63	230.63
Of the above:		
- 17,000,000 (2009: 17,000,000) equity shares of Rs.5/-each fully paid-up were allotted as bonus share by capitalisation of general reserves		
- During the year, the Company has increased its authorised share capital from 92,058,000 shares to 100,000,000 equity shares of Rs. 5/- each vide a special resolution passed at the annual general meeting of the Company. (Also refer note 8 of Schedule 23)		
	<u>230.63</u>	<u>230.63</u>
3 Reserves and surplus		
Securities premium account		
At the commencement of the year	4,686.26	6,381.55
Provision for premium on redemption of zero coupon foreign currency convertible bonds ('FCCB') (Refer note 8 of Schedule 23)	37.25	(24.49)
Adjustment on demerger of Radio division (Refer note 18(a) of Schedule 23)	-	(1,670.80)
	<u>4,723.51</u>	<u>4,686.26</u>
Capital redemption reserve		
Balance at the beginning of the year	11.46	-
Add: Transferred from general reserve	32.18	11.46
	<u>43.64</u>	<u>11.46</u>
Capital reserve on consolidation	-	24.07
Capital reserve - I	3.39	3.39
Capital reserve - II		
Balance at the commencement of the year	582.62	-
Amounts transferred to Capital reserve as per provisions of the amalgamation scheme (Refer note 18(b) of Schedule 23)	-	582.62
	<u>582.62</u>	<u>582.62</u>
General reserve		
At the commencement of the year	121.02	132.48
Transferred to capital redemption reserve	(32.18)	(11.46)
	88.84	121.02
Debit balance of Profit and loss account, deducted per contra	88.84	121.02
	-	-
Foreign currency translation reserve		
At the commencement of the year	26.23	-
Foreign currency translation gain/(loss) on non-integral operations (net)	(69.10)	26.23
	<u>(42.87)</u>	<u>26.23</u>
	<u>5,310.29</u>	<u>5,334.03</u>

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010	31 March 2009
4 Secured loans		
From banks		
- Term loan	5,567.13	5,000.00
- Cash credit	98.52	3.72
- Buyers credit	149.58	-
(refer note 3 of schedule 23)		
	<u>5,815.23</u>	<u>5,003.72</u>
5 Unsecured loans		
Short term loans		
Commercial paper	7,268.30	4,902.45
From banks	4,458.70	1,815.82
Buyers credit	139.26	92.68
Others	119.02	22.39
Other loans		
Zero coupon Foreign Currency Convertible Bonds ('FCCB') (refer note 8 of schedule 23)	1,123.95	1,123.95
	<u>13,109.23</u>	<u>7,957.29</u>
6 (A) Deferred tax asset		
Arising on account of timing difference in:		
Provision for leave encashment and gratuity	13.05	13.71
Others	7.93	58.41
Unabsorbed depreciation allowance and carried forward business loss *	221.53	109.39
	<u>242.51</u>	<u>181.51</u>
(B) Deferred tax liability		
Arising on account of timing difference in:		
Depreciation/ amortisation (net)	247.98	185.69
Other	0.04	-
	<u>248.02</u>	<u>185.69</u>
Net deferred tax liability	<u>(5.51)</u>	<u>(4.18)</u>
* Restricted to the extent of deferred tax liability due to absence of virtual certainty		
The net liability has been shown as, the Group does not have the option to set off the balances of individual Companies		
Deferred tax asset	0.22	1.87
Deferred tax liability	(5.73)	(6.05)
Net deferred tax liability	<u>(5.51)</u>	<u>(4.18)</u>

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

7. Fixed Assets

Particulars	Gross Block		Accumulated depreciation / amortization / impairment		Net block	
	As at 1 April 2009	Adjustments #, @	Additions during the year	Deductions during the year	As at 31 March 2010	As at 31 March 2009
Intangible assets						
Goodwill	190.11	(26.03)	306.32	-	470.40	387.14
Distribution rights	1,666.26	(4.62)	-	-	1,661.64	-
Negative rights	1,245.24	-	-	-	1,245.24	-
Computer software	27.03	29.23	22.07	-	78.33	57.09
Internally generated computer software	92.27	(12.63)	97.13	-	176.77	159.23
Tangible assets						
Leasehold land	863.74	-	-	-	863.74	862.60
Buildings:						
Leasehold	2,908.43	(2.53)	1,145.91	20.64	4,031.17	3,566.89
Freehold	265.75	-	38.65	-	304.40	220.19
Plant and machinery	4,065.83	31.59	1,722.79	4.39	5,815.82	4,579.47
Furniture and fixtures	1,057.44	(9.98)	400.99	9.91	1,438.54	1,264.22
Vehicles	23.30	(0.08)	7.10	1.37	28.95	21.82
Total	12,405.40	4.95	3,740.96	36.31	16,115.00	11,118.65
Previous year	8,626.32	(956.61)	4,847.05	111.36	12,405.40	8,368.40
Capital work-in-progress including capital advances ('CWIP')						2,739.52
						2,298.06

- Including effect of foreign exchange translations in case of non-integral foreign subsidiaries

@ - Also refer note 2 and 4 below

Notes:

- Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.
- During the previous year, pursuant to scheme of arrangement revaluation of lease hold land having deemed ownership, building and leasehold building pertaining to film production services and theatrical exhibition segment (Revalued amount of leasehold land Rs. 821.63, and leasehold land Rs. 967.37) based on valuation report obtained from a government approved external valuer. (Also refer note 18(b) of schedule 23)
- Additions to fixed assets / CWIP include the following expenses capitalized

Particulars	Year ended 31 March 2010		Year ended 31 March 2009	
	As at 31 March 2010	As at 1 April 2009	As at 31 March 2009	As at 31 March 2008
Depreciation	17.93	-	12.15	-
Interest	106.06	-	155.99	-
Professional fees	34.24	-	149.29	-
Personnel cost	371.14	-	139.74	-
Rent	134.42	-	124.41	-
Other expenses	118.22	-	52.19	-
Trial period income, netted from fixed assets capitalised	782.01	-	(4.30)	-
			629.47	

4) Adjustment to Gross Block & Accumulated depreciation / amortisation includes also (Refer note 18(a) and 18(b) of schedule 23):

- Transfer of fixed assets of Radio division gross block amounting to Rs. 3,272.82 (computer software Rs. 53.54, Radio licenses Rs. 1,597.76, Copy Rights Rs. 4.15, leasehold building Rs. 297.57, plant & machinery Rs. 1,265.39, furniture & fixtures Rs. 34.24) and accumulated depreciation / amortisation of total amounting Rs. 384.54 (computer software Rs. 5.75, Radio licenses Rs. 1,85.09, copy rights Rs. 0.63, leasehold building Rs. 33.30, plant & machinery Rs. 150.74, furniture & fixtures Rs. 7.09 and vehicles Rs. 1.94) pursuant to scheme of de-merger of Radio division of the Company to Reliance Media World Limited (formerly known as Reliance Unicom Limited).
- Revaluation of lease hold land having deemed ownership, building and leasehold building pertaining to the Film production services and theatrical exhibition segment (Revalued amount of leasehold land Rs. 821.63, leasehold building Rs. 967.37 and freehold building Rs. 598.36) based on the valuation report obtained from a government approved external valuer, discarded plant & machinery amounting to Rs. 73.64 and accumulated depreciation / amortisation of film rights and other fixed assets of amounting to Rs. 270.13 (Distribution Right Rs. 149.55, Negative Right Rs. 104.77, Leasehold building Rs. 0.01, plant & machinery Rs. 15.70 and furniture & fixture Rs. 0.10). Pursuant to the scheme the difference between the carrying cost of these assets and the revalued amount has been credit to 'Capital Reserve Account' after netting off the impairment loss.

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010		31 March 2009	
8 Investments				
A Long term (trade, unquoted and at cost)				
Government securities				
(i) National savings certificates (Pledged with State government authorities)		11.44		10.45
(ii) Rural Electrification Corporation Bonds		2.20		2.20
B Long term (non-trade, unquoted and at cost)				
(a) Shares in others				
(i) Tree of Knowledge DOT Com Private Limited. # Nil (2009: 150,000) 0.5% cumulative redeemable preference shares of Rs 1,000/- each, Rs 800/- partly paid		-		120.00
(ii) Manipal Industries Limited 60 (2009: 60) shares of Rs. 10 each (Rs. 600/-)		*		*
(iii) Efficient Management Services Private Limited 200 (2009: 200) shares of Rs. 10 each (Rs. 2,040/-)		*		*
(iv) Sultan Production Private Limited 9,800 (2009: 9,800) equity shares of Rs. 10 each, fully paid up (Refer note 17 of Schedule 23)		0.10		0.10
(b) Investment in Partnership firm				
(i) HPE/Adlabs LP (Investment in limited partnership)		224.10		460.78
Less: Repayment of principal from the Partnership firm		24.17		-
Less: Recovery of principal pursuant to contracts		-		<u>236.68</u>
		199.93		224.10
(ii) Gold Adlabs		52.45		<u>50.34</u>
		266.12		407.19
Less: Provision for diminution in value of long term investments (refer note 18(b) of schedule 23)		(199.93)		<u>(344.10)</u>
Total long term investment		66.19		<u>63.09</u>
C Current investments (non-trade, unquoted and at lower of cost and fair value)				
<u>Investment in mutual funds</u>				
		No of units		No of units
Birla Sunlife ST Fund Growth [Net asset value: Rs. 3.01 (2009: Rs. 2.87)]	181,372	2.53	181,372	2.56
LIC Liquid Plus Mutual Fund [Net asset value: Rs. 11.81 (2009: Rs. 11.22)]	955,475	10.00	955,475	10.00

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010		31 March 2009	
8 Investments (Contd.)				
Reliance Liquid Plus - IP - Growth [Net asset value: Rs. 30.45 (2009: Rs. 28.97)]	24,270	25.90	24,270	25.90
Osian Art Fund Contemporary [Net asset value: Rs. 2.41 (2009: Rs. 2.44)]	20,000	2.00	20,000	2.00
Templeton India STPI Growth [Net asset value: Rs. 16.28 (2009: Rs. 14.69)]	8,813	12.62	8,813	12.62
Reliance Regular Saving Fund-Debt-IG [Net asset value: Rs. 8.18 (2009: NA)]	643,899	8.00	-	-
Reliance Liquidity Fund - Growth Option [Net asset value: Rs. 72.55 (2009: NA)]	5,233,869	72.53	-	-
Reliance Medium Term Fund - Retail Plan- Growth Plan- Growth Option [Net asset value: Rs. 11.09 (2009: NA)]	581,214	11.06	-	-
Reliance Monthly Interval fund - Series II- Institutional Growth Plan [Net asset value: Rs. 100.03 (2009: Nil)]	8,052,502	100.00	-	-
Reliance Money Manager Fund - Institutional Option - Growth Plan [Net asset value: Rs. 607.09 (2009: Nil)]	483,782	606.64	-	-
Total current investments		851.28		53.08
		917.47		116.17
Aggregate value of quoted investments		-		-
Aggregate value of unquoted investments		917.47		116.17
		917.47		116.17
* - Represents value less than Rs. 0.005				
# - These shares have been forfeited during the current year				
9 Inventories				
Stores and spares	35.65		38.80	
Chemical stock	1.65		3.35	
Food and beverages	37.17		15.48	
Negative film rolls	5.41		5.46	
Content not aired	6.07		-	
Stock of DVD's	4.77		5.96	
		90.72		69.05
10 Sundry debtors				
<u>Unsecured and considered good</u>				
Debts outstanding for a period exceeding six months	1,314.55		1,414.37	
Other debts	1,030.21		701.31	
Other Receivable for sale of investment/ rights therein	-		406.68	
	2,344.76		2,522.36	
<u>Unsecured and considered doubtful</u>				
Debts outstanding for a period exceeding six months	4.96		4.06	
Less: Provision for doubtful debts	4.96		4.06	
	-		-	
	2,344.76		2,522.36	

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	31 March 2010	31 March 2009
11 Cash and bank balances		
Cash on hand	25.77	19.60
Balances with banks		
– in current accounts	280.98	323.50
– in fixed deposit accounts	541.46	444.67
– Dividend accounts	1.38	1.46
(of the above fixed deposit of Rs. 425.81 (2009 : Rs. 230.20) are under lien under bank	<u>849.59</u>	<u>789.23</u>
12 Loans and advances		
<u>Unsecured and considered good</u>		
Amount due from Reliance Media World Limited (formerly known as Reliance Unicom Limited) pursuant to demerger (Refer note 18(a) of Schedule 23)	2,609.50	2,609.50
Loans and advances to Others	140.28	306.54
Advances recoverable in cash or in kind or for value to be received (refer note of 12 schedule 23)	1,278.15	761.15
Deposits	1,751.96	1,692.66
Advance tax, tax deducted at source, advance fringe benefit tax (Net of provision for tax Rs. 160.27 (2009: Rs. 450.32)	570.63	416.24
	<u>6,350.52</u>	<u>5,786.09</u>
<u>Unsecured and considered doubtful</u>		
Advances recoverable in cash or in kind or for value to be received	12.06	0.06
Less: Provision for doubtful advances	12.06	0.06
	<u>-</u>	<u>-</u>
	<u>6,350.52</u>	<u>5,786.09</u>
13 Current liabilities		
Sundry creditors for goods and services	1,744.17	1,281.31
Other current liabilities	209.41	145.15
Advance payments received	175.94	92.46
Interest accrued but not due	5.05	3.00
Unclaimed dividend	1.38	1.46
	<u>2,135.95</u>	<u>1,523.38</u>
14 Provisions		
Tax on proposed dividend declared by a Subsidiary	0.91	4.13
Gratuity	2.12	3.14
Leave encashment	51.88	50.72
Premium on redemption of FCCB (refer note 8 of schedule 23)	271.24	308.49
	<u>326.15</u>	<u>366.48</u>
15 Profit & loss account		
Opening balance	443.62	(148.10)
Loss of current year	1,438.34	591.72
	<u>1,881.96</u>	<u>443.62</u>
Deducted as per contra	(88.84)	(121.02)
	<u>1,793.12</u>	<u>322.60</u>

Reliance MediaWorks Limited

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
16 Theatrical exhibition		
Sale of tickets	3,470.67	2,586.44
Less: Entertainment tax	395.82	228.87
	<u>3,074.85</u>	<u>2,357.57</u>
Advertisements/sponsorship revenue	465.17	146.52
Facilities provided at multiplex	73.73	64.73
Food and beverages	918.65	677.52
Others	185.02	101.26
	<u>4,717.42</u>	<u>3,347.60</u>
17 Film production services		
Processing/printing of films	1,148.64	929.98
Equipment rental income	156.65	61.24
Trading income	222.93	307.74
Others	7.23	6.74
	<u>1,535.45</u>	<u>1,305.70</u>
18 Other income		
Dividend income from:		
- Current investments	-	13.26
Interest income from:		
- Banks	32.68	49.67
- Loans, advances and other deposits	21.18	47.04
Profit on sale of investments/Rights in investments (long term)	-	170.00
Profit on sale of current investments	27.44	26.92
Foreign exchange gain (net)	20.63	97.88
Consultation fees	-	213.05
Proceeds from keyman insurance policy	-	26.64
Bad debts recovered/Provisions written back	108.09	-
Share of advertisement income	121.30	-
Miscellaneous income	6.97	64.84
	<u>338.29</u>	<u>709.30</u>
19 Direct operational expenses		
Cost of production for television content	191.56	251.03
Distributors' share	1,578.25	875.81
Print, publicity expenses and producers' overflow	33.38	202.92
Electricity, power and water charges	417.39	364.05
Show tax, INR charges etc	15.06	9.61
Cost of food and beverage sold	261.83	202.07
Chemical consumed	30.80	35.48
Processing charges	75.51	133.14
Cost of raw films sold	200.70	300.87
Other direct expenses	5.72	11.85
	<u>2,810.20</u>	<u>2,386.83</u>

Schedules to the Consolidated Financial Statements for the year ended 31 March 2010

(Currency: Indian Rupees in Millions)

	For the year ended 31 March 2010	For the year ended 31 March 2009
20 Personnel costs		
Salaries, wages and bonus	1,168.71	879.13
Contribution to provident and other funds	82.01	61.38
Gratuity	2.10	10.77
Leave encashment	19.30	23.01
Staff welfare expenses	45.81	40.47
	<u>1,317.93</u>	<u>1,014.76</u>
21 Other operating and general administrative expenses		
Advertisement	272.41	174.94
Bank charges	50.36	47.21
Business promotion	2.90	10.54
Rent	1,236.61	967.21
Rates and taxes	102.61	90.78
Commission and brokerage	0.51	3.68
Travelling and conveyance	88.34	84.91
Deferred revenue expenses written off	0.26	0.34
Labour charges	148.15	116.28
Insurance	32.76	29.51
Legal and professional fees	142.00	118.87
Loss on sale/discarding of assets (net)	7.06	0.68
Printing and communication	85.68	77.33
Bad debts/advances written off	15.21	34.84
Provision for bad debts and advances	12.19	-
Facility maintenance charges	100.08	83.69
Repairs and maintenance		
- Building	5.53	1.52
- Machinery	74.85	58.14
- Others	59.22	37.53
Miscellaneous expenses	141.55	98.10
	<u>2,578.28</u>	<u>2,036.10</u>
22 Interest and finance charges (net)		
On fixed loan	764.40	498.72
On other loans	523.22	528.40
	<u>1,287.62</u>	<u>1,027.12</u>
Less: Recoverable from Reliance Media World Limited	(250.79)	(258.49)
Less: Interest capitalised	(106.06)	(155.99)
	<u>930.77</u>	<u>612.64</u>
Finance charges	71.46	23.39
Loss on derivative contracts (net)	353.92	486.49
	<u>1,356.15</u>	<u>1,122.52</u>

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

Schedule 23 - Notes to the accounts

1. Contingent Liabilities

On Account of	31 March 2010	31 March 2009
Contingent liabilities of the Parent Company		
<u>Disputes with central excise</u>		
Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal.	171.53	130.88
<u>Entertainment tax</u>		
In respect of certain multiplexes, the Company has made an application for availing exemption under the relevant Act retrospectively from the date of commencement of the operations of the said multiplex and the application is pending approval.	34.00	39.13
In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant act.	45.17	29.34
In respect of demand orders received for payments of entertainment tax collected and not paid to the authorities, the Company has made an appeal against said demand orders as it believes that the same is not payable, being exemption from payment available to it.	10.75	6.29
The Company shall be liable to pay the entertainment tax in the event that the multiplexes do not continue operations for a period of 10 years from the respective dates from which they commenced their operations.	1,061.49	574.75
<u>Disputed property tax</u>	7.40	7.40
<u>Guarantees</u>		
Guarantees given to Ministry of Information and Broadcasting for Radio licenses (since transferred to Reliance Media World Limited (formerly known as Reliance Unicom Limited) pursuant to scheme of demerger.	-	230.20
Contingent liabilities of Subsidiary Companies		
Disputed Income tax liability, wherein the Subsidiary has filed an appeal before the first appellate authority.	0.75	-
Claims against a subsidiary not acknowledged as debts.	6.42	-
Share of Contingent liabilities in the Joint Ventures ('JV')		
A Joint Venture had received demand orders for payment of entertainment tax collected and not paid to the authorities aggregating to Rs 19.81. The Bombay High Court passed an order dated 21 October 2008 in favour of the JV, upholding the exemption of payment from entertainment tax available to the JV and has also directed the State Government to refund the amount of Rs 2 deposited by the JV. The State Government had preferred a special leave petition ('SLP') before the Supreme Court of India challenging the said Order and the judgment passed by the Bombay High Court. Based on a legal opinion obtained by the JV, the JV had made a provision aggregating to Rs 1.83 in the books of accounts. However, the Supreme Court vide its Order dated 27 July 2009, directed the Chief Minister of Maharashtra to realise the amount to the extent the JV has unjustly enriched itself and pay the same to a voluntary or a charitable organisation. The management of the JV has subsequently paid the entire amount of entertainment tax demanded aggregating to Rs 18.73.	-	8.99

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

On Account of	31 March 2010	31 March 2009
A Joint Venture shall be liable to pay entertainment tax in the event that the Multiplex does not continue operations for the period of ten years from the date of commercial operations.	92.94	92.62
The Honorable High Court of Delhi vide judgment dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India, has held that renting of immovable property by itself is not a service and accordingly the levy of service tax on the activity of renting immovable property is "ultra vires" the Finance Act, 1994. In view of this judgment, expert opinion obtained by a JV and pursuant the amendment made in the Finance Bill 2010, the unpaid service tax to the lessors on renting of immovable property pertaining to the period from 1 April 2008 to 28 February 2010 has been reversed from / not accounted in the profit and loss account of the Joint Venture.	1.59	-
Disputed VAT liability of a Joint Venture	0.18	-
Claims against a Joint Venture not acknowledged as debts	0.11	-

Value added tax: The Maharashtra Value Added Tax Act, 2002 lists the Scheduled entry, interalia, "Copy right" w.e.f. 1 April 2005. Pursuant to this enactment / scheduled entry, the entertainment industry has made a written representation to the Finance Minister, Maharashtra for deletion of the scheduled entry from the Act. Similar representation was made by the industry in some other states, as a result of which the Act was modified to delete this scheduled entry. The Group is awaiting a positive response from the Ministry of Finance in respect of the assurance given. Accordingly, no provision (amount not currently ascertainable) has been made in the books of accounts.

Note:

- The Group is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial conditions, results of operations or cash flows.
- The amounts are excluding penalty and interest if any that would be levied at the time of final conclusion.

2. Commitments

	31 March 2010	31 March 2009
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances	1,224.87	638.69
Amount of uncalled on 150,000 partly paid preference shares of Tree of Knowledge DOT COM Private Limited #	-	30.00

- these shares have been forfeited during the current year

3. Secured loans

Cash credit of Rs. 35.26 is secured by pari passu first charge on the inventories and book debts of the Parent Company and Cash credit of Rs. 63.26 is secured by all present and future movable fixed assets, inventories, book debts and loans & advances of respective Subsidiaries and also corporate guarantee of the Parent Company.

Term loan from banks of Rs. 4,350 are secured by pari passu first charge on fixed assets and Rs. 1,000 are secured by pari passu first charge on inventories, book debts and loans and advances of the Parent Company and Term loan of Rs. 217.13 and Buyers credit of Rs. 149.58 is secured by all present and future movable fixed assets, inventories, book debts and loans & advances of respective Subsidiary Companies and corporate guarantee of the Parent company.

4. Lease disclosure under AS 19 - 'Leases'

The Group is obligated under non-cancellable leases primarily for multiplex and single screen properties which are renewable thereafter as per the term of the respective agreements.

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

The future minimum lease payments in respect of non-cancellable operating lease are as follows:

	Minimum lease payments	
	31 March 2010	31 March 2009
For the Parent Company		
Amounts due within one year from the balance sheet date	808.96	672.43
Amounts due in the period between one year and five years	3,315.44	2,798.87
Amount due after five years	7,171.24	7,137.44
	11,295.64	10,608.74
For Subsidiaries		
Amounts due within one year from the balance sheet date	245.39	331.95
Amounts due in the period between one year and five years	716.75	846.52
Amounts due after five years	1,017.03	794.25
	1,979.17	1,972.72
For Joint Ventures (Group's share)		
Amounts due within one year from the balance sheet date	19.30	10.23
Amounts due in the period between one year and five years	36.99	-
Amounts due after five years	-	-
	56.29	10.23

Amount payable within lock-in-period is Rs. 7,438.13 (2009: Rs. 3,939.80).

Amount debited to profit and loss account for lease rental is Rs. 1,236.61 (2009: Rs. 967.21) (excluding amount capitalised Rs. 134.42 (2009: Rs. 124.41))

5. Disclosure of Segment Reporting under AS 17 – 'Segment Reporting'

	Film Production Services		Theatrical Exhibition		Television/ Film Production and Distribution		Total	
	CY	PY	CY	PY	CY	PY	CY	PY
Revenue								
Operating revenue	1,606.04	1,349.80	4,808.50	3,447.47	1,041.10	2,116.48	7,455.64	6,913.75
Other income	40.98	-	1.48	-	65.63	-	108.09	-
Net revenue	1,647.02	1,349.80	4,809.98	3,447.47	1,106.73	2,116.48	7,563.73	6,913.75
Internal segment sales	(70.59)	(44.10)	(91.08)	(99.87)	(96.83)	(145.76)	(258.50)	(289.73)
Total Segment revenue	1,576.43	1,305.70	4,718.90	3,347.60	1,009.90	1,970.72	7,305.23	6,624.02
Unallocated revenue							230.20	709.30
Total revenue							7,535.43	7,333.32
Segment Result (profit / (loss) before interest, finance charges and corporate expenses)								
Segment Results	319.77	433.92	(495.37)	(454.56)	401.10	321.64	225.50	301.00
Unallocated corporate income							230.20	709.30
Unallocated corporate expenses							(586.61)	(383.58)
(Loss) / Profit before interest and finance charges and tax							(130.91)	626.72
Interest and finance charges (net)							(1,356.15)	(1,122.52)

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

	Film Production Services		Theatrical Exhibition		Television/ Film Production and Distribution		Total	
	CY	PY	CY	PY	CY	PY	CY	PY
Income tax (including fringe benefit tax)							(1.89)	50.19
Minority interest allocation							53.09	32.21
(Loss) for the year							(1,432.08)	(513.78)
Other Information								
Segment assets	5,829.80	2,976.42	12,216.61	10,825.54	1,633.47	1,689.12	19,679.88	15,491.08
Unallocated corporate assets							5,632.99	4,907.68
Total assets							25,312.87	20,398.76
Segment liabilities	465.68	157.75	1,319.70	1,090.84	217.82	142.07	2,003.20	1,390.66
Unallocated corporate liabilities							19,561.87	13,766.04
Total liabilities							21,565.07	15,156.70
Capital Expenditure	2,353.38	481.09	1,890.57	3,685.47	48.32	-	4,292.27	4,166.56
Unallocated corporate expenditure							16.86	18.63
Total capital expenditure							4,309.13	4,185.19
Depreciation and amortisation	205.90	24.96	714.07	350.96	28.00	888.68	947.97	1,264.60
Unallocated depreciation and amortisation							11.96	4.31
Total depreciation and amortization							959.93	1,268.91

Geographical Segment Disclosure

	India		Americas		Malaysia		Others		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	5,277.90	5,972.19	1,567.98	1,154.00	497.08	149.11	192.47	58.02	7,535.43	7,333.32
Segment Assets	22,742.35	17,913.95	1,329.48	1,238.51	1,089.21	1,219.79	151.80	26.51	25,312.87	20,398.76
Capital Expenditure	3,434.47	2,258.48	526.98	910.10	170.25	1,008.10	177.43	8.51	4,309.13	4,185.19

CY- Year ended 31 March 2010

PY - Year ended 31 March 2009

The Group has disclosed Business Segment as the primary segment.

The business of the Group is divided into three segments - Film production services, Theatrical exhibition and Television / Film production and distribution Segments have been identified taking into account the nature of the business, the differing risks and returns, the organization structure and internal reporting system. Film production services operation primarily comprise of processing of raw exposed films, colour correction, editing, digital processing, equipment rental, copying and printing of positive exhibitions prints and trading in raw film rolls. Theatrical exhibition operations comprise of single screen, multiplex / Imax cinema exhibition, range of activities / services offered at cinema centers including catering food and beverages. Television / film production and distribution comprises of production of television / film content which is produced / coproduced by the and Group includes related services of financing for production of films. Film distribution operation comprises of the Group's share of revenue from exploitation of distribution rights acquired by the Group, which may include as a package, theatrical rights and video and television rights.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each segment as also the amounts allocable on a reasonable basis. Income and expenses which are not directly attributable to any business segment are shown as unallocated

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

corporate income / expenses. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

Further, the Group has considered the overseas operations as a separately identifiable geographic segment due to substantial operations in the United States of America and Malaysia. Hence, the Group has identified secondary segments based on geographic locations and has reported India, Americas, Malaysia and Rest of world as geographic segments.

6. Mark to Market (MTM) losses on derivative contracts

The Group has assigned the derivative contracts pertaining to Options for FCCB and interest rate swap for long term loans to a Company (Assignee), who has advised the Group regarding entering into these contracts. The Assignee had advised the Group with regards to entering into these derivative contracts and has indemnified the Group with regards to any mark to market losses that the Group will have to incur on termination of these contracts. Consequently, the total mark to market loss of Rs. 275.04 (2009: Rs. 1,403.70) has not been recognised by the Group in its Profit and loss account. For the same reason, the Group has also not recognised a liability for these MTM losses and amounts receivable from the Assignee Company.

7. Disclosure of Related Party under AS 18 – 'Related Party Disclosures'

Parties where control exists

(a) Significant Shareholders, Key Management Personnel and their relatives

- Kirti Desai – Manager appointed under section 269 of the Companies Act, 1956.

(b) Enterprises over which company has significant influence / Associates

- Sultan Production Private Limited (upto 31 March 2009) (refer note 17 of schedule 23)
- Gold Adlabs
- HPE / Adlabs LP

(c) Joint Ventures

- Divyashakti Marketing Private Limited
- Cineplex Private Limited
- Swanston Multiplex Cinemas Private Limited

Transactions	Key Management Personnel		Enterprises over which Company has significant influence / Associates	
	CY	PY	CY	PY
Reimbursement of expenses				
Sultan Production Private Limited			-	(10.77)
Managerial remuneration				
Kirti Desai	0.78	0.78		
Share of profit from partnership firm				
Gold Adlabs			15.13	25.20
Drawing from partnership firm				
Gold Adlabs			13.01	27.83
Repayment of principal by limited liability partnership				
HPE / Adlabs LP			24.17	-
Loan given				
Sultan Production Private Limited			-	54.83
Kirti Desai	0.50	-		
Loans repaid				
Kirti Desai	0.50	-		
Outstanding balances as at end of the year				
Sultan Production Private Limited	-	-	-	115.97

CY – Year ended 31 March 2010

PY – Year ended 31 March 2009

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

The Company's stake in share capital of Sultan Production Private Limited ('Sultan') is in excess of 20%. This investment was made by the Company with the intention of investment in the movie "Sultan: The warrior" starring Rajnikanth. However, during the current period, the Company has issued a letter of termination demanded refund for the moneys paid by the Company and filed a recovery suit against Ocher Studios, as per a shareholders agreement signed by the Company which has been agreed to by Ocher Studios.

Since, the Company has intention of selling the shares, the Company has decided not to consider Sultan as an associate under AS-18 Related Party Disclosures and AS-23 'Accounting for Associates in Consolidated Financials Statements.

The outstanding balance of Sultan Production Private Limited is Rs. 115.88 (2009: Rs. 115.97) of which the Company has considered Rs. 12 as doubtful in the current year and provided for the same.

8. Foreign Currency Convertible Bonds

On 25 January 2006 the Company ('Issuer') issued 84,000 Zero Coupon Foreign Currency Convertible Bonds of face value of Euro 1,000 each ('Bonds' or 'FCCB') aggregating Euro 84 million. The Bonds are convertible at any time on or after 7 March 2006 and up to the close of the business on 19 January 2011 by the holders of the Bonds ('the Bondholders') into newly issued equity shares of the Company with full voting rights with par value of Rs 5 each ('Shares') at an initial conversion price (as defined in Terms and Conditions of the Bonds) of Rs 543.42 per share with a fixed rate of exchange on conversion of Rs 54.26=EUR 1.00. Of the above bondholders holding bonds of value Euro 63.35 million opted for conversion in period ended 31 March 2008. The balance bond values aggregating to EURO 20.65 million are outstanding as on the balance sheet date. During the previous year, the Company demerged its radio division to Reliance Media World Limited (formerly known as Reliance Unicom Limited) (refer note 18(a) of Schedule 23). As per the terms of bond issue, the conversion price of the bonds is subject to adjustment, after agreement with the bondholders. Pending finalisation of agreement, the revised conversion price is not yet decided. Consequently the equity shares issuable on conversion of FCCB (2,061,884 (2009: 2,061,884)) have been computed based on initial conversion price. The Bonds are listed on the Singapore Exchange Securities Trading Limited ('SGX ST').

The Bonds may be redeemed, in whole but not in part, at the option of the issuer at any time on or after 25 January 2009 and on or prior to 26 January 2011 subject to satisfaction of certain conditions. Unless previously redeemed, converted or purchased and cancelled, the bonds will mature on 26 January 2011 at 121.679 per cent of the principal amount.

The balance in premium account as at 31 March 2010 is as follows:

	31 March 2010	31 March 2009
Opening balance	308.49	284.00
Adj: foreign exchange fluctuation	(37.25)	24.49
Closing balance	271.24	308.49

During the financial period ended 31 March 2008, the Parent Company classified the liability towards Foreign Currency Convertible Bonds ('FCCB') as non-monetary liability inter-alia on the basis of the trend of earnings, movement of the Parent Company's share prices and conversion option exercised by the FCCB holders. The Parent Company / Group continues to classify the liability towards FCCB as a non-monetary liability as in its view the current fall in the market price of the Company's share price and non-conversion by bond holders is a temporary aberration. Further, pursuant to scheme of demerger of the radio division, the conversion price is subject to adjustment, after agreement with bond holders. The Company estimates that there will be significant adjustments to conversion price considering value of Radio division which has demerged. Consequently, the foreign exchange fluctuation (gain) / loss for the year ended 31 March 2010 aggregating to Rs (171.81) (2009: Rs. 113.01) has not been recognised by management. Cumulative loss not recognized due to classification of FCCB as a non-monetary liability is Rs. 127.22 in respect of outstanding FCCB's. Unrecognized losses on FCCB's which were converted into equity shares in earlier periods is Rs.219.95.

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

9. Earning per share ('EPS')

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Net (loss) after tax	(1,438.34)	(522.64)
Weighted average number of equity share outstanding during the year for basic EPS	46,126,170	46,126,170
Add: Equity share issuable on conversion of FCCB (also refer note 8 of schedule 23)	2,061,884	2,061,884
Weighted average number of equity shares outstanding during the period for dilutive EPS	48,188,054	48,188,054
Basic EPS	(31.18)	(11.33)
Dilutive EPS *	(31.18)	(11.33)
Nominal value per share	5.00	5.00

* - Dilutive EPS has not been calculated considering the option on equity shares, as it is anti-dilutive

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

	Currency	Year ended 31 March 2010		Year ended 31 March 2009	
		Amount - foreign currency (mns)	Amount - Indian rupees	Amount - foreign currency (mns)	Amount - Indian rupees
Sundry Debtors	USD	2.90	130.59	3.46	180.52
	GBP	0.16	10.86	0.05	3.71
	EURO	0.04	2.42	0.02	1.38
	NPR	0.02	0.01	-	-
Sundry Creditors	USD	5.96	268.38	4.50	234.78
	GBP	1.67	113.34	0.23	17.06
	EURO	0.16	9.69	0.01	0.69
	MYR	10.76	148.43	0.06	0.86
	NPR	11.36	7.22	0.28	0.18
	MUR	0.12	0.18	13.36	21.68
Loans & advance	USD	1.42	63.94	3.78	197.22
	GBP	0.62	42.08	0.05	3.71
	EURO	0.01	0.61	0.06	4.13
	MYR	3.14	43.32	1.97	28.20
	NPR	29.66	18.84	4.13	2.66
	MUR	17.43	26.50	28.28	45.89
Loans taken	USD	10.19	458.86	15.64	816.01
	MYR	5.32	73.39	-	-
	NPR	44.33	28.16	-	-
Advance from customer	USD	0.33	14.86	-	-
	GBP	0.05	3.39	-	-
Cash and bank balances	USD	5.47	246.31	1.67	87.13
	MYR	2.80	38.62	6.87	98.33
	NPR	0.15	0.10	5.47	3.53
	GBP	0.11	7.47	0.11	8.16
	EURO	0.01	0.61	0.04	2.76
	USD	4.61	207.59	0.53	27.66
Buyers Credit	GBP	0.12	7.80	0.12	8.53
	EURO	0.82	49.67	0.82	56.49
	EURO	20.65	1,123.95	20.65	1,123.95
Foreign currency convertible bonds (FCCB) #					
Provision for premium on redemption on FCCB	EURO	4.48	271.24	4.48	308.49

- Refer note 8 of Schedule 23

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

11. Interest in Joint ventures

The Company's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name of the Company	Country of Incorporation	% of ownership interest as at 31 March 2010	% of ownership interest as at 31 March 2009
Swanston Multiplex Cinemas Private Limited	India	50%	50%
Cineplex Private Limited	India	50%	50%
Divya Shakti Marketing Private Limited	India	50%	50%

Details of Joint Venture

Particulars	31 March 2010	31 March 2009
I Assets		
1. Fixed assets net block (including Capital work-in-progress)	87.10	96.42
2. Investments	-	-
3. Current assets, loans and advances		
a) Inventories	1.14	1.12
b) Sundry debtors	7.05	5.37
c) Cash and bank balances	7.78	8.20
d) Interest accrued but not due	0.10	0.06
e) Loans and advances	27.78	11.50
II Liabilities		
1. Shareholders' fund - reserves and surplus	49.13	47.86
2. Advance towards share application money	12.50	-
3. Unsecured loans	45.68	50.68
4. Deferred tax liability (net)	3.95	5.57
5. Current liabilities and provisions		
a) Liabilities	15.39	16.06
b) Provisions	4.30	2.50
III Income		
1. Income from theatrical exhibition (net of duties and taxes)	102.73	118.67
2. Other Income	3.60	9.20
IV Expenses		
1. Direct operational expenses	53.97	51.65
2. Personnel costs	5.36	3.14
3. Other operating and general administrative expenses	34.86	40.89
4. Depreciation	11.18	10.97
5. Interest	4.44	-
(Loss) / profit before Taxation	(3.48)	21.22
Provision for tax (including deferred tax)	(4.75)	5.15
Profit after tax	1.27	16.07
V. OTHER MATTERS		
1. Contingent Liabilities	94.82	101.61
2. Capital Commitments	Nil	Nil
Movement of the aggregate reserves of the joint ventures:		
Reserves as at beginning of the year	47.86	40.49
Add: Share of profits for the year	1.27	16.07
Less: Dividend declared during the year	-	(8.70)
Reserves as at the end of the year / period	49.13	47.86

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

12. Employee benefits

Details of employee benefits for the Parent Company is as follows:

Defined contribution plan

Contribution to defined contribution plan, recognised as expenses for the year are as under:

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Employers contribution to Provident fund and other funds	19.85	19.13

Defined benefit plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of defined benefit obligation

	31 March 2010	31 March 2009
Gratuity		
Defined benefit obligation at the beginning of the year	15.01	17.91
Transferred as per provision of Radio demerger scheme (Refer note 18(a) of Schedule 23)	-	(10.42)
On amalgamation of Subsidiaries (Refer note 18(b) of Schedule 23)	-	0.08
Current service cost	5.74	4.00
Interest cost	1.61	1.00
Actuarial (gain) / loss	(4.73)	2.50
Benefit paid	(0.27)	-
Settlement cost	-	(0.06)
Defined benefit obligation at year end	17.36	15.01

II. Reconciliation of opening and closing balances of fair value of plan assets

	31 March 2010	31 March 2009
Gratuity		
Fair value of plan assets at beginning of year	23.89	3.90
Actuarial gain / (loss)	(2.16)	(0.37)
Expected return on plan assets	1.78	0.42
Employer contribution	0.48	20.00
Benefit paid	(0.27)	(0.06)
Fair value of plan assets at year end	23.72	23.89
Actual return on plan assets	(0.31)	0.05

III. Reconciliation of fair value of assets and obligation

	31 March 2010	31 March 2009
Gratuity		
Fair value of plan assets at end of year	23.72	23.89
Present value of obligation at the end of year	17.36	15.01
Amount recognized in balance sheet as (net assets) / net liability	(6.36)	(8.88)

-Recognized as an assets under advance recoverable in cash or kind or for value to be received in schedule 12

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

IV. Expense recognized during the year (Under the head 'Personnel costs' – Refer Schedule '20')

	Year ended 31 March 2010	Year ended 31 March 2009
Gratuity		
Current service cost	5.74	4.00
Interest Cost	1.61	1.00
Expected return on plan assets	(1.78)	(0.42)
Actuarial (gain) / loss	(2.57)	2.87
Limitation of assets recognition as per AS 15	(0.16)	0.25
Net Cost	2.84	7.70

V. Investment details

% invested as at year end

Nature of investment	31 March 2010	31 March 2009
Insurance policies	100%	100%

VI. Actuarial assumptions

	Gratuity (funded)
Mortality Table (LIC)	1994-96 (Ultimate)
Discount rate (per annum)	8.30%
Expected rate of return on plan assets (per annum)	7.50%
Rate of escalation in salary (per annum)	10% for the first two years and 7% thereafter

VII. Other disclosures

	Year ended 31 March 2010	Year ended 31 March 2009	Nine months ended 31 March 2008
Present value of plan liabilities	17.36	15.01	17.91
Fair value of plan assets	23.72	23.89	3.90
(Deficit) / Surplus of the plan	6.36	8.88	(14.01)
Experience adjustments on plan liabilities [loss / (gain)]	(4.73)	2.50	0.93
Experience adjustments on fair value of plan assets [(loss) / gain]	(2.16)	(0.37)	0.28

The estimates for rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

Other members of the Group have computed gratuity and leave encashment, if applicable to them on the basis of the last drawn salary and the number of years of service completed or number of days leave outstanding on an arithmetical basis / actuarial valuation based on assumptions, similar to the Parent Company. The total amount provided as at year end for Gratuity under the above method is Rs. 2.12 (2009: Rs. 3.16) and for leave encashment Rs. 1.85 (2009: Rs. 0.10).

Reliance MediaWorks Limited

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

13. Goodwill on consolidation

Particulars	31 March 2010	31 March 2009
Opening balance of Goodwill	421.17	275.59
Goodwill, reversed on Subsidiaries which have been amalgamated in the current year	-	(160.55)
Goodwill for Subsidiaries acquired in the current year	207.45	306.07
Goodwill for additional shares in Subsidiaries acquired in the current year (net)	258.17	0.06
	886.79	421.17

14. Translation of foreign subsidiaries

The Group in the current year has classified its operations in Nepal, as non-integral to the business of the Group in India considering the size of the operations, autonomy of management of the subsidiary and the local sources of funding of the operations. The effect of the above change on the loss of the Nepal operations for the year ending 31 March 2010 is not significant.

15. Impairment disclosure

During the previous year, the Group had impaired certain fixed assets pertaining to the theatrical exhibition segment on the basis of determination of value in use of each property, which the Group considers as the relevant Cash Generating Unit ('CGU') for the purpose of impairment testing. The Group had considered a discount rate of 11.68%. The amount of impairment loss of Rs. 55.17 was debited to the Capital reserve pursuant to Scheme of Amalgamation. (Refer note 18(b) of Schedule 23). The management has not reversed the provision in the current year, on the basis of the determined value in use for the current year.

16. Change in method of depreciation

Hitherto, it was the policy of a Subsidiary (acquired during the year) of the Group (forming part of the film production services segment) to charge depreciation as per the written down value method. During the current year, it has changed the method of charging depreciation to the straight line method at the rates provided under Schedule XIV of the Companies Act, 1956. The change in policy has resulted in reduction of depreciation charge for the current year by Rs. 21.04 (including Rs. 13.01 for periods prior to acquisition by the Group) as compared to the amount of depreciation that would have been charged, had there been no change in the method for providing for depreciation.

17. The Parent Company's stake in share capital of Sultan Production Private Limited ('Sultan') is in excess of 20%. This investment was made by the Parent Company with the intention of investment in the movie "Sultan: The warrior" starring Rajnikanth. However, during the current period, the Parent Company has issued a letter of termination demanded refund for the moneys paid by the Parent Company and filed a recovery suit against Ocher Studios, as per a shareholders agreement signed by the Parent Company which has been agreed to by Ocher Studios.

Since, the Parent Company has intention of selling the shares, the Parent Company has decided not to consider Sultan as an associate under AS-18 Related Party Disclosures and AS-23 'Accounting for Associates in Consolidated Financials Statements.

The outstanding balance of Sultan Production Private Limited is Rs. 115.88 (2009: Rs. 115.97) of which the Company has considered Rs. 12 as doubtful in the current year and provided for the same.

18. Scheme of arrangement for demerger of radio business and merger of wholly owned subsidiaries with the Parent Company in previous year ended 31 March 2009

- (a). Demerger of the radio business of the Parent Company to Reliance Media World Limited (formerly known as Reliance Unicom Limited)

During the previous year, the Company implemented a scheme for arrangement for demerger of its Radio business to Reliance Media World Limited (formerly known as Reliance Unicom Limited)

Schedule to the Consolidated Financial Statements as at 31 March 2010

(Currency: Indian Rupees in Millions)

('RML'), an erstwhile wholly owned subsidiary. The scheme of arrangement was approved by the High Court of Judicature at Bombay vide its order dated 4 April 2009 and on completion of other formalities the scheme was given effect to from 1 April 2008.

As per the provisions of the Radio scheme, excess balances of assets transferred over liabilities including allocations for general borrowings of Rs. 1,670.80 and the cost of Investments in RML cancelled has been debited to Securities premium account.

(b). Merger of wholly owned subsidiaries with the Parent Company

During the previous year, the Company implemented a scheme of amalgamation of its wholly owned subsidiaries Adlabs Multiplexes and Theatres Limited ('AMTL'), Adlabs Multiplex Limited ('AML'), Mahimna Entertainment Private Limited ('MEPL') and Rave Entertainment Private Limited ('REPL'). The amalgamation scheme was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 8 May 2009 and on completion of other formalities was given effect to from 1 April 2008.

AMTL, AML, and REPL are engaged in the theatrical exhibition business and have been included in the theatrical exhibition segment. MEPL has been included in the unallocated corporate segment.

In accordance with the requirements of the amalgamation scheme, the credit aggregating Rs. 582.62 to Capital reserve has been arrived at as follows:

- All assets and liabilities of the transferor companies as at 1 April 2008 which have been identified by the Board of Directors have been recorded at their respective fair values (as determined based on valuation reports from government approved valuer / management estimates) as on 31 March 2009. Investments in the equity shares of the transferor companies as appearing in the books of the transferee Company as at 31 March 2009 have been cancelled. The excess of net assets of the transferor companies taken over at fair value (as determined on 31 March 2009) over the cost of investment in these companies, aggregating Rs 360.58 has been credited to Capital reserve.
- The Parent Company has recorded an increase in the value of its assets based on revaluation of certain assets of the Parent Company pertaining to the theatrical exhibition and film production services business. The total increase in value of assets of the Company is Rs. 1,789.01, based on revaluation reports obtained from government approved external valuers. The Parent Company has also reduced the value of its assets by Rs. 1,566.97 (fixed assets and intangible rights Rs. 398.95, debtors Rs. 205.07, loans and advances including capital advances Rs. 618.85 and investments Rs. 344.10). The net increase in the value of assets of the Company Rs. 222.04 has been credited to Capital reserve pursuant to the provision of the Scheme.
- The authorised share capital of the transferor Companies was considered as authorised share capital of the transferee Company. Hence, the authorised share capital of the Parent Company has been increased by Rs. 160.29 divided into 32,058,000 shares of Rs. 5 each.

19. The figures for the previous year have been regrouped / rearranged as necessary to conform to current year's presentation.

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Mumbai
28 May 2010

Kirti Desai
Company Secretary and Manager

Reliance MediaWorks Limited

Statements pursuant to section 212 of the Companies act, 1956 relating to Company's interest in the Subsidiary Companies

(Currency: Indian Rupees in Millions)

Sr. No	Name of the Subsidiary	Financial year ending of the Subsidiary	Date from which they became subsidiary	Number of equity shares held in Subsidiary companies	Extent of holding	Net aggregate amount of profit / (loss) so far as it concerns the members of holding Company			
						Not dealt with in the holding Company's Accounts		Dealt in the Holding Company's accounts	
						for the financial year of Subsidiary	for the previous financial years of the Subsidiary since it became the Holding Company's subsidiary	for the financial year of Subsidiary	for the previous financial years of the Subsidiary since it became the Holding Company's subsidiary
1	Big Synergy Media Limited (formerly known as Synergy Adlabs Media Limited)	31-03-2010	12-01-2007	5,100 equity shares of Rs. 100 each	51%	7.94	48.52	8.53	NIL
2	Adlabs Distributors and Exhibitors Limited	31-03-2010	19-05-2003	50,000 equity shares of Rs. 10 each	100%	16.17	84.98	NIL	NIL
3	Sri Rama Krishna Theatre Limited	31-03-2010	11-01-2008	403,574 equity shares of Rs. 10 each	89.68%	1.38	0.89	NIL	NIL
4	Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited)	31-03-2010	04-05-2009	50,000 equity shares of Rs. 10 each	100%	(34.68)	-	NIL	NIL
5	Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited)	31-03-2010	19-05-2006	10,000 Ordinary shares of £1 each	100%	(11.62)	(41.19)	NIL	NIL
6	Reliance MediaWorks (USA) Inc. (formerly known as Adlabs Films USA Inc.)	31-03-2010	17-05-2006	200 Common stock	100%	(244.55)	(92.56)	NIL	NIL
7	Reliance MediaWorks (Mauritius) Limited (formerly known as Adlabs (Mauritius) Limited)	31-03-2010	20-03-2008	1000 Ordinary shares of no par value	100%	7.22	(9.59)	NIL	NIL
8	Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films (Netherlands) B.V.)	31-03-2010	08-02-2008	180 shares of EUR 100 each	100%	(7.22)	(1.03)	NIL	NIL
9	Rave Entertainment and Food Nepal Private Limited	31-03-2010	24-08-2008	96,000 equity shares of Nepali Rupees 100/- each	100%	(0.80)	0.05	NIL	NIL
10	Big Cinemas Entertainment LLC (formerly known as Adlabs Entertainment LLC) #	31-03-2010	19-12-2007	@	100%	(17.70)	(14.79)	NIL	NIL
11	Big Cinemas Entertainment (DE) LLC (formerly known as Adlabs Entertainment (DE) LLC) #	31-03-2010	24-01-2008	@	100%	(9.92)	(9.87)	NIL	NIL
12	Big Cinemas Laurel LLC (formerly known as Adlabs Laurel LLC) #	31-03-2010	02-01-2008	@	100%	(17.40)	(16.25)	NIL	NIL
13	Big Cinemas Falls Church LLC (formerly known as Adlabs-Falls Church LLC) #	31-03-2010	08-11-2007	@	100%	(2.75)	(4.87)	NIL	NIL
14	Adlabs Heritage LLC #	31-03-2010	07-03-2008	@	100%	-	-	NIL	NIL
15	Big Cinemas Norwalk LLC (formerly known as Adlabs Norwalk LLC) #	31-03-2010	14-03-2008	@	100%	(2.84)	(6.66)	NIL	NIL
16	Big Cinemas Galaxy LLC (formerly known as Adlabs-Galaxy LLC) #	31-03-2010	21-12-2007	@	51%	(85.76)	(49.34)	NIL	NIL
17	Big Cinemas Sahil LLC (formerly known as Adlabs-Sahil LLC) #	31-03-2010	13-11-2007	@	97%	(24.31)	-	NIL	NIL
18	Big Cinemas SAR LLC (formerly known as Adlabs-Sar LLC) #	31-03-2010	08-11-2007	@	51%	(6.70)	(2.36)	NIL	NIL
19	Phoenix Big Cinemas Management LLC (formerly known as Phoenix Adlabs Theatre Management LLC) #	31-03-2010	25-02-2008	@	51%	2.48	7.79	5.41	NIL
20	Big Cinemas Phoenix LLC (formerly known as Adlabs Phoenix LLC) #	31-03-2010	22-02-2008	@	51%	(10.22)	(0.45)	3.16	NIL
21	Big Cinemas Exhibitions LLC (formerly known as Adlabs Exhibitions LLC) #	31-03-2010	06-03-2008	@	100%	(7.99)	(18.45)	NIL	NIL
22	Big Cinemas IMC LLC (formerly known as Adlabs IMC LLC) #	31-03-2010	19-01-2008	@	100%	(18.76)	(6.37)	NIL	NIL
23	Reliance Lowry Digital Imaging Services, Inc. (formerly known as Reliance Big Entertainment Inc.) #	31-03-2010	01-09-2008	1,000 shares of no par value	100%	(3.86)	(68.91)	NIL	NIL
24	Big Pictures USA Inc. #	31-03-2010	30-03-2009	@	100%	-	-	NIL	NIL
25	Adlabs Digital Media USA LLC #	31-03-2010	27-03-2009	@	100%	-	-	NIL	NIL
26	Adlabs GlobalStar LLC #	31-03-2010	23-09-2009	@	100%	-	-	NIL	NIL
27	Reliance Media & Marketing Communications LLC #	31-03-2010	13-05-2009	@	100%	2.59	-	NIL	NIL
28	Reliance Media Works VFX Inc. #	31-03-2010	25-01-2010	100 shares of no par value	100%	(2.56)	-	NIL	NIL
29	Reliance MediaWorks (Malaysia) Sdn. Bhd. (formerly known as Reliance Big Entertainment Sdn. Bhd.) #	31-03-2010	18-04-2008	250,000 equity shares of RM 1 each	100%	145.14	(29.62)	NIL	NIL
30	Big Cinemas Lotus Five Star Cinemas Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.) #	31-03-2010	01-11-2008	10,196,900 equity shares of RM 1 each	70%	(64.39)	(8.18)	NIL	NIL

- Subsidiary under section 4(1)(c) of the Companies Act, 1956

@ - The Company does not have a fixed share capital, hence the number of shares has not been given.

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Mumbai
28 May 2010

Kirti Desai
Company Secretary and Manager

Details of Subsidiary Companies forming part of Consolidated Financial Statements

(Currency: Indian Rupees in Millions)

Sr. No	Capital	Reserves	Total assets	Total liabilities	Investments	Profit / (loss) before tax	Provision for tax	Profit / (loss) after tax	Proposed dividend #	
1	Big Synergy Media Limited (formerly known as Synergy Adlabs Media Limited)	77.36	109.34	269.92	83.22	61.05	24.77	9.20	15.57	5.35
2	Adlabs Distributors and Exhibitors Limited	0.50	101.15	104.18	2.53	52.45	16.65	0.48	16.17	-
3	Sri Rama Krishna Theatre Limited	4.50	33.07	38.37	0.80	2.38	2.23	0.70	1.54	-
4	Digital Media Imaging Limited (formerly known as AAA Digital Imaging Limited)	0.50	(242.13)	959.89	1,201.52	-	(48.19)	0.04	(48.23)	-
5	Reliance MediaWorks (UK) Limited (formerly known as Adlabs Films (UK) Limited)	0.85	(52.49)	307.93	359.57	-	(11.62)	-	(11.62)	-
6	Reliance MediaWorks (USA) Inc. (formerly known as Adlabs Films USA Inc.)	0.92	(321.62)	1,815.12	2,135.82	569.96	(244.55)	-	(244.55)	-
7	Reliance MediaWorks (Mauritius) Limited (formerly known as Adlabs (Mauritius) Limited)	0.00	(2.37)	1,168.63	1,171.00	8.16	7.22	-	7.22	-
8	Reliance MediaWorks (Netherlands) B.V. (formerly known as Adlabs Films (Netherlands) B.V.)	1.04	(9.88)	3.29	12.13	-	(7.22)	-	(7.22)	-
9	Rave Entertainment and Food Nepal Private Limited	6.00	(0.74)	40.64	35.38	-	(0.80)	-	(0.80)	-
10	Big Cinemas Entertainment LLC (formerly known as Adlabs Entertainment LLC)	-	(31.02)	95.80	126.82	-	(17.70)	-	(17.70)	-
11	Big Cinemas Entertainment (DE) LLC (formerly known as Adlabs Entertainment (DE) LLC)	-	(18.93)	24.16	43.08	-	(9.92)	-	(9.92)	-
12	Big Cinemas Laurel LLC (formerly known as Adlabs Laurel LLC)	11.82	(32.15)	5.52	25.85	-	(17.40)	-	(17.40)	-
13	Big Cinemas Falls Church LLC (formerly known as Adlabs-Falls Church LLC)	3.94	(7.32)	11.88	15.27	-	(2.75)	-	(2.75)	-
14	Adlabs Heritage LLC	-	-	-	-	-	-	-	-	-
15	Big Cinemas Norwalk LLC (formerly known as Adlabs Norwalk LLC)	20.26	(9.13)	23.08	11.95	-	(2.84)	-	(2.84)	-
16	Big Cinemas Galaxy LLC (formerly known as Adlabs-Galaxy LLC)	138.24	(174.63)	122.15	158.54	-	(85.76)	-	(85.76)	-
17	Big Cinemas Sahil LLC (formerly known as Adlabs-Sahil LLC)	6.30	(23.04)	278.30	295.04	-	(24.43)	-	(24.43)	-
18	Big Cinemas SAR LLC (formerly known as Adlabs-Sar LLC)	4.07	(10.80)	7.15	13.88	-	(6.70)	-	(6.70)	-
19	Phoenix Big Cinemas Management LLC (formerly known as Phoenix Adlabs Theatre Management LLC)	56.04	9.39	87.78	22.35	-	4.87	-	4.87	-
20	Big Cinemas Phoenix LLC (formerly known as Adlabs Phoenix LLC)	80.69	(25.59)	98.79	43.69	-	(20.03)	-	(20.03)	-
21	Big Cinemas Exhibitions LLC (formerly known as Adlabs Exhibitions LLC)	15.76	(25.41)	43.12	52.77	-	(7.99)	-	(7.99)	-
22	Big Cinemas IMC LLC (formerly known as Adlabs IMC LLC)	22.52	(23.86)	50.95	52.29	-	(18.76)	-	(18.76)	-
23	Reliance Lowry Digital Imaging Services, Inc. (formerly known as Reliance Big Entertainment Inc.)	0.05	177.52	341.40	163.83	-	(3.86)	-	(3.86)	-
24	Big Pictures USA Inc.	-	-	-	-	-	-	-	-	-
25	Adlabs Digital Media USA LLC	-	-	-	-	-	-	-	-	-
26	Adlabs GlobalStar LLC	-	-	-	-	-	-	-	-	-
27	Reliance Media & Marketing Communications LLC	-	2.45	17.67	15.23	-	2.59	-	2.59	-
28	Reliance Media Works VFX Inc.	0.05	141.64	158.36	16.68	-	(2.56)	-	(2.56)	-
29	Big Cinemas Union LLC (formerly known as Adlabs Union LLC)	-	-	-	-	-	(3.37)	-	(3.37)	-
30	Adlabs Forum LLC	-	-	-	-	-	-	-	-	-
31	Reliance MediaWorks (Malaysia) Sdn. Bhd. (formerly known as Reliance Big Entertainment Sdn. Bhd.)	7.16	115.52	1,260.39	1,137.71	457.56	145.37	0.22	145.14	-
32	Big Cinemas Lotus Five Star Cinemas Sdn. Bhd. (formerly known as Reliance Lotus Five Star Cinemas Sdn. Bhd.)	208.51	(103.68)	1,106.71	1,001.88	-	(91.99)	-	(91.99)	-

Note: The above information of the foreign subsidiaries has been translated in accordance with the provision of AS-11. The translation rates used for Balance Sheet Items in the case of US Dollars – Rs. 45.03, Euro – Rs. 60.59, Great Britain Pound – Rs. 67.87, Mauritian Rupee – Rs. 1.52, Nepali Rupee – Rs. 0.64, Malaysian Ringgit – Rs. 1.379. The rates used for Profit and Loss Account in the case of US Dollars – Rs. 47.74, Euro – Rs. 67.47, Great Britain Pound – Rs. 76.20, Mauritian Rupee – Rs. 1.59, Nepali Rupee – Rs. 0.64, Malaysian Ringgit – Rs. 1.3.83.

Reliance MediaWorks Limited

Financial Highlights

For Year Ended	31-Mar-2010(12) Rs. mn	31-Mar-2009(12) Rs. mn	31-Mar-2008(9) Rs. mn	30-June-2007(15) Rs. mn	31-Mar-2006(12) Rs mn	31-Mar-2005(12) Rs mn	31-Mar-2004(12) Rs mn	31-Mar-2003(12) Rs mn	31-Mar-2002(12) Rs mn
Sales	4,600.41	4,852.68	2,703.54	761.54	1,054.63	858.56	753.43	740.72	569.12
Other Income	307.32	655.60	538.53	737.68	49.90	16.99	35.63	39.82	40.74
PBDIT	872.38	1,478.12	1,570.97	2,015.59	484.00	393.24	336.37	321.60	208.38
PBDT	-442.71	850.64	1,438.07	1,971.42	475.13	377.41	322.90	311.13	198.64
PBT	-1,051.45	-295.59	403.91	1,041.55	386.36	322.86	278.08	268.62	160.78
Tax	-7.75	1.67	55.14	188.21	123.30	116.17	101.66	102.09	57.40
Profit after tax(PAT)	-1,043.70	-297.26	459.05	853.35	263.06	206.69	176.42	166.53	103.38
Dividend-Equity	-	-	0.50	0.50	0.45	0.40	0.50	0.40	0.25
No. of Equity Shares	46,126,170	46,126,170	46,126,170	39,800,750	39,800,750	21,500,750	21,500,750	21,500,750	21,500,750
EPS (Basic) Rs.	-22.63	-6.44	10.90	20.95	8.33	9.61	8.21	7.75	4.81
EPS (Diluted) Rs.	-22.63	-6.44	9.53	17.65	8.02	9.61	8.21	7.75	4.81
As on	31-Mar-10	31-Mar-09	31-Mar-08	30-Jun-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Assets	Rs. mn	Rs. mn	Rs. mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn
Gross Block	12,936.35	10,528.98	7,949.93	3,022.30	1,079.88	853.49	800.62	719.09	698.62
Net Block	8,482.75	6,679.70	5,239.03	1,786.04	781.30	639.03	634.31	597.60	619.58
Capital WIP	1,870.99	1,864.02	3,094.45	1,613.41	2,279.90	61.81	11.33	20.06	9.31
Investments	1,325.18	233.46	2,441.99	816.52	4,424.07	130.22	133.41	0.50	-
Inventory	59.68	51.83	19.18	16.15	13.03	9.35	6.12	7.17	8.31
Receivables	2,233.61	2,439.43	1,476.74	603.87	447.57	362.58	320.42	284.69	234.36
Other Current Assets	10,076.20	7,704.91	5,873.67	6,041.47	1,849.73	831.52	564.12	552.83	463.50
Profit and Loss Account	1,167.84	124.14	-	-	-	-	-	-	-
Misc. Expenditure	-	-	-	-	-	0.59	11.53	21.63	32.40
Total	25,216.25	19,097.49	18,145.06	60,877.46	9,795.61	2,035.12	1,681.24	1,484.49	1,367.45
Liabilities	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn	Rs mn
Equity Share Capital	230.63	230.63	230.63	199.00	199.00	107.50	107.50	107.50	107.50
Reserves	5,233.42	5,317.65	6,550.21	2,912.85	3,186.78	1,065.53	940.93	825.29	707.27
Total Debt	17,951.27	12,147.30	9,226.85	5,834.17	4,651.05	241.46	143.05	116.09	150.50
Deferred Tax Liability	-	-	-	128.62	70.41	78.28	68.57	52.37	35.37
Creditors and Acceptances	1,492.06	1,056.24	1,653.47	662.91	187.96	182.90	156.41	164.72	219.43
Other current liab/ provisions	308.87	345.67	483.90	1,539.91	1,500.40	359.44	264.78	218.51	147.38
Balance Sheet Total	25,216.25	19,097.49	18,145.06	10,877.46	9,795.61	2,035.12	1,681.24	1,484.49	1,367.45

RELIANCE MEDIAWORKS LIMITED

Registered Office : Film City Complex, Goregaon (East), Mumbai 400 065

DP ID No.	L.F. No.
Client ID No.	No. of Shares held

ATTENDANCE SLIP

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company held at Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050 on Tuesday, August 31, 2010 at 11.00 a.m.

Name of the Attending Member

Name of the Attending Proxy

Signature of the Attending Member

Signature of the Attending Proxy

Note : 1. Shareholder/Proxy holder wishing to attend the meeting is requested to sign and hand over the Attending Slip at the Entrance of the venue of meeting.

RELIANCE MEDIAWORKS LIMITED

Registered Office : Film City Complex, Goregaon (East), Mumbai 400 065

DP ID No.	L.F. No.
Client ID No.	No. of Shares held

PROXY FORM

I/We _____
of _____ in the district of _____ being a member/
members of RELIANCE MEDIAWORKS LIMITED hereby appoint _____ of
_____ in the district of _____ as my/our proxy
to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on
Tuesday, August 31, 2010 at 11.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010

Affix
Re. 1/-
Revenue
Stamp

Signature _____

- Note: 1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Corporation not less than 48 hours before the schedule time of the aforesaid meeting.
2. A Proxy need not be a member.

BOOK-POST

RELIANCE MEDIAWORKS LIMITED

Film City Complex,
Goregaon (East),
Mumbai - 400 065.
Phone: +91 22 39808900
Fax: +91 22 39808985
Website: www.reliancemediaworks.com