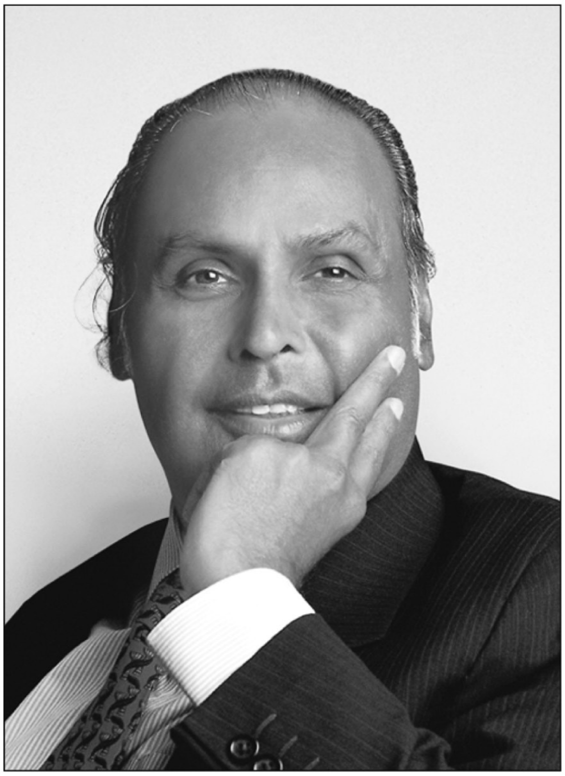
Reliance

MediaWorks

Annual Report
2011-12



Dhirubhai H. Ambani

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

Profile

Reliance MediaWorks, incorporated in 1987, is India's fastest growing media and entertainment services company and a member of the Reliance Group, one of the leading business houses in India.

Reliance MediaWorks offers end to end integrated services across the entire film and media services value chain to production houses, studios and broadcasters. The Company has comprehensive presence in Film and Media Services: Motion Picture Processing and DI; Film, Audio Restoration and Image Enhancement; 3D; Digital Mastering: Studios and Equipment rentals; Visual Effects; Animation; Broadcast and TVC Post Production with presence across India, USA and UK.

Reliance MediaWorks operates BIG Cinemas, India's largest cinema chain with over 425 screens spread across India and United States.

Mission: Excellence in Media and Entertainment Services

- To adopt global best practices and become a world-class media and entertainment services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with rigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

This Report is printed on environmental friendly paper.

Reliance MediaWorks Limited

Board of Directors

Shri Gautam Doshi
Shri Amit Khanna
Shri Sujal Shah
Shri Anil Sekhri
Shri Prasoon Joshi

Company Secretary and Manager

Shri Ashish Agarwal

Auditors

M/s. Chaturvedi & Shah
M/s. B S R & Co.

Registered Office

Film City Complex
Goregaon (East)
Mumbai 400 065
Maharashtra, India

Registrar and Transfer Agent

Link Intime India Private Limited
C – 13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (W)
Mumbai 400 078, Maharashtra, India
website: www.linkintime.co.in

Investor Helpdesk

Toll free no. (India)	:	1800 220 878
Telephone	:	+91 22 2594 6970
Fax No.	:	+91 22 2594 6979
Email	:	rnt.helpdesk@linkintime.co.in

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25th Annual General Meeting on Monday, December 24, 2012 at 10.00 a.m., at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065

The Annual Report can be accessed at www.reliancemediaworks.com

Highlights – at a glance (Standalone)

For Year Ending	30-Sep-2012(18) ₹ mn	31-Mar-2011(12) ₹ mn	31-Mar-2010(12) ₹ mn	31-Mar-2009(12) ₹ mn	31-Mar-2008(9) ₹ mn	30-June-2007(15) ₹ mn	31-Mar-2006(12) ₹ mn	31-Mar-2005(12) ₹ mn	31-Mar-2004(12) ₹ mn	31-Mar-2003(12) ₹ mn
Sales	7,612.93	4,866.92	4,600.41	4,852.68	2,703.54	761.54	1,054.63	858.56	753.43	740.72
Other Income	432.55	561.82	307.32	655.60	538.53	737.68	49.90	16.99	35.63	39.82
PBDIT	-2,050.57	-64.02	872.38	1,478.12	1,570.97	2,015.59	484.00	393.24	336.37	321.60
PBDT	-5,956.69	-1,888.59	-442.71	850.64	1,438.07	1,971.42	475.13	377.41	322.90	311.13
PBT	-7,035.63	-2,562.10	-1,051.45	-295.59	403.91	1,041.55	386.36	322.86	278.08	268.62
Tax	-	-	-7.75	1.67	-55.14	188.21	123.30	116.17	101.66	102.09
Profit after tax(PAT)	-7,035.63	-2,562.10	-1,043.70	-297.26	459.05	853.35	263.06	206.69	176.42	166.53
Dividend-Equity		-	-	-	0.50	0.50	0.45	0.40	0.50	0.40
No. of Equity Shares	4,61,26,170	4,61,26,170	4,61,26,170	4,61,26,170	4,61,26,170	3,98,00,750	3,98,00,750	2,15,00,750	2,15,00,750	2,15,00,750
EPS (Basic) ₹	-152.53	-55.55	-22.63	-6.44	10.90	20.95	8.33	9.61	8.21	7.75
EPS (Diluted) ₹	-152.53	-55.55	-22.63	-6.44	9.53	17.65	8.02	9.61	8.21	7.75
As on	**30-Sep-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**30-Jun-07**	**31-Mar-06**	**31-Mar-05**	**31-Mar-04**	**31-Mar-03**
Assets	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**
Gross Block	13,596.54	13,555.08	12,936.35	10,528.98	7,949.93	3,022.30	1,079.88	853.49	800.62	719.09
Net Block	7,627.27	8,626.78	8,482.75	6,679.70	5,239.03	1,786.04	781.30	639.03	634.31	597.60
Capital WIP	1,196.66	1,529.65	1,870.99	1,864.02	3,094.45	1,613.41	2,279.90	61.81	11.33	20.06
Investments	1,804.10	726.84	1,325.18	233.46	2,441.99	816.52	4,424.07	130.22	133.41	0.50
Inventory	65.85	72.45	59.68	51.83	19.18	16.15	13.03	9.35	6.12	7.17
Receivables	1,617.94	1,889.97	2,233.61	2,439.43	1,476.74	603.87	447.57	362.58	320.42	284.69
Other Current Assets	8,558.97	10,081.50	10,076.20	7,704.91	5,873.67	6,041.47	1,849.74	831.54	564.12	552.84
Profit and Loss Account	10,885.08	3,729.94	1,167.84	124.14	-	-	-	-	-	-
Misc. Expenditure		-	-	-	-	-	-	0.59	11.53	21.63
Total	**31,755.87**	**26,657.13**	**25,216.25**	**19,097.49**	**18,145.06**	**10,877.46**	**9,795.61**	**2,035.12**	**1,681.24**	**1,484.49**
Liabilities	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**	**₹ mn**
Equity Share / Preference Capital	245.38	230.63	230.63	230.63	230.63	199.00	199.00	107.50	107.50	107.50
Reserves	8,616.43	5,201.80	5,233.42	5,317.65	6,550.21	2,912.85	3,186.78	1,065.53	940.93	825.29
Total Debt	20,122.04	19,128.80	17,951.27	12,147.30	9,226.85	5,834.17	4,651.05	241.46	143.05	116.09
Deferred Tax Liability	-	-	-	-	-	128.62	70.41	78.28	68.57	52.37
Creditors and Acceptances	1,264.64	2,013.77	1,492.06	1,056.24	1,653.47	662.91	187.97	182.91	156.41	164.73
Other current liab/provisions	1,507.38	82.13	308.87	345.67	483.90	1,139.91	1,500.40	359.44	264.78	218.51
Total	**31,755.87**	**26,657.13**	**25,216.25**	**19,097.49**	**18,145.06**	**10,877.46**	**9,795.61**	**2,035.12**	**1,681.24**	**1,484.49**

Notice

Notice is hereby given that the 25th Annual General Meeting of the Members of **Reliance MediaWorks Limited** will be held on Monday, December 24, 2012 at 10.00 a.m., at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at September 30, 2012, the audited statement of Profit and Loss 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 Prasoon Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Anil Sekhri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

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

Special Business:

5. **Issue of securities to the Qualified Institutional Buyers**

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

"a) RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not exceed ₹ 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 shall rank 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 QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.

e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, demerger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company 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 QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

By Order of the Board of Directors

Ashish Agarwal
Company Secretary and Manager

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

November 3, 2012

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself 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 representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
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 DP ID and Client ID number 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.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
7. The Company's Register of Members and Transfer Books will remain closed from Friday, December 14, 2012 to Monday, December 24, 2012 (both days inclusive) for the purpose of Annual General Meeting.
8. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, Link Intime India Private Limited.
9. Non-resident Indian members are requested to inform Link Intime India Private Limited immediately on:
   a. the change in the residential status on return to India for permanent settlement; and
   b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment of Directors:

    At the ensuing Meeting, Shri Prasoon Joshi and Shri Anil Sekhri, Directors of the Company retires by rotation and being eligible, offers themselves for re-appointment. The details pertaining to Shri Prasoon Joshi and Shri Anil Sekhri required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements 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.
12. Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancemediaworks.com to aid the Company in its constant endeavour to enhance the standards of service to investors.
13. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated November 3, 2012.

Item No. 5: Issue of securities to the Qualified Institutional Buyers.

The Company, in order to enhance its global competitiveness and the ability to compete with the peer group in domestic and international markets may need to strengthen its financial position and net worth by augmenting its long term resources.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted by the 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

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated November 3, 2012

the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the special resolution at Item No. 5 of the accompanying Notice.

In view of 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, which are convertible into or exchangeable with equity shares on such date(s) 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 QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR 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 exchangable 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 the reasons aforesaid, an enabling special resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP 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 the issue of QIP Securities shall not exceed ₹ 500 crore. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent if any, to which the proposed securities may be issued.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders / Trustees in favour of Security Holders / Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1)(a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Securities by passing of resolution through postal ballot on January 12, 2006.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into 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 offer and issue the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

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

By Order of the Board of Directors

Ashish Agarwal
Company Secretary and Manager

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

November 3, 2012

Directors' Report

Dear Shareowners,

Your Directors present the 25th Annual Report and the audited accounts for the financial year ended September 30, 2012.

Financial Results

The standalone performance of the Company for the financial year ended September 30, 2012 is summarised below:

(₹ in million)

Particulars	For the eighteen month period ended September 30, 2012*	Financial year ended March 31, 2011**
Total Revenue	**8,045.48**	5,428.74
Profit/(Loss) before tax and exceptional items	**(6,312.91)**	(2,562.10)
Exceptional items	**(722.72)**	–
Profit/(Loss) before tax	**(7,035.63)**	(2,562.10)
Tax expenses	**–**	–
Profit/(Loss) after tax	**(7,035.63)**	(2,562.10)
Add : Balance brought forward from previous year	**(3,849.45)**	(1,287.35)
Balance carried to Balance Sheet	**(10,885.08)**	(3,849.45)

* Financial year 2011-12 has been extended to September 30, 2012.

** Figures of previous year have been regrouped and reclassified, wherever required.

Financial Performance

The current periods financial result covered and forming part of this Report include 18 month period from April 1, 2011 to September 30, 2012. As such the Accounts for the period ended September 30, 2012 shall not be strictly comparable with that of the previous year.

During the financial year under review, your Company has earned income of ₹ 8,045.48 million against ₹ 5,428.74 million in the previous year. The overall net loss of the Company before exceptional items was ₹ 6,312.91 million compared to ₹ 2,562.10 million in the previous year. The loss after exceptional items during the current year was ₹ 7,035.63 million. The exceptional items primarily consisted of provisions for loss made on sale of investments in Malaysian subsidiaries of the Company towards loan granted by the Company towards investment in those subsidiaries. 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 financial year under review.

Business Operations

During the financial year under review, the Company has maintained its leadership position in the existing business segments, i.e. domestic exhibition, film processing, organized sector for equipment & studio rental business & television content production.

In the services segment, the Company has successfully completed the first year of operations for the 1st phase of the studio, located at Filmcity, Mumbai, with an overall occupancy of 67 per cent & has been associated with big projects like Agneepath, Singham, Agent Vinod, X-Factor, Filmfare Awards amongst others. During the period, the lab has catered to 194 films including RA-One, Ek tha Tiger, Bodyguard, Ready, Rockstar, Agneepath, Rowdy Rathore, Singham, amongst others. Total number of movies processed in Digital Intermediary Laboratory (DI Lab) has increased from 66 in financial year 2010-11 to 82 in financial year 2011-12 including big budget movies like Rowdy Rathore, Bol Bachchan, Ishaqazaade, Agneepath, Rockstar, Zindagi Na Milegi Dobara and The Dirty Picture. The Company also offered post production services for over 300 television commercials and some of India's largest broadcast shows like Satyamev Jayate, Indian Idol, X-Factor, India's Got Talent, Just Dance & IPL.

The Media Services Business Process Outsourcing (BPO) in Airoli, Navi Mumbai restored over 250 legacy films which includes titles like Sholay, Laawaris, Devdas and Do Bhigha Zameen among others. During the year, the Company marked its entry in the domestic 2D to 3D conversion business for both films with an esteemed project – Shah Rukh Khan Starrer Don-2 & for Cinema Advertising with Reliance Netconnect's 'It's Fast. Are You?' campaign. The Company has also successfully completed its 1st year of operations for Visual Effects (VFX) segment for international clients.

The Company along with Galloping Horse America LLC jointly submitted a winning bid for some assets of Digital Domain Production Inc., a leading cutting edge VFX Company, for $30.2 million at auction on September 21, 2012. Galloping Horse America LLC holds a 70 per cent stake & RMW holds 30 per cent. The acquisition includes Digital Domain Production Inc.s' and Mothership's entire business - feature film and advertising visual effects, commercial production and virtual humans, studios in California and Vancouver, Canada, and the co-production partnership in Ender's Game. For our Company, Digital Domain is a strategic investment into a company which is at the leading edge of digital production. Digital Domain is a legendary company with the talent and track record of creating highest-end content, and deep relationships with the world's top filmmakers, studios and advertisers

The Company has partnered with VenSat Tech Services Private Limited to expand its VFX, Computer Generated Imagery (CGI) and Animation capabilities and create a studio in Chennai that will cater to the growing needs of the Media & Entertainment industry. The Company has also partnered with Annapurna Studios, leading film/television studio and production house located in Hyderabad to manage and operate their studio facility and to operate and expand the Digital Post Production facility at the studios.

The Company's Burbank Technology Centre team has won an Oscar at Academy's Scientific and Technical Awards 2012 for the development of a unique and efficient system for the reduction of noise and other artifacts, thereby providing high quality images required by the filmmaking process. In August 2011, the Company received a patent for an innovation – "System and method for removing semi-transparent artifacts from digital images caused by contaminants in the camera's optical path". The Company's motion picture processing lab in Mumbai bagged a National Award for Best Cinematography for a Punjabi film 'Anhey Ghorey Da Daan'. The Company has received National Awards for six consecutive years.

In the exhibition segment, the Company operates the theatres under the brand BIG Cinemas. Big Cinemas currently operates in India & US with a total count to 120 cinemas with 427 Screens.

The focus of the Company has always been providing enhanced services. Big Cinemas offers unique experiences with formats like Cine Diner- Asia's first Cinema –cum-dining concept, 180 Degrees – with 180 degree recliner seats, Ebony Lounges, Pause Launge & Mischief – Kids Zone.

We are the first multiplex chain to launch its own mineral water brand "Springs" which is being sold through our Cinema chain pan India. Under the umbrella of our F&B brand ''Movie Munchies'' we are offering more than 22 products that include varieties of fried finger food, salads, and sandwiches, rolls and wraps, fresh coffee, pizzeria, candy floss, street food like Chaat, ice creams, hot and cold desserts, Mocktails, fresh juices and chocolate fondue.

Backed by the Group strength, the Company has seen strong growth in terms of canvas and scale of operations

Changes in the Authorised Share Capital

(i) Reclassification

During the financial year under review, the Authorised Share Capital was reclassified from ₹ 500,000,000 divided into 100,000,000 Equity Shares of ₹ 5 each, to ₹ 500,000,000 divided into 80,000,000 Equity Shares of ₹ 5 each and 20,000,000 Preference Shares of ₹ 5 each pursuant to shareholders resolution passed on March 30, 2012.

(ii) Increase

During the financial year under review, the Authorised Share Capital of ₹ 500,000,000 divided into 80,000,000 Equity Shares of ₹ 5 each and 20,000,000 Preference Shares of ₹ 5 each was increased to ₹ 2,500,000,000 divided into 480,000,000 Equity Shares of ₹ 5 each and 20,000,000 preference shares of ₹ 5 each pursuant to shareholders resolution passed on July 13, 2012.

Rights Issue

During the financial year under review, the Company has filed a Draft Letter of Offer with the Securities and Exchange Board of India to raise funds not exceeding to ₹ 600 Crore though issue of Equity Shares or other securities by way of Rights Offer to existing Members.

Transfer/Sale of Businesses

Your Company is in the process of transferring its film and media services and theatrical exhibition business to certain of our wholly owned subsidiaries pursuant to the approval received from the shareholders by passing resolution through postal ballot on February 21, 2012.

Issue of Securities and Share Capital

(i) Issue of Non-Convertible Debentures

During the financial year under review, the Company issued 11.00 per cent Secured Redeemable Non-Convertible Debentures (SNCDs) aggregating to ₹ 350 crore on Private Placement basis in three series. Further during the financial year under review, the Company has also issued 12.50 per cent Unsecured Redeemable Non-Convertible Debentures (UNCDs) aggregating to ₹ 44 crore on Private Placement basis in eight series.

(ii) Issue of Redeemable Non Convertible Preference Shares

Pursuant to shareholders resolution passed through postal ballot on March 30, 2012 and in accordance with the provisions of the Companies Act, 1956, the Company had allotted 2,950,000, 10 per cent Redeemable Non Convertible Preference Shares of ₹ 5 each at a premium of ₹ 995 per share.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the financial 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 this Annual Report.

The Company has entered into various long term contracts for exhibition and film and media services. Some of these contracts have been completely serviced in financial year 2011-12. Others have been partially serviced in financial year 2011-12 and would spill over in the next financial year also. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

Subsidiary Companies

During the financial year under review, the Company has incorporated two wholly owned subsidiaries i.e. Reliance Media Consultant Private Limited and Reliance MediaVentures Private Limited. Rave Entertainment and Food Nepal Private Limited, Reliance MediaWorks (Malaysia) Sdn. Bhd., Reliance MediaWorks Big Cinemas Sdn. Bhd. ceased to be subsidiaries of the Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GoI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

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

Directors

In terms of the provisions of the Companies Act, 1956, Shri Prasoon Joshi and Shri Anil Sekhri, Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting (AGM).

A brief resume of the Directors retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and names of companies in which they hold directorship and / or membership / chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section of Corporate Governance Report forming part of this Annual Report.

Directors' Report

Shri Ajay Prasad has resigned from the Directorship of the Company with effect from April 10, 2012. The Board wish 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 requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

i. in the preparation of the annual accounts for financial year ended September 30, 2012, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on September 30, 2012, and of the loss of the Company for that period;

iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. the Directors had prepared the annual accounts for the financial year ended September 30, 2012 on a 'going concern' basis.

Consolidated Financial Statements

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

Auditors and Auditors' Report

M/s. B S R & Co., Chartered Accountants and M/s. Chaturvedi & Shah, Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing AGM and are eligible for re-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, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

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.

Cost Auditors

Pursuant to the Companies (Cost Accounting Records) Rules, 2011, the Company is required to maintain Cost Records and get the compliance certificate from the cost accountant. The Company has complied with the requirement and accordingly obtained the compliance certificate for the financial year 2011-12.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particular of Employees) Amendment Rules, 2011, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of 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 and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure – A forming part of this Report.

Corporate Governance

The Company has adopted "Reliance Group - Corporate Governance Policies and Code of Conduct" which has set out the systems, process and policies conforming to the International Standards. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

A Certificate from the Practicing Company Secretary, Shri B. Durga Prasad Rai, conforming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debentureholders, debenture trustee, bankers, financial institutions, 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 of the Company during the financial year.

For and on behalf of the Board of Directors

Gautam Doshi — **Director**

Amit Khanna — **Director**

Mumbai
November 3, 2012

Annexure - A

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company being a Film and Media Services and Exhibition Company does not involve in any manufacturing activity, hence the provisions of the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable. However, the information as applicable is given hereunder:

(a) Conservation of Energy: The Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance/ installation/ upgradation of energy saving devices.

(b) Technology Absorption, Adoption and Innovation: The Company has focused research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(c) Foreign Exchange Earnings and Outgo:

Activities related to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company has taken various initiatives for development of export markets for its international production and post production services in the countries outside India to increase its foreign exchange earnings.

Total foreign exchange earnings and outgo for the financial year is as follows:

a. Total Foreign Exchange earnings : ₹ 89.81 million

b. Total Foreign Exchange outgo : ₹ 74.41 million

Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statements. Important factors that could influence the Company's operations include interconnect usage charges, determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006. The management of Reliance MediaWorks Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year.

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", "Reliance", "RMW", "RMW Group" or "Reliance MediaWorks" are to Reliance MediaWorks Limited and its subsidiaries and associates.

Industry Structure and Developments

Macro-economics

The Indian economy has shown slow growth of 6.9 per cent in GDP as compared to 8.4 per cent in Financial Year 2010-11. This is mainly attributable to global factors like the crisis in the euro zone area and near recessionary conditions prevailing in Europe, slow growth in many other industrialized countries, increase in crude price rate, etc. However, relative to many other economies in the world, growth of 6.9 per cent in India is among the highest across the globe. In term of contribution to growth, service sector accounts for nearly 79 per cent of growth at 9.4 per cent in 2011-12 as compared to 9.3 per cent in 2010-11, Industrial sector contributes 16 per cent at 3.9 per cent in 2011-12 as compared to 7.2 per cent in 2010-11 and agriculture sector contributes 5 per cent with at 2.5 per cent as compared to 7 per cent in 2010-11. Index of Industrial Production (IIP) grew at 2.8 per cent in Financial Year12 against 8.2 per cent for the previous fiscal. India's export and import growth that gained momentum, in 2010-11, continued to grow robustly during 2011-12. During 2011-12, exports were valued at US $ 288 billion, registering a growth rate of 15 per cent over the level of US $ 250.5 billion in 2010-11. Value of imports during this period was US $ 457.3 billion, which was 20 per cent higher than US $ 381.1 billion in the corresponding period of 2010-11. Consequently, trade deficit for 2011-12 increased to US $ 169.2 billion which was 30 per cent higher than US $ 130.6 billion in 2010-11. Rising crude oil prices, along with increase in gold and silver prices have contributed significantly to the import bill.

Indian Media and Entertainment Industry Overview

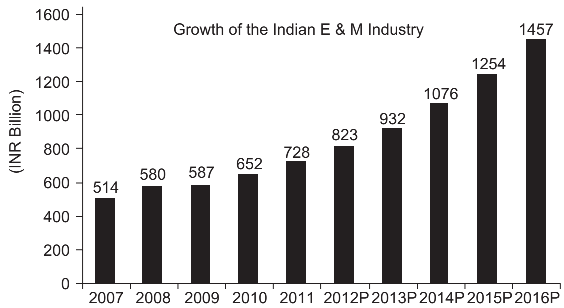
The Media and Entertainment (M&E) industry is one of the fastest growing sectors in India. The industry primarily involves the creation, aggregation and distribution of content, products and services, news and information, advertising and entertainment through various channels and platforms such as Television, Print, Radio, and Films. Poised to grow at a compounded rate of 14.9 per cent to touch US$ 28 billion by 2016, the sector registered a growth of 11.7 per cent in Calender Year 2011 over Calender Year 2010 garnering US$ 14 billion in revenue, according to the FICCI - KPMG Report for Calender Year 2011. It is estimated that the industry will achieve 13 per cent growth rate in 2012. While television and print continued to dominate the Indian M&E industry with contribution of 74 per cent to the Industry, sectors such as gaming, digital advertising, and animation VFX have shown growth of over 30 per cent and show tremendous potential in the coming years.

The following chart illustrates the growth of the Indian E&M industry

P=Projected

(Source: Federation of Indian Chambers of Commerce and Industry and KPMG, "Indian Media & Entertainment Industry Report 2012")

The following factors are expected to contribute to further growth of the Indian E&M industry:



- Continued growth and development of the Indian economy;
- Favourable demographic characteristics and trends in India;
- Cultural diversity of the Indian population;
- Internationalisation of the Indian E&M industry;
- Availability of popular content;
- Digitisation of content;
- India emerging as a key outsourcing centre for VFX

Digital technology continues to revolutionize media distribution – be it the rapid growth of DTH and a promise of digital cable, or increased digitization of film exhibition – and has enabled wider and cost effective reach across diverse and regional markets, and the development of targeted media content. There has been increased proliferation and consumption of digital media content – be it newspapers and magazines, digital film prints, and online video and music or entirely new categories such as social media. Going forward, the adoption of 3G and 4G services could further fuel broadband penetration and offer opportunities for scaling digital media businesses. Another influential change is being brought about by the proliferation of screens – making media consumption more personal than ever. Smart phones, tablets, PCs, gaming devices, etc. all form the foundation of a new wave in media usage. This is gradually impacting the way content is being created and distributed. Multiple media including TV, films, news, radio, music etc are being impacted with this change.

VFX industry in India is in an early stage of development and has the potential to grow into a significantly larger industry. The use of VFX has been an integral part of many Hollywood films, with 8 out of the 10 top grossing Hollywood films in 2011 featuring significant VFX sequences. The Indian film industry is increasingly producing storylines and films oriented around the use of VFX. With due increases in the capabilities of Indian VFX studios and competitive pricing, VFX is expected to become one of the top outsourcing sectors in India.

Unlike in India, the VFX industry in overseas markets has reached maturity. However, the Indian VFX industry is undergoing a series of changes in order to provide better quality service to viewers such as offering services on alternative platforms such as television, Internet and mobile applications and offering high-definition content, image up-scaling, conversion from 2D to 3D and CGI.

Following table provides the estimated cost of production of 30 minutes of animated content in India, Korea/Philippines and North America:

Estimated cost of 30 minutes of Animated Content (in USD)	2D Hand drawn	3D	Backend Production	Flash Animation
India	45,000 - 50,000	90,000	200,000	20,000
Korea, Philippines	60,750 - 67,500	121,500	270,000	27,000
North America	180,000 - 200,000	360,000	800,000	80,000

(Source: Federation of Indian Chambers of Commerce and Industry and KPMG, "Indian Media & Entertainment Industry Report 2012")

Reliance MediaWorks – Business Overview

Reliance MediaWorks Limited is India's fastest growing film and entertainment exhibition & services company and a member of the Reliance Group.

Reliance MediaWorks was established in 1987 as a processing laboratory primarily catering to the advertising industry. Reliance MediaWorks soon became India's premier film processing laboratory and also entered film financing and production. In 2001, the Company entered the burgeoning multiplex business with the world's largest IMAX screen in Mumbai and began to build, what is now, India's largest cinema chain.

In 2005, Reliance Group became a majority promoter in Reliance MediaWorks. The financial resources and management expertise acted as a catalyst in synergizing various interrelated businesses, catapulting Reliance MediaWorks into becoming India's leading success story in the film and entertainment industry.

Reliance MediaWorks operates BIG Cinemas, India's largest cinema chain with over 425 screens spread across India and the United States.

Reliance MediaWorks has also established a dominant and comprehensive presence in Film Services: Motion Picture Processing and DI; Film Restoration and Image Enhancement; 3D; Digital Mastering: Studios and Equipment rentals; Visual Effects; Animation; TVC Post Production with presence across India, USA & UK.

Reliance MediaWorks, along with Galloping Horse America LLC jointly submitted a winning bid for some assets of Digital Domain Production Inc., a leading cutting edge VFX Company, for $30.2 million at auction on September 21, 2012. Galloping Horse America LLC holds a 70 per cent stake & RMW holds 30 per cent.

Reliance MediaWorks' television venture, BIG Synergy, is among the top players in the television programming industry.

A. Film and Media Services

Reliance MediaWorks has expanded and established an integrated global presence across the entire film and media services value chain in India, USA and UK. Reliance MediaWorks' film and media services division can be distinguished under the following sections.

1. Film Post Production Services

Our film post production services involve businesses like the processing lab, which has been a key player in the market for more than 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

Reliance MediaWorks processes and prints over 70 per cent of the Hindi film industry requirements. The Company's processing lab at Mumbai has won 14 national and numerous popular awards over the years and has been certified by Kodak Image Care, an internationally recognized quality certification program, for every year beginning 2005. The processing operations are based out of Mumbai. We have minimized operations at Chennai & Kolkata. During the period, the lab has catered to 194 films including RA-One, Ek tha Tiger, Bodyguard, Ready, Rockstar, Agneepath, Rowdy Rathore, Singham, amongst others

Digital Intermediate Services

Reliance MediaWorks' 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). During the period, the DI lab has handled 82 films including big budget films like Agneepath, Rock Star, The Dirty picture, Ek Main Aur Ek Tu, Zindagi Milegi Na Dobara, Rowdy Rathore, Bol Bachchan, Billa 2, Barfee amongst others.

Digital Cinema Services

Reliance MediaWorks 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. Reliance MediaWorks has introduced optical fiber distribution of digital cinema films from India to the United States & is the 1st in the world to do so. Our secure digital cinema services facility located in Film City, Mumbai is connected to our digital processing labs on the same premises and offers film producers and distributors the ability to have their finished film delivered in both 35 mm and digital formats. Reliance MediaWorks 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. During the period, the Lab has mastered 263 films in Hindi & English Language.

2. Production Services

Through our Production Services, we serve domestic film and television clients and fulfill the growing demand for high quality studios and equipment in India.

Cameras and Equipment Rentals Services

Reliance MediaWorks' TV broadcast camera rental business pioneered tapeless solution in India and has established itself as

Management Discussion and Analysis

the premium service provider in India. After achieving success in the Broadcast Equipment Rental business, Reliance MediaWorks also offers HD Film Cameras along with expertise of a technically qualified team.

Reliance MediaWorks has provided camera and equipments for shows like Kaun Banega Crorepati, Bigg Boss, Swayamwar, Movers & Shakers, Sach ka Saamna, 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 & films like Heroine, Rowdy Rathore, Bodyguard, Burfi!, Aiyyaa, Talaash, Bol Bachchan, Lootera & The Dirty Picture amongst others.

Studio/Shooting Floors -RMW Film City Studios

Reliance MediaWorks is in process of constructing a 200,000 sq ft state of art film studio comprising 8 sound stages at Film City in Mumbai which will support film, TV and advertising productions. The Studio is 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 like makeup rooms, costume rooms, carpentry/moulding rooms etc within its premises. The first phase of the studio, with 70,000 sq ft comprising 3 sound stages has been launched in January 2011. The studio has hosted films like Agent Vinod, Agneepath, Singham, Lootera, Student of the year & Shows and events like Indian Idol, MTV Coke Studio, X Factor and Film Fare. The First full year of operations saw an overall occupancy of 67 per cent

Broadcast Post & TVC Solutions

Reliance MediaWorks believes that brands deserve cutting-edge production services in a dynamic media environment. It is with this belief that the Company has setup India's first non linear production studio dedicated to television commercials. The studio provides complete turnkey creative solutions for pre-production, production and post-production of ad films. The TVC Studio has offered services to premium brands like Coke, Lux, Kelloggs, Nestle amongst others & 3D advertisement for Reliance Netconnect.

Reliance MediaWorks also offers broadcast post services to broadcasters. These services include end to end solutions for editing, audio mixing, compositing, graphic designs, client comfort and the technical assistance. The facility has an established 45Mbps fiber link connectivity to key clients - Star India Pvt Ltd and Multi Screen Media Pvt Ltd for digital deliveries of final content. Clients for Broadcast Post include premiere Broadcasters like Star India Pvt Ltd, MSM Pvt Limited (Sony TV), Viacom 18 Media Pvt Ltd, BIG CBS Network and reputed Production Houses like BBC Worldwide, Fremantle Media India, Miditech TV India, Big Synergy and SOL Productions & has done shows like X Factor, Just Dance, Kaun Banega Crorepati, India's Got Talent, Nach Le Ve with Saroj Khan & Events like Big Star Entertainment Awards, Rock Star & IPL Extra Innings amongst others

3. Media Services BPO

Spread across 90,000 sq ft, Reliance MediaWorks' Media BPO in Mumbai is a leading global player for comprehensive digital restoration and content processing services with a MPAA (Motion Pictures Association of America) standard facility. The BPO aims to provide an array of creative & media services. The Media BPO addresses the needs of content owners like international studios & film makers, broadcast and television networks, library owners and mobile companies across the world. The BPO houses more than 800 skilled artists as of date.

Creative Services

Reliance MediaWorks through its facilities in India, UK and USA is one of the leading global providers of creative post production services which include cutting edge solutions for 3D Conversion, VFX and Animation.

VFX Solutions

Reliance MediaWorks offers cutting edge VFX Solutions through its state of the art VFX studios in Burbank (Lowry), London (Reliance MediaWorks (UK) Limited) and Mumbai (Reliance MediaWorks Entertainment Services Limited). With specialization in highly complex visual effects, the Company and its team of award winning artists stand at the forefront of an extremely dynamic world of VFX production. VFX Solutions include Concept Design, Pre-Viz, Look Development, On-set Supervision, 3D Animation / CGI, Matte Painting and Compositing/ Finishing for 2D and stereoscopic feature film and TV projects. Reliance MediaWorks has provided visual effects for esteemed projects like Robert Redford's The Conspirator, GI Joe, Rock of Ages, Neighbourhood watch, Shark Night 3D and remake of Conan the Barbarian among others.

Stereoscopic 3D Conversion

Reliance MediaWorks has created a state-of-the-art 2D to 3D conversion facility that combines the best of technology and artistic talent from Hollywood with the most advanced skills and large scale image processing capabilities in India. Through this facility, we are addressing rapidly growing demand from Hollywood studios and other global content creators for converting both new films shot in standard 2D as well as older legacy titles to be released in cinemas and on home platforms in stereoscopic 3D.

The facility is based in Navi Mumbai and houses a team of over 350 highly trained artists who have been trained by internationally renowned experts to make creative decisions within the context of what the audience will see-helping to eliminate guess work and resulting in a greater ability to use stereo as an aid to storytelling.

Media and Imaging Services

We are leveraging the potential of outsourcing through our Global Imaging 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. The Imaging team in USA works jointly with our large scale BPO operation in India to provide optimum solutions to clients.

Film Restoration and Image Enhancement Services

The BPO at Navi Mumbai houses a team of 400 skilled artists trained in Restoration and content processing. The BPO aims to provide a comprehensive one point solution for the transition from Analog to Digital and Physical Media to Digital Data. It offers services including video & audio restoration, encoding, transcoding, compression authoring, format and standards conversion, duplication and dubs, meta tagging, repurposing, editing, versioning, quality control and archiving. We have serviced an order for the digitisation and digital restoration of more than 600 films preserved by the National Films Archive of India.

Reliance MediaWorks subsidiary based in Burbank, Los Angeles is universally regarded as one of the best digital restoration facilities. The Company utilizes proprietary image processing science to deliver superior picture elements and has developed a 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. The Company's services include film restoration, emergency image repair, digital blow-ups and digital intermediate enhancements. Reliance MediaWorks USA's 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. The company's body of work includes film restoration for classics like Citizen Kane, Singin' In The Rain, Casablanca, Sunset Boulevard, the Indiana Jones trilogy, the early Star Wars films, twenty James Bond films, and numerous classic Disney animated films. Due to the unique challenges of digital capture, our services continue to be in high demand with newer productions like Avatar; The Social Network; The A-Team; Eat, Pray, Love; and The Curious Case of Benjamin Button.

Technology at LOWRY

In August 2011, our Company received a patent for an innovation – "System and method for removing semi-transparent artifacts from digital images caused by contaminants in the camera's optical path". Our Company was the first Indian company to be recognized in the category of science and technology for the development of a unique and efficient system for the reduction of noise and other artifacts which provides a high quality image required for the film making process at the Academy of Motion Pictures, Arts & Science Awards 2012.

3D Solutions

Reliance MediaWorks offers integrated stereo services for any type of 3D alignment issues, image and detail enhancements, grain and noise management and on-set consulting, in addition to the existing services for stereoscopic 3D conversion, DI grading for 3D, creation and handling of 3D DCPs and 3D camera services. We have also performed image and detail enhancements, vertical and horizontal alignments issues and "911 emergency" fixes for 3D versions of Avatar, Journey to the Center of the Earth, U2, X Games 3D: The Movie and Step Up, among others.

B. Exhibition of Cinematographic Films under brand name – "Big Cinemas"

The Cinema exhibition Industry is growing @10 per cent p.a. driven by multiplexes which are expanding rapidly in major metropolitan cities as well as second and third tier cities. Favourable demographic in Cinema Crazy nation, tax exemptions, and quality location such as malls, are driving growth of Multiplexes in India.

An analysis of drivers reveals that on the supply side - growth in film industry, improving real estate supply, and favourable tax exemptions have help in growth of this sector while on the demand side favourable demographics, rising income levels and willingness of people to spend on entertainment are increasing footfalls. The key challenges identified include slowdown in economy, alternate modes of entertainment, development delays, piracy and uncertainty over entertainment tax exemptions.

Even though the number of multiplexes is on rise, the average number of screens is extremely low in India at 12 Screens per million as compared to 117 screens in US. Currently there are around 12,000 Theatre screens in India, out of which approximately 1,200 screens are multiplex. Multiplex phenomena started in India in 2002, which in a span of the next 5-6 years improved box-office collections by 3.5 times. Moreover, average ticket prices have gone up twice and revenue leakages have improved especially in the metros as a result of the Multiplexes.

In the 20th century, Indian cinema, along with the Hollywood and Chinese film industries, became a global enterprise. At the end of 2010 it was reported that in terms of annual film output, India ranks first, followed by Hollywood and China. Enhanced technology paved the way for upgrading from established cinematic norms of delivering product, altering the manner in which content reached the target audience, as per regional tastes. Indian cinema found markets in over 90 countries where films from India are screened. In India, on an average, over 1,000 films are produced and released each year in about 20 languages.

The focus of the Company has always been providing enhanced services. Big Cinemas offers unique experiences with formats like Cine Diner- Asia's first Cinema –cum-dining concept, 180 Degrees – with 180 degree recliner seats, Ebony Lounges, Pause Lounge & Mischief – Kids Zone.

We are the first multiplex chain to launch its own mineral water brand "Springs" which is being sold through our Cinema chain pan India. Under the umbrella of our F&B brand ''Movie Munchies'' we are offering more than 22 products that include varieties of fried finger food, salads, and sandwiches, rolls and wraps, fresh coffee, pizzeria, candy floss, street food like Chaat, ice creams, hot and cold desserts, Mocktails, fresh juices and chocolate fondue.

BIG Cinemas launched the 'you matter' campaign on April 1, 2011.

Prior to the launch, to understand and address the consumer needs, BIG Cinemas had commissioned a joint study with Indian Management Research Bureau to understand the entertainment habits of 40 neighbourhoods across India. The learnings from the study were implemented across cinemas to optimize programming of films as well as mix of F&B and promotional offerings for customers.

With a view to consolidate in Bollywood Centric markets as our long term strategy, we have divested our holdings in Malaysia and Nepal.

BIG Cinemas' Silent National Anthem which is screened across all cinemas in India has won '3 Lions' at the Cannes – the International Festival of Creativity 2011.

The key elements of our growth strategy for our domestic theatrical exhibition business is outlined below:

- Selectively focus on Metro and Tier 1 Cities which have the potential of higher consumption pattern; and
- Selectively expand in locations which help us to establish a stronger presence in a particular film territory.

With a retail centric approach to drive profitable growth of our cinemas, our key focus in improving the profitability of our theatres is through increasing patronage and improving the overall customer experience, which will lead to greater spending by customers, allow us to command greater premiums in our ticket prices and increase advertising revenues.

Exhibition division operates Cinema chains (Big Cinemas) and has over 425 screens spread across 98 cities in India and overseas and cater to over 30 million consumers annually. Currently Big Cinema is operating in 254 screens in India and 173 screens in US.

C. BIG Synergy

Big Synergy, the television production arm of Reliance MediaWorks, has built its reputation in India as a leader in the field of format shows. Starting as one of the country's first few independent television outfits in 1988, Big Synergy has been at the helm of producing some of the country's most popular and critically acclaimed programs.

Carrying the hallmark of quality and credibility, Big Synergy has produced more than 40 television series in 22 years, with well over 4,000 hours of content. The Company 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 delivered both critically and commercially, with original shows such as Quiz Time, India Quiz, Eureka, A Question of Answers, Manch Masala, Style Today, 3-2-1, Mum Tum aur Hum, Bollywood Ka Boss, Khelo Jeeto Jiyo and Sports Ka Superstar as well as international formats such

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as Mastermind, University Challenge, Kamzor Kadi Kaun, India's Child Genius, Bluffmaster, Heartbeat, Kya Aap Paanchvi Pass Se Tez Hain, 10 Ka Dum, India's Got Talent, Aap Ki Kachehri, Sach Ka Saamna and Kaun Banega Crorepati. Big Synergy has made inroads into the vast south Indian television markets, producing 3 shows for the biggest South Indian television networks & Eastern Markets with KBC in regional languages.

Broadcasting partners include major Hindi GECs like Star TV, Colors, Sony, Imagine, Life OK, big regional channels like Sun TV and Star Vijay (Tamil), Gemini TV (Telugu), Asianet (Malayalam), Surya and Star Suvarna (Kannada), Sananda (Bengali) and specialty channels like Star World, NDTV Good Times, Nat Geo& Discovery.

With a current strength of about 80 talented personnel & another 100 project based consultants across Mumbai, Delhi, Chennai & Kolkata, BIG Synergy is diversifying in a number of different genres, including reality and fiction.

Corporate Highlight

The Company has received an approval from the Shareholders of the Company for subsidiarisation of the Company's Exhibition and Film and Media services businesses into certain Wholly owned subsidiaries of Reliance MediaWorks.

The proposed subsidiarisation will better position the Company to pursue strategic growth opportunities in its specific businesses and enable the Company to enhance its business, revenues and profitability and also expand products and service offerings. The subsidiarisation step is a precursor to invite Strategic and Private Equity Investors who have expressed a keen interest in investing in the specific businesses.

Business Highlights

RMW's key business highlights in financial year 2011-12 are as follows:

i) Film & Media Services

- RMW along with Galloping Horse America LLC jointly submitted a winning bid for some assets of Digital Domain Production Inc. for $30.2 million at auction on September 21, 2012. Galloping Horse America LLC holds a 70 per cent stake & RMW holds 30 per cent. The acquisition includes Digital Domain Production Inc.s' and Mothership's entire business - feature film and advertising visual effects, commercial production and virtual humans, studios in California and Vancouver, Canada, and the co-production partnership in Ender's Game. For Reliance, Digital Domain is a strategic investment into a company which is at the leading edge of digital production. RMW has in Digital Domain a legendary company with the talent and track record of creating the highest-end content, and deep relationships with the world's top filmmakers, studios and advertisers.
- Reliance MediaWorks Studio has successfully completed its first full year of operation and got excellent response from film fraternity. In the first year of operations, the Studio was associated with big projects like Agneepath, Singam, Agent Vinod, X-Factor, Filmfare Awards etc.
- The Company's Film Post-production Services which include the print processing lab as well as digital services (such as Digital Intermediate, Digital Cinema mastering) have continued to maintain strong market leadership; recently commenced VFX and promos services for domestic clients.
    - o The Company handled Digital Intermediate/ VFX for 82 films in Financial Year 12 including Big Budget movies like Rowdy Rathore, Bol Bachchan, Ishaqazaade, Agneepath, Rockstar, Zindagi Na Milegi Dobara and The Dirty Picture.
    - o Reliance MediaWorks offered post production services for over 300 television commercials and some of India's largest broadcast shows like Satyamev Jayate, Indian Idol, X-Factor, India's Got Talent, Just Dance & IPL.
- The Company commenced its VFX operations for overseas clients with delivery centres at London & Navi Mumbai.
- The Media Services BPO in Airoli , Navi Mumbai restored over 250 legacy films which includes titles like Sholay, Laawaris, Devdas and Do Bhigha Zameen among others.
- Reliance MediaWorks has expanded its global 3D capabilities by offering integrated 3D services across the entire film services value chain. The Company has launched new integrated 3D services for 3D alignment issues, image and detail enhancements, grain and noise management and on-set consulting, in addition to the existing services for stereoscopic 3D conversion, DI grading for 3D, creation and handling of 3D DCPs and 3D camera services. Reliance MediaWorks marked it entry in the domestic 2D to 3D conversion business for both films with an esteemed project – Shah Rukh Khan Starrer Don-2 & for Cinema Advertising with Reliance Netconnect's 'It's Fast. Are You?' campaign.
- Reliance MediaWorks has partnered with VenSat Tech Services Private Limited to expand its VFX, CG and Animation capabilities and create a studio in Chennai that will cater to the growing needs of the Media & Entertainment industry.
- Reliance MediaWorks has partnered with Annapurna Studios, a leading film/television studio and production house located in Hyderabad to manage and operate their studio facility and to operate and expand the Digital Post Production facility at the studios.
- Key awards and accreditation in financial year 2011-12:
    - o Reliance MediaWorks Burbank Technology Centre team has won an Oscar at Academy's Scientific and Technical Awards 2012 for the development of a unique and efficient system for the reduction of noise and other artifacts, thereby providing high quality images required by the filmmaking process.
    - o The Company's motion picture processing lab in Mumbai bagged a National Award for Best Cinematography for a Punjabi film 'Anhey Ghorey Da Daan'. The Company has received National Awards for six consecutive years.
    - o In August 2011, our Company received a patent for an innovation – "System and method for removing semi-transparent artifacts from digital images caused by contaminants in the camera's optical path".

ii) Big Cinemas

- Our box office collection and Average ticket price growth has been on raise over the period whereas overall multiplex growth has been steady. The total admits visited our Cinema last fiscal crossed 55 million which is by far amongst the best in the industry.
- We are the first multiplex chain to launch its own mineral water brand "Springs" which is being sold through our Cinema chain pan India. Under the umbrella of our F&B brand ''Movie Munchies'' we are offering more than 22 products that include varieties of fried finger food, salads, and sandwiches, rolls and wraps, fresh coffee, pizzeria, candy floss, street food like Chaat, ice creams, hot and cold desserts, Mocktails, fresh juices and chocolate fondue.

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- In terms of our advertisement offering, we have innovated to partner with one of India's leading telecom service provider "Vodafone" to launch a unique initiative to Celebrate the Birthday of Vodafone customers visiting partnering Big Cinema screen thereby creating a Delightful Customer Experience wherein we catered Cinema viewers across 41 cities in about 55 multiplexes and 162 screens.
- The wave of digitization has changed the dynamics of the film industry. Films are now being created and distributed in digital formats. Digital Cinema has enhanced the quality of viewing experience with high definition and 3D content. Digital Cinema also enables the exhibitor flexibility in programming which supports premium pricing.

  Our strategic partnership with UFO Movies / Scrabble Entertainment has helped us to convert 192 cinema screens in India into digital mode. This shift to digitization in the contemporary media world has given us an upper edge in terms of movie programming and easy upgrade to future technology changes. Further, it has created an opportunities in terms of advertisement offerings and encourage more advertisers to advertise their products across the Cinema Chain which was costlier and cumbersome earlier with analogue content especially in tier 2 markets.
- The management has taken several measures towards cost rationalization through organization restructuring internally as well as rent re-negotiation with the landlords pan India. Further, there have been continuous efforts towards revenue maximization through digitization of more Screens, show optimization, F&B margin improvement and increase in Average Ticket Price (ATP).
- With respect to overseas operations, in line our long term strategy to exploit Indian Market we have divested our holdings in Malaysia and Nepal.
- BIG Cinemas had commissioned a joint study with IMRB to understand the entertainment habits of 40 neighborhoods across India. The learning from the study was implemented across cinemas to optimize programming of films as well as mix of F&B and promotional offerings for customers.
- Key awards and accreditation in financial year 2011-12:

  -BIG Cinemas' Silent National Anthem which is screened across all cinemas in India has won '3 Lions' at the Cannes – the International Festival of Creativity 2011.

iii) Big Synergy

- During the period, BIG Synergy produced around 600 hrs of content, shows including-
  - o Kaun Banega Crorepati – 5 & 6 on Sony Entertainment,
  - o India's Got Talent Khoj 2 on Colors,
  - o Aap ki Kachehri – 3 for Star Plus,
  - o Sach Ka Saamna – Season 2 & 3 for Life OK,
  - o Simi Selects India's Most Desirable for Star World,
  - o Foodistan for NDTV,
  - o KBC in Tamil, Telugu, Kannada, Bangla & Bhojpuri for Star, Asianet & Mahua regional Channels,
  - o Tech Grandmasters – 2 for NDTV Good Times,
  - o Lankho Main Ek for Star Plus,
  - o Jobab Kinte Chai (Bangla) for regional channel,
  - o Savitri (Telugu) on regional channel.
- Key awards and accreditation in financial year 2011-12:
  - o KBC 5 won awards at various forums including 2 awards from ITA Indian Television Academy Award for KBC 5 in 2011, 2 awards at Big Star Entertainment Award under the categories – Big Star Most entertaining Series (Non Fiction) & Big Star TV Show of the Decade 2001-2011, CNN – IBN Indian of the year 2011 in entertainment category (Team KBC & AB).
  - o Shri Siddartha Basu, the creative force behind Synergy, received the Bharat Asmita National Award for best use of Mass Media/ NGO for Public awakening.

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.

Opportunities

1) Overall, due to changing demographics and economic conditions in India, coupled with consumers willing to spend more on variety of leisure and entertainment services, the filmed entertainment business is set to grow in the years to come.
2) 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,

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gaming and visual effects. This initiative would help grow the industry further.

3) Digital technology continues to revolutionize content creation & media distribution – be it increased number of VFX oriented films, rapid growth of DTH and the promise of digital cable, or increased digitization of film exhibition. The digital media ecosystem in India is evolving rapidly. Continued growth in internet penetration and mobile device access is expected to drive consumption. Digitization has enabled wider and cost effective reach across diverse and regional markets, and the development of targeted media content. Digital cinema technology evolution has changed the dynamics of Exhibition business. 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.
4) There exists a substantial opportunity for catering to international outsourcing of work for foreign studio and media clients as there is a possibility to leverage cost arbitrage. Cost of animation production in India is one fourth of that in North America and about 35 per cent lower than countries such as Korea and Philippines.
5) The Indian Digital Post Production market which includes services like colour grading, digital intermediate, VFX, etc is to the tune of approximately Rs. 1000 Crore. 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.
6) Even though the number of multiplexes is on rise, the average number of screens is extremely low in India at 12 screens per million as compared to 117 screens in US. Currently there are around 12,000 Theatre screens in India, out of which approximately 1,200 screens are multiplex. Mumbai and Bangalore have a higher number of screens per million at 23 and 21 respectively, while cities such as Hyderabad and Chennai have only about 8, indicating a huge opportunity.
7) 3D films are slowly gaining eminence in Hollywood as well as Hindi films. 3D technology provides a differentiated viewing experience to the viewer. Cinema exhibitors price 3D tickets at 2 times the normal movie tickets. 3D films are either shot 3D or shot 2D & converted 3D. On an average conversion of 2D to 3D films in Hollywood can cost from USD 1.5 – 3 million.

Threats

1) 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.
2) 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.
3) 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.
4) Ratio of Analogue to Digital prints has been rapidly changing with increased skew towards digital prints due to obvious benefits of cost advantage & flexibility of programming. This trend, if continues, will result in a significant drop in analogue print market.
5) Obsolescence of technology is one of the significant risk for technology-based companies or companies with offerings that are based on technological advantages. This can also extend to the risk that certain costs laid out for obsolete products or services cannot be recouped.
6) VFX industry faces a unique challenge of high level of creativity that is inextricably tied to film and television content producers. In an extremely competitive international marketplace, India's local industry faces challenges pertaining to quality of its output while the Western industry is facing challenges relative to product pricing and workforce productivity.

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 covered 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 including payroll & contract as on the year end were 3,256.

Outlook for the future

The Media and Entertainment industry is expected to grow from ₹ 738 Billion in Calender Year 2011 to ₹ 1,275 Billion by Calender Year 2015 at a CAGR of 14%. We also remain bullish on the future prospects & look at growth happening in our post production services like Studio for domestic markets & creative services like VFX & conversion, with US & UK as primary markets to be serviced. We also intend to selectively expand in the exhibition space. Going forward, technology will also be one of the key differentiators for driving revenue & profitability.

Corporate Social Responsibility (CSR)

Reliance Group is committed to being an ideal corporate citizen and doing more than its fair share to support various deserving causes, in the field of medicine in particular; setting up and operating Kokilaben Dhirubhai Ambani Hospital. Reliance MediaWorks supports this and other CSR ventures. RMW is committed to being a socially responsible Company. It works with distressed individuals, disadvantaged groups etc, and with civil society at large. Each of RMW's different businesses vigorously implements their own CSR initiatives. Indeed, their CSR efforts are counted when calculating the business's performance for the year. Some of the work done by them include Blood donation camps, donations are given to NGOs working with children or the aged or to the Missionaries of Charity across the country etc. This is in addition to supporting the charitable activities of the Reliance Group, both in healthcare and caring for older people – Silvers. The Company also follows an active program of energy abatement and recycling of paper and water, to lower its carbon footprint.

Corporate Governance Report

Our corporate governance philosophy

Reliance MediaWorks follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

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 a number of policy documents and introduced the following set of governance practices:

A. **Values and commitments**

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

B. **Code of ethics**

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

C. **Business policies**

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. **Separation of the board's supervisory role from executive management**

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the 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. **Policy on prevention of sexual harassment**

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against 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. **Environment policy**

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

I. **Risk management**

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

J. **Boardroom practices**

a. **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.

b. **Board committees**

The Board constituted Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance Committee.

c. **Tenure of independent directors**

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.

d. **Independent director's interaction with shareholders**

Member(s) of the Shareholders/ Investors Grievance Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

e. **Lead independent director**

Recognising the need for a representative and spokesperson for the independent directors, the Board designated Shri Sujal Shah, 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:

1. presides over all executive sessions of the Board's independent directors;
2. works closely with the Chairman to finalise the information flow, meeting agenda and meeting schedules;
3. liases between the Chairman and the independent directors on the Board; and
4. takes a lead role along with the Chairman in the Board evaluation process.

f. **Training of board members**

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

g. **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 members of management and other advisors, as the independent directors may determine and deem fit.

h. **Commitment of directors**

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at all meetings of the Board and its committees.

K. **Governance practices being followed to promote the interests of our stakeholders**

The Company has introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

1. **Customers**

The Company has taken various customer caring initiatives towards our customer by providing comprehensive online support across businesses.

2. **Employees**

We are committed in making Reliance MediaWorks a "Great Place to Work" and hence our pursuit has been to drive 'Employee Engagement' through multiple platforms, events and extensive Employee communications involving employees and their families. This is aimed at increasing the Happiness Quotient of our employees, employee retention, employee engagement score, thereby leading to higher productivity, better quality of our products and services and thus creating Happy Customers.

Our continuous effort has been in re-engineering our Organisation Design work flows and processes, enhanced automation, enabling us to evolve into an efficient, productive and agile organisation.

We are relentlessly driving capability, leadership and culture building and acquiring, developing and retaining quality talent. Our leadership development process is aligned to the Reliance DNA, which identifies high potential talent on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

3. **Shareholders**

The Company recognises the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website; www.reliancemediaworks.com has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the Company via dedicated shareholders contact points as provided in this report.

4. **Lenders**

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

5. **Society**

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

L. **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

M. **Independent Statutory Auditors**

The Company's accounts are audited by a panel of two leading independent audit firms:

1. M/s. Charturvedi & Shah, Chartered Accountants

2. M/s. B S R & Co., Chartered Accountants

N. **Compliance with Clause 49 of the listing agreement**

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India. We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

I. **Board of Directors**

1. **Board composition - Board strength and representation**

As on September 30, 2012, the Board consisted of five members. The composition of and the category of directors on the Board of the Company were as under:

Category	**Names of directors**
Non-executive and non- independent Directors:	Shri Gautam Doshi
	Shri Amit Khanna
Independent Directors:	Shri Sujal Shah
	Shri Anil Sekhri
	Shri Prasoon Joshi

Notes:

a. None of the directors are related to any other director.

b. None of the directors has any business relationship with the Company.

c. None of the directors has received any loans and advances from the Company during the year.

d. Shri Ajay Prasad has ceased to be a Director w.e.f. April 10, 2012

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

The Company has appointed Shri Ashish Agarwal, Company Secretary as the Manager of the Company in terms of provisions of the Companies Act, 1956 for a period of five years commencing from July 1, 2011.

2. **Conduct of Board proceedings**

The day to day business is conducted by the executives and the business heads of the Company 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 overseeing the business and the management:

1. review, monitor and approve major financial and business strategies and corporate actions;
2. assess critical risks facing the Company and review options for their mitigation;
3. provide counsel on the selection, evaluation, development and compensation of senior management;

4. ensure that processes are in place for maintaining the integrity of
   a) the Company
   b) the financial statements
   c) compliance with law
   d) relationship with all the stakeholders
5. delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

3. **Board meetings**

The Board held eight meetings during financial year 2011-12 on May 28, 2011, August 12, 2011, November 10, 2011, January 14, 2012, February 13, 2012, May 15, 2012, July 25, 2012 and August 11, 2012. Maximum and minimum time gap between any two meetings during the financial year under review was 92 days and 17 days respectively.

The Board periodically reviews compliance reports of all the laws applicable to the Company.

4. **Standards issued by ICSI**

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report.

Although these standards are not mandatory, the Company adheres to them voluntarily.

5. **Attendance of directors**

Attendance of Directors at the Board meetings held during financial year 2011-12 and the last Annual General Meeting held on September 29, 2011 and the details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee memberships held by the directors as on September 30, 2012 are as under:

Name of the Director	Number of Board meetings attended out of eight meetings held during the tenure	Attendance at the last AGM held on 29. 09.2011	Number of directorship (including RMWL)	Committee(s)[a] Membership[b] (including RMWL)	
				Membership	Chairmanship
Shri Gautam Doshi	2	Absent	11	8	4
Shri Amit Khanna	8	Present	3	3	-
Shri Sujal Shah	8	Present	10	8	5
Shri Prasoon Joshi	6	Absent	2	2	-
Shri Anil Sekhri	8	Present	4	3	2
Shri Ajay Prasad[c]	1	Absent	2	1	-

a. The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee and (ii) Shareholders/Investors Grievances Committee.

b. Membership of Committees includes chairmanship, if any.

c. Shri Ajay Prasad resigned with effect from April 10, 2012.

6. **Other directorships**

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

7. **Membership of Board committees**

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

8. **Details of directors**

The abbreviated resumes of all directors are furnished hereunder:

Shri Gautam Doshi, 59, is a Fellow Chartered Accountant. He has experience in the areas of mergers and acquisitions, income-tax, international taxation, accounting, auditing, finance, banking, legal, and general management. Prior to his current position with Reliance Group, he was a Senior Partner of RSM and 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 Group.

He is also a Director on the Board of Piramal Life Sciences Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Big TV Limited, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Sonata Investments Limited, Sterlite Industries (India) Limited, Digital Bridge Foundation, Reliance Home Finance Limited and Reliance Broadcast Network Limited.

He is a member of Audit Committee and Chairman of Shareholders'/Investors' Grievance Committee of the Company. He is a Chairman of Audit Committee of Sterlite Industries (India) Limited, Piramal Life Sciences Limited and Sonata Investments Limited. He is a member of Audit Committee of Reliance Communications Infrastructure Limited, Reliance Big TV Limited and Reliance Telecom Limited. He does not hold any share in the Company as of September 30, 2012.

Shri Anil Sekhri, 53, is a Chartered Accountant and Company Secretary with over 25 years experience. He founded Anil Sekhri and Co, a well known Chartered Accountant practitioner firm. He specializes in accounting, taxation and legal matters with focus on the Media and Entertainment sector.

He is also a Director on the Board of Reliance Broadcast Network Limited, Reliance MediaWorks Theatres Limited and Reliance MediaWorks Entertainment Services Limited.

Corporate Governance Report

He is a member of Audit Committee of the Company. He is a Chairman of the Audit Committee and the Shareholders'/ Investors' Grievance Committee of Reliance Broadcast Network Limited. He does not hold any share in the Company as of September 30, 2012.

Shri Sujal Shah, 44, holds a bachelors degree in commerce from University of Mumbai. He is a Chartered Accountant by qualification and is a member of the Institute of Chartered Accountants of India. He has over 19 years experience in the field of accounting. He also has 16 years of experience in corporate consultancy practice including mergers and acquisitions, restructuring of companies, valuation of business/shares, due diligence review. He is currently the president, Chamber of Tax Consultants for the year 2010-2011 and managing partner, SSPA & Company, Chartered Accountants.

He is also a Director on the Board of in Gitanjali Gems Limited, Keynote Corporate Services Limited, Reliance Asset Reconstruction Co. Limited. The Hindoostan Mills Limited, Amal Limited, Hindoostan Technical Fabrics Limited, Amrit Banaspati Company Limited, Sabero Organics Gujarat Limited and Rudolf Atul Chemicals Limited.

He is a Chairman of Audit Committee of the Company. He is a Chairman of Audit Committee in Gitanjali Gems Limited, Reliance Asset Reconstruction Company Limited, Hindoostan Milld Limited and Keynote Corporate Services Limited and a member of Audit Committee in Amal Limited, Amrit Banaspati Company Limited and Rudolf Atul Chemicals Limited. He does not hold any share in the Company as of September 30, 2012.

Shri Amit Khanna, 61, holds a bachelor's degree in arts from Delhi University. He has nearly 40 years of experience in areas such as film production, script writing, theatre, journalism and television programming. He has held the position of the president of All India Film Producers Council, president of Film and Television Producers Guild of India Limited and vice-president of Association of Motion Picture and TV Program Producers. He has also been on the governing councils of the film institute's situated in Pune and Kolkata. He was the first Indian to serve on the jury of International Emmy. He has also been on the jury of various film festivals. Besides serving on various international, government and trade organizations and institutions, he has also won several awards including three national film awards.

He is also a Director on the Board of in Earth Communications Office – India Association and Reliance Big TV Limited.

He is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. He is also a member of Audit Committee of Reliance Big TV Limited. He does not hold any share in the Company as of September 30, 2012.

Shri Prasoon Joshi, 45, an MSc (Physics) and MBA graduate is a well known writer, poet, songwriter, advertising and communication professional. His achievement are reflected by over 400 national and international awards and honors including the prestigious International Award Cannes Lions (twice), Writer of the Year for 5 consecutive years, Creative Person of the Year 2005/2006, Ideater of the Year – Business Today 2004. Shri Joshi was invited to chair the Jury at the prestigious Cannes Festival of Advertising in 2008-09. He was seeded as the No.1 Creative Director in Asia Pacific in 2007- 2008. The World Economic Forum designated him as the Young Global Leader. His other awards include Film Fare Awards (2006 and 2008), Screen 2005 and 2008, GIFA, IIFA, Zee Cine, Shailendra Samman 2009 for Literary and Social relevant song writing, BAFTA nomination, Oscar shortlist for the song Rang de Basanti and NDTV Indian of the Year Special Award for Entertainment - 2008. He also published books of poetry and prose. Currently, Shri Joshi is the Executive Chairman McCann Worldgroup, India.

He is also a Director on the Board of in Reliance Broadcast Network Limited.

He is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. He does not hold any share in the Company as of September 30, 2012.

9. **Insurance coverage**

The Company has obtained Directors' and Officers liability insurance coverage in respect of any legal action that might be initiated against directors.

II. **Audit Committee**

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956, the Board has constituted Audit Committee of the Board of Directors at its meeting held on January 25, 2001. At present, the Committee consists of three independent non– executive directors viz; Shri Sujal Shah, Chairman, Shri Anil Sekhri and Shri Pasoon Joshi and two non-independent non-executive directors viz. Shri Gautam Doshi and Shri Amit Khanna as members. Shri Sujal Shah has wide experience on accounting financial and business policies. All the members of the Committee are financially literate.

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The minutes of the meetings 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) of the Listing Agreement as follows:

i. 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;

ii. Recommending the appointment, re-appointment and replacement/ removal of statutory auditor and fixation of audit fees;

iii. Approving payment for any other services by statutory auditors;

iv. 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 and reasons thereof.

   c. Major accounting entries based on exercise of judgment by management.

   d. Qualifications in draft audit report, if any.

   e. Significant adjustments arising out of audit.

   f. Compliance with listing and other legal requirements concerning financial statements.

   g. Disclosure of related party transactions.

v. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

vi. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in the matter;

vii. Reviewing with the management, the performance of statutory and internal auditors, the adequacy of internal control systems;

viii. 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;

ix. Discussion with internal auditors on any significant findings and follow up thereon;

x. 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;

xi. 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;

xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

xiii. To review financial statements of subsidiary companies, in particular its investments;

xiv. To review the functioning of the Whistle Blower mechanism;

xv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.;

xvi. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;

xvii. 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 auditors.

d. Statement of significant related party transactions, and

e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Audit Committee has the following powers:

i. to investigate any activity within its terms of reference;

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 the financial year 2011-12.

The Audit Committee held its meetings on May 28, 2011, August 12, 2011, November 10, 2011, February 13, 2012, May 15, 2012 and August 11, 2012. Maximum and minimum time gap between any two meetings, during the financial year under review was 95 days and 76 days respectively.

Members	Number of Meetings held during the tenure	Number of Meetings attended
Shri Sujal Shah	6	6
Shri Gautam Doshi	6	1
Shri Anil Sekhri	6	6
Shri Ajay Prasad*	4	1
Shri Amit Khanna**	3	3
Shri Prasoon Joshi***	1	1

* Shri Ajay Prasad ceased to be a member with effect from April 10, 2012.

** Shri Amit Khanna was appointed as a member with effect from November 10, 2011.

*** Shri Prasoon Joshi was appointed as a member with effect from August 11, 2012.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The meetings considered all the points in terms of its reference at periodic intervals.

Shri Ashish Agarwal, Company Secretary and Manager acts as the Secretary to the Audit 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 the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based 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, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the financial year ended September 30, 2012, be accepted by the Board as a true and fair statement of the financial status of the Company.

2. The audited consolidated financial statements of the Company for the financial year ended September 30, 2012, be accepted by the Board as a true and fair statement of the financial status.

III. **Nomination/ Remuneration Committee**

The Nomination/ Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the manager. Presently, the Company has no executive director.

The Nomination/ Remuneration Committee comprises of four directors i.e. Shri Anil Sekhri, Chairman, Shri Gautam Doshi, Shri Amit Khanna & Shri Sujal Shah, as members. During the financial year 2011-12, the Remuneration Committee met on May 28, 2011 and July 1, 2011.

Attendance at the meeting of the Remuneration Committee held during the financial year 2011 – 12.

Members	Number of Meetings held during the tenure	Number of Meetings attended
Shri Anil Sekhri	2	1
Shri Gautam Doshi	2	0
Shri Sujal Shah	2	2
Shri Ajay Prasad*	2	0
Shri Amit Khanna	2	2

* Shri Ajay Prasad ceased to be a member with effect from April 10, 2012.

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:

(a) Compensation will be a major driver of performance.

(b) Compensation will be competitive and benchmarked with a select group of companies from the service sector.

(c) Compensation will be transparent, fair and simple to administer.

(d) Compensation will be fully legal and tax compliant.

Criteria for making payments to non executive directors

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

Details of Sitting fees paid to the Directors during the financial year 2011 – 12.

Directors	(₹ in lakh)*
Shri Gautam Doshi	0.50
Shri Amit Khanna	1.80
Shri Sujal Shah	2.05
Shri Anil Sekhri	2.05
Shri Prasoon Joshi	1.20
Shri Ajay Prasad	0.30

* sitting fees is paid at ₹ 10,000/- for Board Meeting and ₹ 5,000 for Audit Committee Meeting for the Meetings held on May 28, 2011 and at ₹ 20,000/- and ₹ 10,000/- for the Board and Audit Committee Meeting respectively held after May 28, 2011 during the financial year 2011-12.

Notes:

a. There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.

b. Pursuant to the limits approved by the Board, all directors being non executive, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and ₹ 10,000 for attending each meeting of the Audit Committee.

c. No remunerataion by way of commission to the non executive directors was proposed for the financial year 2011-12.

IV. **Shareholders/ Investors Grievances Committee**

The Shareholders / Investors Grievances Committee consists of three directors of the Company, viz; Shri Gautam Doshi, as Chairman, Shri Amit Khanna and Shri Prasoon Joshi as Members.

The Company has appointed Link Intime India Private Limited to act as Registrar and 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 Agent 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.

During the financial year 2011-12, the Shareholders / Investors Grievances Committee held its meetings on May 28, 2011, August 12, 2011, November 10, 2011, May 15, 2012 and August 11, 2012. Maximum and minimum time gap between any two meetings, during the financial year under review was 187 days and 76 days respectively.

Attendance at the meeting of the Shareholders/ Investors Grievances Committee during the financial year 2011 – 12.

Members	Number of Meetings held during the tenure	Number of Meetings Attended
Shri Gautam Doshi	5	1
Shri Amit Khanna	5	5
Shri Prasoon Joshi	5	5

V. **Compliance Officer**

Shri Ashish Agarwal, Company Secretary and Manager, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

VI. **General Body Meetings:**

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

Year	Date and Time	Whether Special Resolution Passed or not	Location
2010-2011	September 29, 2011 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)	Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065
2009-2010	August 31, 2010 11.00 a.m.	Yes 1. Qualified Institutional Placement (QIP) 2. Employee Stock Option Scheme (ESOS) 3. To extend the benefits of the Employee Stock Option Scheme (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.	Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050
2008-2009	September 30, 2009 3.00 p.m.	Yes 1. Alteration of Articles of Association. 2. Qualified Institutional Placement (QIP) 3. Change of name of the Company.	Rangsharda Natyamandir, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050

VII. Postal Ballot

During the financial year 2011-12, the Company had conducted 3 postal ballots:

a) Following Ordinary Resolution as proposed in Postal Ballot Notice dated January 14, 2012 was passed on February 21, 2012 through postal ballot. Shri Mohammed Aabid, Practicing Company Secretary, was appointed as Scrutinizer for overseeing the postal ballot process. The above resolution was passed with the requisite majority as per following details:

Sr. No.	Particulars of Resolution	Percentage of votes casted in favour of resolution
1	Ordinary Resolution for Sale/ Transfer of the Company's undertakings pertaining to Film & Media Services and Exhibition business to its wholly owned subsidiaries as a going concern basis	63.52%

b) Following Ordinary and Special Resolutions as proposed in Postal Ballot Notice dated February 24, 2012 were passed on March 30, 2012 through postal ballot. Shri Manish Ghia, Practicing Company Secretary, was appointed as Scrutinizer for overseeing the postal ballot process. The above resolutions were passed with the requisite majority as per following details:

Sr. No.	Particulars of Resolution	Percentage of votes casted in favour of resolution
1	Ordinary Resolution for reclassification of the Authorised Share Capital and amendment to the Memorandum of Association of the Company.	63.40%
2	Special Resolution for alteration of Articles of Association of the Company.	63.40%
3	Special Resolution for issue of Redeemable Non Convertible Preference Shares.	63.39%

c) Following Ordinary Resolution as proposed in Postal Ballot Notice dated June 8, 2012 was passed on July 13, 2012 through postal ballot. Shri Mohammed Aabid, Practicing Company Secretary, was appointed as Scrutinizer for overseeing the postal ballot process. The above resolution was passed with the requisite majority as per following details:

Sr. No.	Particulars of Resolution	Percentage of votes casted in favour of resolution
1	Ordinary Resolution for Increasing the Authorised Share Capital and amendment to the Memorandum of Association.	63.21%

Corporate Governance Report

The Company has complied with the procedures for the postal ballot in terms of Companies (passing of the resolution by postal ballot) Rules, 2011 and amendments thereto.

None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

VIII. **Means of communication**

a. **Quarterly Results:** Quarterly Results are published in Financial Express, English daily newspaper circulating in substantially the whole of India and in Loksatta, Marathi vernacular daily newspaper and are also posted on the Company's website www.reliancemediaworks.com.

b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination.

c. **Website:** The Company's website contains a separate dedicated section 'Investor Desk'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on Company's website and the same is updated regularly.

d. **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on Company's website.

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices/ documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly has e-mailed to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent, the soft copies of the Financial Statements for the year ended September 30, 2012.

e. **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies.

As per the requirements of Clause 52 of the Listing Agreement with the Stock Exchanges, all the data relating to quarterly financial results, shareholding pattern, and 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.

f. **Unique Investor helpdesk:** Exclusively for investor servicing the Company has set up a unique investor Help Desk with multiple access modes as under:

Toll free No. (India)	:	1800 220 878
Telephone Nos.	:	+91 22 2594 6970
Fax No.	:	+91 22 2594 6979
Email	:	rnt.helpdesk@linkintime.co.in

g. **Designated email-id:** The Company has also designated email-id investor.complaints@relianceada.com for investor servicing.

h. **National Electronic Application Processing System (NEAPS):** The NEAPS is web based system designed by NSE for corporate. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.

i. **SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints and uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

IX. **Compliance with other mandatory requirements**

1. **Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under clause 49(IV)(F) of the listing agreement.

2. **Subsidiaries**

The Company monitors performance of the subsidiary, inter-alia, by following means:

a) Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.

b) Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.

c) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board / Audit Committee.

d) Quarterly review of Risk Management process by the Audit Committee / Board.

3. **Disclosures**

a. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

b. **Related party transactions**

During the financial year 2011-12, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management or their relatives, subsidiaries that may have a potential conflict with interest of the Company. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

c. **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 elsewhere in this Annual Report.

d. **Risk management**

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

The Senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

e. **Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been posted 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 personnel affirmation that they have complied with the code of conduct for directors and senior management of the Company for the financial year 2011-12".

Ashish Agarwal
Manager

f. **CEO and CFO certification**

Shri Ashish Agarwal, Company Secretary and Manager being the CEO and Shri Mohan Umrotkar, Group Financial Controller of the Company have provided certification on financial reporting and internal controls to the Board as required under Clause 49 (V) of the Listing Agreement.

g. **Review of Directors' Responsibility statement**

The Board in its report has confirmed that the annual accounts for the financial year ended September 30, 2012 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

X. **Policy on insider trading**

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed Shri Ashish Agarwal, Company Secretary and 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, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website.

XI. **Compliance of Clause 5A of Listing Agreement**

There are no unclaimed share certificates lying with the Company or its Registrar and Transfer Agent as referred to in Clause 5A of the Listing Agreement made with the Stock Exchanges.

XI. **Compliance with non-mandatory requirements**

1. **Tenure of independent directors on the Board**

The tenure of independent directors on the Board of the Company shall not exceed nine years in aggregate.

2. **Remuneration Committee**

The Board has set up a Remuneration Committee, details whereof are furnished at Sr. No. III of this report.

3. **Disclosures**

The quarterly financial results including summary of significant events of relevant period are published in newspapers and hosted on the website of the Company.

4. **Audit qualifications**

There are no audit qualifications on the financial statements of the Company for the financial year 2011-12.

5. **Training of Board Members**

A programme 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 action against employees, who are 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 have been denied access to the grievance redressal mechanism of the Company.

XII. **Corporate Governance Voluntary Guidelines 2009**

The Company has ensured substantial compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

XIII. **General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Practising Company Secretary's Certificate on corporate governance

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, 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.

Practicing Company Secretary's 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 September 30, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company with Stock Exchanges.

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 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.

B. Durga Prasad Rai
Company Secretary
Membership No: ACS 10060
COP No. 4390

Mumbai
November 3, 2012

Investor Information

Important points

Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.;
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/ split/ consolidation/ merger etc.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holding in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialised format.

Form may be downloaded from the Company's website, www.reliancemediaworks.com under the section 'Investor Desk'. However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the format prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

Register e-mail address

Investors should register their email address with the Company/ Depository Participants. This will help them in receiving all communication from the Company electronically at their email address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

Book closure dates for the purpose of AGM

Register of Members and Share Transfer Books of the Company will remain closed from Friday, December 14, 2012 to Monday, December 24, 2012 (both days inclusive) for the purpose of AGM for the year ended September 30, 2012.

Annual General Meeting

The 25th Annual General Meeting (AGM) will be held on Monday, December 24, 2012 at 10.00 a.m., at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.

Financial year of the Company

The financial year of the Company is from April 1, 2011 to September 30, 2012.

Website

The Company's website www.reliancemediaworks.com contains a separate dedicated section called 'Investor Desk'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended to our investors.

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. investor.complaints@relianceada.com.

Registrar and Transfer Agent (RTA)
Link Intime India Private Limited
Unit: Reliance MediaWorks Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (W), Mumbai 400 078, Maharashtra
Toll free no. (India) : 1800 220 878
Telephone : +91 22 2594 6970
Fax no. : +91 22 2594 6979
E-mail : rnt.helpdesk@linkintime.co.in

Shareholders/ investors are requested to forward share transfer documents, dematerialisation requests [through their Depository Participant (DP)] and other related correspondence directly to Company's RTA at the above address for speedy response.

Unclaimed dividends

The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and various dates for transfer of such amounts are as under:

Financial Year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31-03-2006	2.25	29-07-2006	01-09-2013
30-06-2007	2.50	25-10-2007	29-11-2014
31-03-2008	2.50	07-08-2008	12-09-2015

Members who have so far not encashed dividend warrant for the aforesaid years are requested to approach the Company's

Investor Information

Registrar and Transfer Agent, Link Intime India Private Limited, immediately.

Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amount lying with the companies) Rules, 2012, whereby the Company, inter alia, will be required to upload the details of unpaid and unclaimed dividend on the website of the Company. The Company has complied with the aforesaid requirement.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that it first became due for payment and no payment shall be made in respect of any such claim.

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

Shareholding Pattern

Category of shareholders	As on 30-09-2012		As on 31-03-2011	
	No. of Shares	%	No. of Shares	%
(A) Shareholding of promoter and promoter group				
(i) Indian	29,129,366	63.15	28,705,000	62.23
(ii) Foreign	-	-	-	-
Total shareholding of promoter and promoter group	29,129,366	63.15	28,705,000	62.23
(B) Public shareholding				
(i) Institutions	122,377	0.27	1,970,503	4.27
(ii) Non-Institutions	16,874,427	36.58	15,450,667	33.50
Total Public Shareholding	16,996,804	36.85	17,421,170	37.77
GRAND TOTAL (A)+(B)	46,126,170	100.00	46,126,170	100.00

Distribution of Shareholding

Number of shares	Number of shareholders as on 30.09.2012		Total shares as on 30.09.2012		Number of shareholders as on 31.03.2011		Total shares as on 31.03.2011	
	Number	%	Number	%	Number	%	Number	%
Upto 500	96,350	96.50	6,228,345	13.50	106,114	98.92	7,327,390	15.89
501 - 5000	3,209	3.22	4,181,052	9.07	1,044	0.97	2,861,087	6.20
5001 - 10000	160	0.16	1,181,326	2.56	50	0.05	707,856	1.53
Above 10000	123	0.12	34,535,447	74.87	68	0.06	35,229,837	76.38
Total	99,842	100.00	46,126,170	100.00	107,276	100.00	46,126,170	100.00

Dematerialisation of shares

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for 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).

Status of dematerialisation of shares

As on September 30, 2012, 99.94 per cent of the Company's equity shares are held in dematerialised form.

Investor Information

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2011-2012	2010-2011	2011-2012	2010-2011	30.09.2012	31.03.2011
SEBI	5	2	5	2	Nil	Nil
Stock Exchanges	3	0	3	0	Nil	Nil
Direct from investors	19	35	19	35	Nil	Nil
Total	27	37	27	37	Nil	Nil

Analysis of Grievances

	2011-2012		2010-2011	
	Numbers	%	Numbers	%
Non-receipt of dividends	18	66.67	30	81.08
Non-receipt of share certificates	1	3.70	3	8.11
Others	8	29.63	4	10.81
Total	27	100	37	100

There was no complaint pending as on September 30, 2012.

Notes:

1. The shareholder base was 99,842 as of September 30, 2012 and 1,07,276 as of March 31, 2011.
2. 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.

Equity History

Sr. No.	Date	Particulars	Price per equity share (₹)	No. of shares	Cumulative Total
1	30.11.1987	Allotted upon Incorporation	10	200	200
2	08.02.1990	Additional issue of equity shares	100	4,800	5,000
3	01.11.1999	Subdivision of equity Shares of ₹ 100 into ₹ 10 per share	N.A.	50,000	50,000
4	01.11.1999	Issue of Bonus Shares	10	8,500,000	8,550,000
5	02.12.1999	Additional issue of equity shares	10	300	8,550,300
6	08.01.2000	Subdivision of equity shares of ₹ 10 into ₹ 5 per share	N.A.	17,100,600	17,100,600
7	29.12.2000	Public Issue of shares	120	4,400,150	21,500,750
8	24.05.2005	Preferential Allotment	150	3,500,000	25,000,750
9	08.08.2005	Preferential Allotment	175.20	11,000,000	36,000,750
10	31.03.2006	Conversion of warrants	175.20	3,800,000	39,800,750
11	11.11.2007 to 17.03.2008	Conversion of FCCBs	543.42	6,325,420	46,126,170

Investor Information

Stock Price and Volume

2011-12	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume Nos.	High (₹)	Low (₹)	Volume Nos.
April, 2011	189.00	151.00	13,865,486	188.90	152.00	31,728,666
May, 2011	158.40	118.50	5,873,725	158.40	118.05	15,822,436
June, 2011	139.50	113.25	5,167,881	139.45	113.25	14,557,111
July, 2011	137.90	115.20	6,769,690	137.90	115.10	19,844,533
August, 2011	118.90	80.55	3,834,348	118.90	80.10	9,358,671
September, 2011	113.40	87.95	4,528,040	113.20	88.00	11,631,328
October, 2011	96.40	81.00	1,983,530	96.75	85.60	5,525,338
November, 2011	96.70	79.80	2,097,984	98.00	79.35	5,655,659
December, 2011	90.20	66.10	1,595,328	90.15	66.10	3,929,824
January, 2012	96.65	66.35	6,544,363	96.75	66.20	12,992,422
February, 2012	92.70	78.40	748,904	94.90	78.25	1,285,973
March, 2012	97.50	72.00	2,724,119	96.90	72.05	4,870,839
April, 2012	87.10	72.80	1,540,757	87.45	72.80	2,682,194
May, 2012	75.00	49.00	1,668,076	75.10	49.50	2,808,742
June, 2012	57.80	49.15	2,211,399	57.80	49.00	3,595,480
July, 2012	67.50	53.90	3,764,660	67.40	53.80	7,440,743
August, 2012	77.40	54.15	7,263,896	77.40	53.90	15,235,679
September, 2012	83.80	61.40	5,905,172	84.20	61.15	12,724,786

Stock Exchange listings

The Company's equity shares are actively traded on the BSE and NSE.

A. Stock Exchanges on which the shares of the Company are listed:

1. BSE Limited (BSE)
   Phiroze Jeejeebhoy Towers
   Dalal Street, Mumbai 400 001
   E-mail: corp.relations@bseindia.com
   Website : www.bseindia.com

2. National Stock Exchange of India Limited (NSE)
   Exchange Plaza, Plot no. C/1, G Block
   Bandra-Kurla Complex, Bandra (East)
   Mumbai 400 051
   E-mail : cmlist@nse.co.in
   Website : www.nseindia.com

B. Stock Code and ISIN

BSE (Equity shares)	:	532399
NSE (Equity shares)	:	RELMEDIA
ISIN for equity shares	:	INE540B01015

Debt securities

The Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of NSE.

Debenture trustee

Axis Trustee Services Limited
2nd Floor -E, Axis House
Bombay Dyeing Mill Compound
Pandurangа Budhkar Marg
Worli, Mumbai 400 025

Payment of listing fees

Annual listing fee for the financial year 2012-13 (as applicable) has been paid by the Company to the stock exchanges.

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty

Period	RMW	Sensex BSE	Nifty NSE
Financial year 2011-12	-46.70 %	-3.51 %	-2.24 %
2 years	-62.80 %	7.05 %	8.65 %
3 years	-52.57 %	93.26 %	88.79 %

Key financial reporting dates for the financial year 2012-13

Unaudited results for the first quarter ended December 31, 2012	:	On or before February 14, 2013
Audited results for the financial year 2012-13	:	On or before May 30, 2013

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limted, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound,

Investor Information

Lower Parel, Mumbai 400 013, Telephone: (022) 2499 4200, Facsimile: (022) 2497 2993 / 2497 6351, e-mail: info@nsdl.co.in, website: www.nsdl.com or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai 400 023. Tel.: 022-2272 3333 Facsimile: (022) 2272 3199 / 2072, website: www.cdslindia.com, e-mail: investors@cdslindia.com

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter during the year under review. They are made available on Company's website: www.reliancemediaworks.com. These are also published in leading newspapers. The Company's media releases are also published in leading newspapers.

Reconciliation of share capital

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate 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 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.

Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/ Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Link Intime India Private Limited at the below mentioned address for speedy response.

Link Intime India Private Limited
Unit: Reliance MediaWorks Limited
C 13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078
Maharashtra, India

Shareholders/ Investors may send the above correspondence to the Compliance Officer of the Company at the following address :

The Company Secretary
Reliance MediaWorks Limited
Film City Complex, Goregaon (East)
Mumbai 400 065, Maharashtra
Telephone no.: +91 22 3980 8900
Fax no.: +91 22 3980 8985
Email: investor.complaints@relianceada.com

Units:

1. Film City Complex
   Goregaon (East)
   Mumbai 400 065
2. No. 9-A
   Kumaran Colony
   Main Road
   Vadapalani Chennai

The Company presently has over 425 screens spread across India and United States which are a) either owned/ operated by company or its joint venture or subsidiary companies or b) acquired on lease through agreement(s) with various property owners cum developers at different locations.

Auditors' Report

To the Members of

Reliance MediaWorks Limited

1 We have audited the attached Balance sheet of Reliance MediaWorks Limited ('the Company') as at September 30, 2012 and the related Statement of profit and loss and the Cash flow statement for the eighteen month period 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 45 to the financial statements; the Company's net worth is fully eroded and has a negative net worth of ₹ 2,023.27 million, the Company has incurred a loss of ₹ 7.035.63 million for the eighteen month period April 1, 2011 to September 30, 2012, indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this financial statement is prepared on a going concern basis.

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 Statement of profit and loss and the Cash flow statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance sheet, the Statement of profit and loss and the Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

   e) on the basis of written representations received from the directors of the Company as at 30 September 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2012 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 matter stated in 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 September 30, 2012;

      (ii) in the case of the Statement of profit and loss, of the loss of the Company for the eighteen month period ended on that date; and

      (iii) in the case of the Cash flow statement, of the cash flows of the Company for the eighteen month period ended on that date.

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

Bhavesh Dhupelia
Partner
Membership No: 042070

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

Parag D. Mehta
Partner
Membership No: 113904

Mumbai
November 3, 2012

Annexure to the Auditors' Report – September 30, 2012

(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, however management is in the process of updating certain details in fixed assets register.

(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.

(c) Fixed assets disposed off during the period 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 period. 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 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. We have not observed any major weakness in the internal control system during the course of the audit.

(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) On the basis of records produced to us, we are of opinion that, prima facie, the cost records prescribed by the Central Government under section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out detailed examination of such accounts and records.

(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, Wealth tax, and other material statutory dues have been generally regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty.

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, Wealth tax and other material statutory dues were in arrears as at September 30, 2012 for a period of more than six months from the date they became payable.

As regards Maharashtra Value Added Tax refer note 27 to the financial statements

(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 (₹ million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty and penalty	255.59	1998-2012	Central Excise and Service tax Appellate Tribunal (CESTAT)
Chapter V of the Finance Act, 1994	Duty and penalty	20.49	2006-07	Central Excise and Service Tax Appellate Tribunal
VAT, Madhya Pradesh	Value Added Tax	1.36	2006-09	Deputy commissioner Appeal
VAT, Ghaziabad	Value Added Tax	0.45	2011-12	Deputy commissioner Appeal
VAT, Kanpur	Value Added Tax	1.51	2007-08	Deputy commissioner Appeal
VAT, West Bengal	Value Added Tax	0.52	2009-10	Joint commissioner sales tax
Entertainment tax	Entertainment tax	13.93	2006-2011	Supreme Court
Income tax Act, 1961	Assessment dues	119.12 178.72	2008-09 2009-10	Income Tax Appellant Tribunal (ITAT) Commissioner of Income Tax Appeal
Income tax Act, 1961	Tax deducted at source	101.71	2007-08 to 2008-09	Commissioner of Income Tax Appeal

Annexure to the Auditors' Report – September 30, 2012

(x) The accumulated losses of the Company are more than 50% of its net worth and it has incurred cash losses in the current financial period and 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, however there have been instances of delays in payment of principal amount which are subsequently paid.

Nature of default	Principal amount (₹ million)	Due date	Date of payment
Principal Loan amount	1,250.00	March 28, 2012	May 14, 2012
	1,333.33	March 31, 2012	May 11, 2012
	125.00	December 16, 2011	December 30, 2011
	100.00	May 3, 2012	May 6, 2012

(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 ₹ 5,432 million to fund long term purposes.

(xviii) The Company has not made any preferential allotment of shares during the period 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 created security in respect of debentures issued during the period.

(xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the period.

(xxi) According the information and explanations given to us, no fraud by the Company has been noticed or reported during the period. Further, Company has reported a possible misappropriation of provident fund by the contractor engaged by the Company amounting to approximately ₹ 58.84 million. The Company has filed a criminal complaint against the Contractor and the matter is currently under investigation..

For B S R & Co.	**For Chaturvedi & Shah**
Chartered Accountants	Chartered Accountants
Firm's Registration No: 101248W	Firm's Registration No: 101720W
Bhavesh Dhupelia	**Parag D. Mehta**
Partner	Partner
Membership No: 042070	Membership No: 113904

Mumbai
November 3, 2012

Balance Sheet as at September 30, 2012

(Currency: ₹ in Millions)

	Notes	As at September 30, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	**245.38**	230.63
(b) Reserves and surplus	3	**(2,268.65)**	1,471.87
		(2,023.27)	1,702.50
Non-current liabilities			
(a) Long-term borrowings	4	**7,141.25**	3,987.08
(b) Other long-term liabilities	5	**363.67**	293.44
(c) Long-term provisions	6	**50.11**	69.59
		7,555.03	4,350.11
Current liabilities			
(a) Short-term borrowings	7	**10,642.45**	10,237.14
(b) Trade payables	8	**1,264.64**	1,048.92
(c) Other current liabilities	9	**3,422.54**	5,575.98
(d) Short-term provisions	10	**9.40**	12.54
		15,339.03	16,874.58
TOTAL		**20,870.79**	22,927.19
ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		**7,555.05**	8,584.97
(ii) Intangible assets		**72.22**	41.81
(iii) Capital work-in-progress		**1,196.66**	1,381.27
(b) Non-current investments	12	**1,804.10**	726.84
(c) Deferred tax assets (net)	13	**-**	-
(d) Long-term loans and advances	14	**2,259.90**	2,732.56
(e) Other non-current assets	15	**6.20**	29.04
		12,894.13	13,496.49
Current assets			
(a) Inventories	16	**65.85**	72.45
(b) Trade receivables	17	**1,617.94**	1,874.19
(c) Cash and bank balances	18	**680.20**	876.18
(d) Short-term loans and advances	19	**5,540.91**	6,181.36
(e) Other current assets	20	**71.76**	426.52
		7,976.66	9,430.70
TOTAL		**20,870.79**	22,927.19
Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg 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

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Statement of profit and loss for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		Notes	For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
I.	**Revenue from operations**	21	**7,612.93**	4,866.92
II.	**Other income**	22	**432.55**	561.82
III.	**Total revenue (I+II)**		**8,045.48**	5,428.74
IV.	**Expenses**			
	Direct operational expenses	23	**3,006.41**	2,044.97
	Employee benefits expense	24	**1,385.61**	988.25
	Finance costs (net)	25	**3,906.12**	1,824.57
	Depreciation and amortisation expense	11	**1,078.94**	673.51
	Other expenses	26	**4,981.31**	2,459.54
	Total expenses		**14,358.39**	7,990.84
V.	**(Loss) before exceptional items and tax (III- IV)**		**(6,312.91)**	(2,562.10)
VI.	**Exceptional items (Refer note 48)**		**(722.72)**	-
VII.	**(Loss) before tax**		**(7,035.63)**	(2,562.10)
VIII.	**Tax expenses**			
	Current tax		**-**	-
	(Loss) for the period / year		**(7,035.63)**	(2,562.10)
	Basic earnings per share ₹		(152.53)	(55.55)
	Diluted earnings per share ₹		(152.53)	(55.55)
	(Refer note 40)			
	Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Cash Flow Statement for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
A.	**Cash flow from operating activities**		
	Net loss before tax as per statement of profit and loss	**(7,035.63)**	(2,562.10)
	Adjustment for:		
	Depreciation / amortisation	**1,078.94**	673.51
	Loss / (profit) on sale / discarding of fixed assets (net)	**67.42**	(270.11)
	Dividend income	**(20.04)**	-
	Finance costs (net)	**3,906.12**	1,824.57
	Interest income	**(108.01)**	(77.32)
	Bad debts / advances written-off	**10.36**	10.73
	Sundry balances written-off	**98.15**	-
	Provision for doubtful debts / advances	**897.72**	165.82
	Provision for diminution in value of non-current investments	**82.51**	-
	Capital work-in-progress written-off	**442.46**	-
	Gain on sale of non-current investments	**(76.65)**	-
	Gain on sale of current investments	**(3.95)**	(42.36)
	Unrealised foreign exchange (gain)	**(258.85)**	(30.53)
	Operating profit before working capital changes	**(919.45)**	(307.79)
	Adjustment for:		
	Decrease in trade receivables	**51.59**	274.92
	Decrease / (Increase) in other receivables	**391.85**	(875.77)
	Decrease / (increase) in inventories	**6.60**	(12.77)
	Increase in trade and other payables	**239.36**	499.03
	Cash used in operating activities	**(230.05)**	(422.38)
	Taxes paid (net of refunds)	**179.01**	169.20
	Net cash used in operating activities (A)	**(51.04)**	(253.18)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(518.35)**	(1,537.21)
	Proceeds from sale of fixed assets	**76.24**	1,398.67
	Purchase of investments - long term - in shares of subsidiary companies / joint venture (Refer note 1 below)	**(1,212.70)**	(200.00)
	Proceeds on sale of non-current investments	**123.36**	790.33
	Profit on sale of current investment (net)	**3.95**	42.36
	Short term loan to subsidiaries and joint ventures (net) (Refer note 1 below)	**(172.17)**	(1,359.76)
	Dividend income	**20.04**	-
	Interest income	**123.20**	68.59
	Cash used in investing activities	**(1,556.43)**	(797.02)
	Taxes paid (net of refunds)	**(4.73)**	(1.70)
	Net cash used in investing activities (B)	**(1,561.16)**	(798.72)

Cash Flow Statement for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
C.	**Cash flow from financing activities**		
	Proceeds from short term borrowings (net) (Refer note 2 below)	**405.32**	259.81
	Repayment of Foreign currency convertible bonds	**-**	(1,581.45)
	Proceeds from long term borrowings	**6,690.00**	3,750.00
	Proceeds from issue of Preference Shares (Refer note 2 below)	**2,950.00**	-
	Repayment of long term borrowings	**(6,102.08)**	(1,708.33)
	Recoverable from Reliance Broadcast Network Limited	**-**	(144.86)
	Recovered from Reliance Broadcast Network Limited pursuant to demerger of Radio business	**996.14**	2,000.00
	Finance costs (net)	**(3,456.14)**	(1,675.79)
	Net cash flow from financing activities (C)	**1,483.24**	899.38
	Net increase / (decrease) in cash and cash equivalent (A+B+C)	**(128.96)**	(152.52)
	Cash and cash equivalents as at beginning of the period / year	**320.11**	472.63
	Cash and cash equivalents as at end of the period / year (Refer note 18)	**191.15**	320.11
		(128.96)	(152.52)

Notes:

1) Amounts have been apportioned from loans towards subscription of preference shares of the Subsidiary – ₹ 1,200
2) Amounts have been apportioned from loans towards subscription of preference shares of the Company – ₹ 2,950

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ 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 BSE Limited and National Stock Exchange of India Limited. Reliance MediaWorks is primarily engaged in theatrical exhibition, film production services and film production and distribution and related services.

1. Summary of significant accounting policies

1.1. 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.

The Board of Directors in its meeting held on May 15, 2012, had extended the financial year of the Company till September 30, 2012 which has been approved by the Registrar of Companies vide its approval dated June 28, 2012. Accordingly, the financial statements of the Company are drawn for eighteen month period ended September 30, 2012.

During the eighteen month period ended September 30, 2012 (effective April 1, 2011), the Revised Schedule VI notified under the Act has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Revised Schedule VI.

1.2. 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, the disclosures of contingent liabilities on the date of the financial statements and the reported amount of income and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of financial statements, which in its opinion are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3. 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%
Office equipment	10%
Furniture and fixture	10%
Computers	20%
Vehicle	10%

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

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

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 ten years.

(Currency: ₹ 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.

1.4. 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 statement of profit and loss.

If at the balance sheet date there is an indicator that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

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.

1.5. 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.

1.6. 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.

1.7. 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 / year.

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 period / 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 period / year; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

(Currency: ₹ in Millions)

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 statement of profit and loss.

Other Long term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period / 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.

1.8. 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 revenue 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.

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, distribution and related income

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 / motion picture, 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.

(Currency: ₹ in Millions)

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

Amounts received in lieu of future marketing rights sale are recognised as income in the year of entering into the contract.

1.9. 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 statement of profit and loss of the period / 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 statement of profit and loss 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 statement of profit and loss of the year. Any profit or loss arising on the cancellation and renewal of forward contract is recognised as income or expense for the period / year.

1.10. Earnings 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 number of 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 period / year, unless issued at a later date.

1.11. 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.

1.12. 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 period / year of issue against the Securities premium reserve.

1.13. Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognised when the Company recognises that 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.

(Currency: ₹ in Millions)

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.

1.14. Leases

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

1.15. 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.

1.16. 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.

2	**Share capital**	**As at September 30, 2012**	As at March 31, 2011
	Authorised		
	480,000,000 (2011: 100,000,000) equity shares of ₹ 5/-each	**2,400.00**	500.00
	20,000,000 (2011: Nil) preference shares of ₹ 5/-each	**100.00**	-
		2,500.00	500.00
	Issued, subscribed and paid-up capital		
	46,126,170 (2011: 46,126,170) equity shares of ₹ 5/- each, fully paid-up	**230.63**	230.63
	2,950,000 (2011: Nil) 10 % redeemable non convertible non cumulative preference shares (Preference shares) of ₹ 5/- each, fully paid-up (Refer note 28)	**14.75**	-
	(Refer notes (a) to (g) below)	**245.38**	230.63

(a) Reconciliation of shares outstanding at the beginning and at the end of the period / year

Equity shares

	September 30, 2012		March 31, 2011	
	Number of Shares in millions	**₹ in Millions**	Number of Shares in millions	₹ in Millions
At the commencement of the period / year	**46.13**	**230.63**	46.13	230.63
Share issued during the period / year	**-**	**-**	-	-
At end of the period / year	**46.13**	**230.63**	46.13	230.63

Preference shares

	September 30, 2012		March 31, 2011	
	Number of Shares in millions	**₹ in Millions**	Number of Shares in millions	₹ in Millions
At the commencement of the period / year	**-**	**-**	-	-
Share issued during the period / year	**2.95**	**14.75**	-	-
At end of the period / year	**2.95**	**14.75**	-	-

(Currency: ₹ in Millions)

(b) Rights, preferences and restriction attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share. Each equity holder is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian Rupees. The dividend proposed, if any by the Board of the Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Rights, preferences and restriction attached to Preference shares

Preference shares shall be redeemed at the end of 20 years from the date of allotment i.e. each Preference shares shall be redeemed at a premium calculated in a manner that gives the holder an yield of 10% p.a. (till date of redemption) on issue price of ₹ 1,000 (including premium of ₹ 995) after deduction of dividend, if any declared during the tenure. However, the premium on redemption will be paid only to the original subscribers or to the transferees if the transfers have been previously approved by the Company.

Further early redemption at the option of holder of Preference shares can be done, at issue price plus yield as mentioned above, at any time after the date of allotment by giving not less than two months advance notice to the Company. Early redemption at the option of Company at the applicable redemption price can be done, any time after the date of allotment by giving not less than 30 days notice to the Preference share holder.

(d) Names of shareholders holding more than 5% of equity share in the Company

	As at September 30, 2012		As at March 31, 2011	
	Number of Shares in millions	**% holding in the class**	Number of Shares in millions	% holding in the class
Reliance Land Private Limited	**20.60**	**44.66%**	20.60	44.66%
Reliance Capital Limited	**8.53**	**18.49%**	8.11	17.57%

(e) Names of shareholders holding more than 5% of Preference share in the Company

	September 30, 2012		March 31, 2011	
	Number of Shares in millions	**% holding in the class**	Number of Shares in millions	% holding in the class
Reliance Infocomm Engineering Private Limited	**1.20**	**40.68%**	-	N.A.
Reliance Utility Engineers Private Limited	**1.75**	**59.32%**	-	N.A.

(f) Pursuant to shareholder approval dated March 30, 2012, the authorised share capital of the Company was reclassified from 100 million equity shares of ₹ 5 each to 80 million equity shares of ₹ 5 each and 20 million preference shares of ₹ 5 each,

(g) Pursuant to shareholder approval dated July 13, 2012, the authorised share capital of the Company was increased from ₹ 500 million to ₹ 2,500 million divided into 480 million equity shares of ₹ 5 each and 20 million preference shares of ₹ 5 each

3 Reserves and surplus

	As at September 30, 2012	As at March 31, 2011
Capital reserve		
At the commencement and at the end of the period / year	**582.62**	582.62
(created pursuant to provisions of the Scheme of Amalgamation during the year ended March 31, 2009)		
Securities premium reserve		
At the commencement of the period / year	**4,681.75**	4,719.05
Less : Provision for premium on redemption of zero coupon foreign currency convertible bonds ('FCCB') (refer note 51)	**-**	(37.30)
Add : Premium on issuance of preference shares	**2,935.25**	-
At the end of the period / year	**7,617.00**	4,681.75

(Currency: ₹ in Millions)

			As at September 30, 2012	As at March 31, 2011
3	**Reserves and surplus (continued)**			
		Foreign currency translation reserve		
		At the commencement of the period / year	**(62.56)**	(68.24)
		Add: Foreign currency translation gain on translation of monetary investment in non-integral operations (net)	**359.86**	5.68
		At the end of the period / year	**297.30**	(62.56)
		General reserve		
		At the commencement and at the end of the period / year	**119.51**	119.51
		(Deficit) in Statement of profit and loss		
		At the commencement of the period / year	**(3,849.45)**	(1,287.35)
		Loss for the period / year, as per Statement of profit and loss	**(7,035.63)**	(2,562.10)
		At the end of the period / year	**(10,885.08)**	(3,849.45)
			(2,268.65)	1,471.87
4	**Long-term borrowings**			
	(Refer note 30)			
	(a)	Non convertible debentures (secured) (refer note 28, 30 (i) and (xiii))	**3,500.00**	-
	(b)	Non convertible debentures (unsecured) (refer note 28 and 30 (x))	**165.00**	-
	(c)	Term loans		
		- From banks (secured) (refer note 30 (ii),(iii),(iv),(v) and (vi))	**1,726.25**	3,237.08
		- From others (secured) (refer note 30 (ix))	**1,750.00**	-
		- From banks (unsecured) (refer note 30 (vii) and (viii))	**-**	750.00
			7,141.25	3,987.08
		Current maturities of long-term debts (refer note 9)		
	(a)	Non convertible debentures (unsecured) (refer note 28 and 30 (x))	**220.00**	-
	(b)	Term loans		
		- From banks (secured) (refer note 30 (ii),(iii),(iv),(v) and (vi))	**2,118.34**	2,154.58
		- From banks (unsecured) (refer note 30 (vii) and (viii))	**-**	2,750.00
			2,338.34	4,904.58
5	**Other long-term liabilities**			
	Lease rent liability as per AS 19 - "Leases"		**337.96**	244.88
	Security deposit		**13.63**	12.31
	Advance from related party (refer note 39)		**12.08**	36.25
			363.67	293.44
6	**Long-term provisions**			
	Provision for employee benefits			
		Leave encashment	**47.28**	69.59
		Gratuity	**2.83**	-
	(Refer note 10 and 44)		**50.11**	69.59

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

			As at September 30, 2012	As at March 31, 2011
7	**Short-term borrowings**			
	(Refer note 31)			
	(a)	Loans repayable on demand (secured)		
		From banks		
		- Cash credit (refer note 31 (i) and (ii))	**55.46**	250.00
	(b)	Loans and advance from related parties (unsecured) (refer note 39 and 31(ix))	**55.00**	24.50
	(c)	Other loans and advances		
		From banks		
		- Term loan (unsecured) (refer note 31 (iii), (iv) and (v))	**-**	2,350.00
		- Buyers credit (secured) (refer note 31 (vi))	**397.45**	296.60
		- Buyers credit (unsecured) (refer note 31 (vii))	**-**	31.80
		Commercial papers (unsecured) (refer note 31 (x) and (xiv))	**-**	5,784.24
		Inter-corporate deposit (unsecured) (refer note 31 (viii))	**10,134.54**	1,500.00
			10,642.45	10,237.14
8	**Trade payables**			
	Due to micro small and medium enterprises (refer note 29)		**6.71**	9.82
	Others		**1,257.93**	1,039.10
			1,264.64	1,048.92
9	**Other current liabilities**			
	(a)	Current maturities of long-term debts (refer note 4)	**2,338.34**	4,904.58
	(b)	Interest accrued and due on borrowings	**232.43**	2.88
	(c)	Interest accrued but not due on borrowings	**222.26**	1.83
	(d)	Unclaimed dividend #	**1.05**	1.22
	(e)	Advance received from customers	**125.87**	152.70
	(f)	Dues for capital expenditure	**213.38**	325.20
	(g)	Temporary book overdraft	**92.49**	-
	(h)	Others*	**196.72**	187.57
			3,422.54	5,575.98

*including payable related to employee, expense payable, lease rent and statutory dues.

An amount of ₹ Nil (2011: ₹ Nil) is due and outstanding for the credit to Investor Education and Protection Fund.

10	**Short-term provisions**			
		Provision for employee benefits		
		Leave encashment (refer note 6 and note 44)	**9.40**	12.54
			9.40	12.54

Notes to the financial statements for the eighteen month period ended September 30, 2012

11 Tangible and Intangible Assets

(Currency: ₹ in Millions)

	Description	Gross Block				Accumulated Depreciation / Amortisation / Impairment				Net Block	
		As at April 1, 2011	Additions during the period / year	Deductions during the period / year	**As at September 30, 2012**	As at April 1, 2011#	Charge for the period / year	Depreciation on assets sold / discarded	**As at September 30, 2012**	**As at September 30, 2012**	As at March 31, 2011
A.	**Tangible assets**										
	Leasehold land	844.20	-	-	**844.20**	-	-	-	**-**	**844.20**	844.20
	Buildings:										
	Leasehold	4,341.43	56.91	86.91	**4,311.43**	554.22	355.06	16.67	**892.61**	**3,418.82**	3,787.21
	Freehold	274.23	0.05	-	**274.28**	80.57	50.77	-	**131.34**	**142.94**	193.66
	Plant and machinery	4,502.15	80.28	56.82	**4,525.61**	1,233.57	548.37	13.46	**1,768.48**	**2,757.13**	3,268.58
	Office Equipment	165.53	13.38	7.93	**170.98**	39.69	25.76	1.91	**63.54**	**107.44**	125.84
	Furniture and fixtures	477.08	12.56	24.76	**464.88**	125.97	67.68	3.68	**189.97**	**274.91**	351.11
	Vehicles	22.32	-	3.26	**19.06**	7.95	3.16	1.66	**9.45**	**9.61**	14.37
		10,626.94	**163.18**	**179.68**	**10,610.44**	**2,041.97**	**1,050.80**	**37.38**	**3,055.39**	**7,555.05**	**8,584.97**
	Previous year	10,040.48	1,841.25	1,254.79	**10,626.94**	1,576.19	677.75	211.97	**2,041.97**		
B.	**Intangible assets**										
	Goodwill	1.22	-	-	**1.22**	0.18	0.18	-	**0.36**	**0.86**	1.04
	Distribution rights	1,624.58	-	-	**1,624.58**	1,624.58	-	-	**1,624.58**	**-**	-
	Negative rights	1,245.24	-	-	**1,245.24**	1,245.24	-	-	**1,245.24**	**-**	-
	Computer software	57.10	60.07	2.11	**115.06**	16.33	28.12	0.75	**43.70**	**71.36**	40.77
		2,928.14	**60.07**	**2.11**	**2,986.10**	**2,886.33**	**28.30**	**0.75**	**2,913.88**	**72.22**	**41.81**
	Previous year	2,895.87	32.27	-	**2,928.14**	2,877.41	8.92	-	**2,886.33**		
	Total	**13,555.08**	**223.25**	**181.79**	**13,596.54**	**4,928.30**	**1,079.10**	**38.13**	**5,969.27**	**7,627.27**	**8,626.78**
	Previous year	12,936.35	1,873.52	1,254.79	**13,555.08**	4,453.60	686.67	211.97	**4,928.30**		
	Capital work-in-progress									**1,196.66**	**1,381.27**

\# - Includes opening provision for impairment - ₹ 55.17

Notes

1) Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.

2) Gross block of leasehold land and building includes revalued amount of leasehold land having deemed ownership of ₹ 821.63 and building of ₹ 967.37 pursuant to scheme of arrangement carried out in the year ended March 31, 2009.

3) Additions to fixed assets / capital work-in-progress include the following expenses capitalized

Particulars	**Eighteen month period ended September 30, 2012**	Year ended March 31, 2011
Depreciation	**0.16**	13.16
Finance cost	**55.19**	97.63
Professional fees	**2.02**	17.16
Employee benefit expense	**17.01**	156.46
Rent	**26.83**	90.62
Other expenses	**32.51**	69.40
Trial period income, netted from fixed assets capitalised	**(0.05)**	(2.00)
	133.67	442.43

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

			As at September 30, 2012		As at March 31, 2011
12	**Non-current investments**				
	(a)	**Investment in equity instruments (non-trade, unquoted at cost)**			
		Subsidiary companies			
	(i)	Reliance MediaWorks Theatres Limited (formerly known as Adlabs Distributors and Exhibitors Limited) 50,000 (2011: 50,000) equity shares ₹ 10/- each, fully paid-up		**0.50**	0.50
	(ii)	Reliance MediaWorks (UK) Limited 10,000 (2011: 10.000) ordinary shares of £ 1 /- each, fully paid-up		**0.85**	0.85
	(iii)	Reliance MediaWorks (USA) Inc. 200 (2011: 200) common stock with no par value		**0.92**	0.92
	(iv)	Reliance MediaWorks (Netherlands) B.V. 180 (2011: 180) ordinary shares of Euro 100 each, fully paid up		**1.04**	1.04
	(v)	Reliance MediaWorks (Mauritius) Limited 1,000 (2011: 1,000) ordinary shares issued and outstanding with no par value. (₹ 1,550/-)		*****	*
	(vi)	Big Synergy Media Limited 5,100 (2011: 5,100) equity shares of ₹ 100/- each, fully paid-up		**64.16**	64.16
	(vii)	Rave Entertainment and Food Nepal Private Limited $ Nil (2011: 96,000) equity shares of Nepali Rupees 100/- each fully paid-up (up to April 30, 2012)		**-**	6.00
	(viii)	Sri Ramakrishna Theatres Limited Nil (2011: 403,574) shares of ₹ 10 each, fully paid up (up to May 27, 2011)		**-**	44.21
	(ix)	Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited) 850,000 (2011: 850,000) shares of ₹ 10 each, fully paid up		**200.50**	200.50
	(x)	Reliance Lowry Digital Imaging Services Inc.** 100 (2011: 100) shares of $1 each, fully paid up		**300.00**	300.00
	(xi)	Reliance Media Consultant Private Limited 10,000 (2011: Nil) shares of ₹ 10 each, fully paid up (w.e.f. February 16, 2012)		**0.10**	-
	(xii)	Reliance MediaVentures Private Limited (10,000 (2011: Nil) shares of ₹ 10 each, fully paid up (w.e.f. June 19, 2012)		**0.10**	-
		Joint ventures			
	(i)	Cineplex Private Limited Nil (2011: 250,000) equity shares of ₹ 10/- each, fully paid-up (upto June 3, 2011)		**-**	2.50
	(ii)	Divya Shakti Marketing Private limited 100,000 (2011: 100,000) equity shares of ₹ 10/- each, fully paid-up		**32.90**	32.90
	(iii)	Swanston Multiplex Cinemas Private Limited 1,015,000 (2011: 390,000) equity shares of ₹ 10/- each, fully paid-up	**82.51**		70.01
		Less: Provision for diminution in value of long-term investments (Refer note 43)	**(82.51)**	**-**	
		* - Indicates a value of less than ₹ 0.005		**601.07**	723.59

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

			As at September 30, 2012		As at March 31, 2011	
12	**Non-current investments (continued)**					
		**- these shares constitute 10% of outstanding shares and balance 90% of outstanding share are held by Reliance MediaWorks (USA) Inc, a wholly owned subsidiary of the Company.				
		$ - The Company has entered into an agreement to sell these shares, the proceeds for the same shall be remitted post approval of authorities in Nepal.				
	(b)	**Investment in preference shares (non-trade, unquoted and at cost)**				
		Subsidiary companies				
		Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited) 1,200,000 (2011: Nil) 10% Redeemable non-convertible preference shares of ₹ 1 each, fully paid up		**1,200.00**		-
				1,200.00		-
	(c)	**Investment in Government (trade, unquoted and at cost)**				
		Government securities				
		National savings certificates (Pledged with State government authorities)		**3.03**		3.25
				3.03		3.25
	(d)	**Investment in Partnership firm (Unquoted)**				
	(i)	HPE / Adlabs LP (Investment in limited partnership)	**199.93**		199.93	
		Less: Provision for diminution in value of long-term investments	**(199.93)**	**-**	(199.93)	-
				-		-
				1,804.10		726.84
	(a)	Aggregate value of unquoted investments		**2,086.54**		926.77
		Aggregate provision for diminution in value of investments		**282.44**		199.93
	(b)	**Details of Investment in partnership firm**				
		Investment in HPE / Adlabs LP				
		Name of the partner and share in profits (%)				
		Reliance MediaWorks Limited		**50.00%**		50.00%
		Hyde Park Entertainment Inc		**50.00%**		50.00%
		Total capital of the firm		**437.74**		437.74

			As at September 30, 2012	As at March 31, 2011
13	(A)	**Deferred tax asset**		
		Arising on account of timing difference in:		
		Provision for leave encashment and gratuity	**19.31**	27.28
		Others*	**324.69**	54.75
		Unabsorbed depreciation allowance and carried forward business loss *	**-**	310.89
			344.00	392.92
	(B)	**Deferred tax liability**		
		Arising on account of timing difference in:		
		Depreciation/ amortisation	**344.00**	392.92
			344.00	392.92
		Net deferred tax assets	**-**	-

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

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		As at September 30, 2012	As at March 31, 2011
14	**Long-term loans and advances**		
	Unsecured, considered good		
	(a) Capital advances	**64.11**	148.38
	(b) Security deposits	**1,316.91**	1,605.37
	(c) Capital advance to related party (refer note 39)	**9.86**	-
	(d) Loans to others	**27.19**	20.62
	(e) Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of ₹ 59.45 (2011 ₹ 59.45))	**190.42**	364.70
	(f) Advance towards investment (refer note 28)	**500.00**	500.00
	(g) Others*	**151.41**	93.49
		2,259.90	2,732.56

*Prepaid expenses and entertainment tax paid under protest

		As at September 30, 2012	As at March 31, 2011
15	**Other non-current assets**		
	Interest accrued but not due	**2.22**	4.91
	Balance with bank - Margin money deposit*	**3.14**	23.15
	Balance with bank - Fixed deposit accounts with maturity greater than twelve months	**0.84**	-
	Gratuity (Refer note 44)	**-**	0.98
	*Margin money deposits are under bank lien for guarantees given by the Company	**6.20**	**29.04**
16	**Inventories**		
	(valued at lower cost and net realisable value) (refer note 1.6)		
	Stores and spares	**31.27**	35.73
	Chemical stock	**3.65**	2.07
	Food and beverages	**27.91**	30.35
	Raw films	**3.02**	4.30
		65.85	72.45
17	**Trade receivables**		
	Unsecured, considered good		
	Debts outstanding for a period exceeding six months from the date they are due for payments	**1,291.61**	1,475.89
	Other debts	**326.33**	398.30
		1,617.94	1,874.19
	- Unsecured, considered doubtful		
	Debts outstanding for a period exceeding six months from the date they are due for payments	**224.04**	68.12
	Others debts	**-**	-
		224.04	68.12
	Provision for doubtful debts	**(224.04)**	(68.12)
		-	-
		1,617.94	1,874.19

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		As at September 30, 2012	As at March 31, 2011
18	**Cash and bank balances**		
	Cash and cash equivalents		
	Balances with banks		
	- in current accounts	**136.44**	303.45
	Cash on hand	**54.71**	16.66
		191.15	320.11
	Other bank balances		
	- in dividend accounts	**1.05**	1.22
	- in fixed deposit account maturing with in a year	**0.16**	1.07
	- in margin money deposit maturing with in a year*	**487.84**	553.78
		489.05	556.07
		680.20	876.18

*Margin money deposits are under bank lien for guarantees given by the Company

19	**Short-term loans and advances**		
	- Unsecured and considered good		
	Amount due from Reliance Broadcast Networks Limited pursuant to demerger	**-**	609.50
	Loans and advances to related parties (refer note 39 and 41)		
	- subsidiaries	**5,115.54**	4,984.49
	- joint ventures	**19.26**	39.11
	- Advance towards share application money	**-**	12.50
	Loans to others	**69.89**	128.58
	Deposits	**2.94**	-
	Others*	**333.28**	407.18
		5,540.91	6,181.36
	- Unsecured, considered doubtful		
	Loans and advances to related parties - Subsidiaries (refer note 39 and 41)	**692.19**	**-**
	Loans to others	**39.35**	-
	Others*	**108.15**	97.89
	Provision for doubtful advances and others	**(839.69)**	(97.89)
		-	-
	*includes service tax input credit, value added tax input credit, prepaid expenses, employee advance, advances to vendors etc.	**5,540.91**	6,181.36
20	**Other current assets**		
	Unbilled revenue	**56.11**	17.73
	Interest accrued and due from Reliance Broadcast Network Limited	**6.38**	393.02
	Recoverable for sale of investments (Refer note 12)	**6.00**	-
	Interest accrued but not due	**3.27**	15.77
		71.76	426.52

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
21	**Revenue from operation**		
	(a) Theatrical exhibition		
	Sale of tickets	**4,789.38**	2,627.23
	Less: Entertainment tax	**896.58**	391.91
		3,892.80	2,235.32
	Advertisements / sponsorship revenue	**298.01**	211.70
	Facilities provided at multiplex	**220.34**	75.47
	Food and beverages	**1,322.27**	712.28
	Others	**171.05**	103.25
		5,904.47	3,338.02

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
(b)	**Film production services**		
	Processing / printing of films	**1,135.53**	1,060.61
	Equipment / facility rental income	**394.88**	206.66
	Trading income	**130.43**	192.63
	Others	**15.09**	1.36
		1,675.93	1,461.26
(c)	**Film/content production, distribution and related services**	**32.53**	67.64
		7,612.93	4,866.92
	Details of revenue from operation		
	Sale of services	**1,829.63**	1,413.98
	Sale of products	**1,686.92**	1,046.73
	Sale of tickets	**3,892.80**	2,235.32
	Others	**203.58**	170.89

22	**Other income**		
	Dividend income from:		
	- Subsidiary (Refer note 39)	**20.04**	-
	Interest income from:		
	- Banks	**61.30**	30.36
	- Loans, advances and others	**46.71**	46.96
	Gain on sale of non-current investments (Refer note 50)	**76.65**	-
	Gain on sale of current investments	**3.95**	42.36
	Foreign exchange gain (net)	**208.19**	34.91
	Profit on sale of assets / discarding of assets (net) (Refer note 53)	**-**	270.11
	Bad debts recovered / provisions written-back	**7.95**	81.40
	Sundry balances written-back (net)	**-**	30.63
	Miscellaneous income	**7.76**	25.09
		432.55	561.82
23	**Direct operational expenses**		
	Distributors share	**1,679.39**	985.79
	Cost of food and beverage sold		
	Opening stock	**30.35**	23.86
	Purchases	**429.26**	237.07
	Less: closing stock	**27.91**	30.35
		431.70	230.58
	Cost of raw films sold		
	Opening stock	**4.30**	4.78
	Purchases	**112.08**	164.24
	Less: closing stock	**3.02**	4.30
		113.36	164.72
	Chemical consumed		
	Opening stock	**2.07**	1.65
	Purchases	**43.24**	33.93
	Less: closing stock	**3.65**	2.07
	Consumption	**41.66**	33.51
	Consumables	**9.66**	11.85
	Electricity, power and water charges	**659.28**	379.26

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
	Print, publicity expenses and producers overflow	**12.52**	24.36
	Show tax, INR charges etc	**18.25**	13.92
	Processing charges	**24.06**	180.82
	Other direct expenses	**16.53**	20.16
		3,006.41	2,044.97
24	**Employee benefits expense**		
	Salaries and wages	**1,272.32**	850.20
	Contribution to provident and other funds	**54.59**	37.52
	Leave encashment	**28.37**	72.62
	Staff welfare expenses	**30.33**	27.91
		1,385.61	988.25
25	**Finance cost (net)**		
	On term loans and debentures	**1,828.66**	1,188.31
	On other loans	**1,553.55**	411.55
		3,382.21	1,599.86
	Less: Interest recovered from Reliance Broadcast Networks Limited	**(164.19)**	(144.86)
	Less: Interest capitalised	**(55.19)**	(99.53)
		3,162.83	1,355.47
	Finance charges	**146.43**	103.10
	Loss on derivative contracts (net)	**596.68**	216.69
	Foreign exchange gain / loss on borrowings (net)	**0.18**	149.31
		3,906.12	1,824.57
26	**Other expenses**		
	Advertisement	**137.43**	141.58
	Bank charges	**52.80**	22.04
	Rent	**2,370.86**	1,252.71
	Rates and taxes	**299.13**	70.05
	Commission and brokerage	**15.33**	2.75
	Travelling and conveyance	**81.42**	56.86
	Labour charges	**302.00**	190.42
	Insurance	**31.42**	15.00
	Legal and professional fees (Also refer note 36)	**117.15**	72.92
	Directors sitting fees	**0.79**	0.31
	Printing and communication	**119.56**	88.77
	Loss on sale of assets / discarding of assets (net)	**67.42**	-
	Capital work-in-progress written-off (Refer note 49)	**442.46**	-
	Sundry balances written-off (refer note 49)	**98.15**	-
	Provision for doubtful debts / advances (net)	**175.00**	165.82
	Provision for diminution in value of non-current investments	**82.51**	-
	Bad debts / advances written-off	**10.36**	10.73
	Facility maintenance charges	**241.49**	142.74

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

	For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
Repairs and maintenance		
- Building	**22.80**	14.57
- Machinery	**149.99**	101.16
- Others	**81.68**	43.20
Miscellaneous expenses	**81.56**	67.91
	4,981.31	2,459.54

27. Contingent Liabilities

On account of	As at September 30, 2012	As at March 31, 2011
Central excise		
Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal	**255.59**	191.84
Value added tax		
Disputed value added tax demand pending for various states	**3.84**	-
Service tax		
Disputed Service Tax demand pending with the Central Excise and Service Tax Appellate Tribunal	**20.49**	-
Income tax		
Disputed liability in respect tax deduction at source, matter is pending with Commissioner of Income tax (Appeals)	**101.71**	101.71
Disputed tax liability in respect of assessment year 2008-09 for Rave Entertainment Private Limited ('REPL'), REPL was wholly owned subsidiary of the Company and merged with it with effect from April 1, 2008. Department's appeal against order of Commissioner of Income Tax (Appeals) is pending with Income Tax Appellant Tribunal (ITAT). Previous year the same was pending with Commissioner of Income Tax (Appeals)	**140.12**	140.12
Further Company has received demand in respect of REPL matter for assessment year 2009-10, appeal is pending with Commissioner of Income tax (Appeals)	**178.72**	-
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	**30.07**	21.94
In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant Act	**50.96**	55.88
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	**-**	11.32
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	**1,284.50**	1,112.52
The Company has engaged the services of a Contractor for the purpose of deploying personnel at its cinemas. During the tenure of the contract, the Company has paid the Contractor, amounts payable towards employers contribution to provident fund (PF) amounting to ₹ 29.42 on a regular basis. The Company has learnt that the Contractor has failed to deposit appropriate amounts for employee and employer contibution amounting to approximately ₹ 58.84 with the PF authorities and the Company apprehends that some portion of the aforesaid amount which was supposed to be deposited in the individual accounts of the Personnel by the Contractor may have actually been mis-appropriated by the Contractor. The Company has filed a criminal complaint against the Contractor and the matter is currently under investigation. The Company has not received any claims in this regard.	**-**	-
Claims against Company not acknowledged as debts	**785.98**	19.86

(Currency: ₹ in Millions)

On account of	As at September 30, 2012	As at March 31, 2011
Guarantees		
Guarantees given to bank and others for loans / credit facilities given to Subsidiary Companies	**1,448.98**	1,051.80
Guarantee given to banks for loans / credit facilities given to others	**18.30**	-
Guarantee given to a Service providers in respect of Subsidiary Companies	**494.44**	425.40

Value added tax: The Maharashtra Value Added Tax Act, 2002 lists the Scheduled entry, interalia, "Copy right" w.e.f. April 1, 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.

With effect from the May 1, 2011 the Maharashtra Value Added Tax Act, 2002 was amended to exempt tax on Copyrights for distribution and exhibition of cinematographic films in theatres and cinema halls.

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.

28. Commitments

Particulars	As at September 30, 2012	As at March 31, 2011
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for fixed assets)	**451.22**	464.67
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for investments)	**120.00**	120.00
Total	**571.22**	584.67

Other commitments

- Company has issued letter of financial support to some of its wholly owned foreign subsidiaries.
- In view of the loss during the current period, the Company has not created Debenture Redemption Reserve in terms of Section 117 (C) of the Companies Act, 1956. The Company shall create such reserve out of profit, if any in future years.
- Preference shares shall be redeemed at the end of 20 years from the date of allotment. Each Preference shares shall be redeemed at a premium calculated in a manner that gives the holder an yield of 10% p.a. (till date of redemption) on issue price of ₹ 1,000 (including premium of ₹ 995) after deduction of dividend, if declared during the tenure. However, the premium on redemption will be paid only to the original subscribers or to the transferees if the transfers have been previously approved by the Company. Yield on preference shares of ₹ 148.71 for the current period will be paid as premium at the time of redemption.

29. Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises (MSME). On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small enterprises.

Particulars	As at September 30, 2012	As at March 31, 2011
Principal amount due to any supplier as at the period / year end	**5.56**	9.52
Interest due on the principal amount unpaid at the period / year end to any supplier	**1.15**	0.30
Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period	**-**	-
Payment made to the enterprises beyond appointed date under Section 16 of MSMED	**-**	-
Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the period / year, but without adding the interest specified under MSMED	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting period / year; and	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above is actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED.	**1.15**	0.30

(Currency: ₹ in Millions)

30. Terms of long-term borrowings

i. Company has issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 (2011: Nil) having face value of ₹ 1 each (one million) on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. May 7, 2012. The Debentures are secured by first pari passu charge on the all assets of the Company and its Indian subsidiaries, along with corporate guarantee by a Promoter and are repayable in three installments i.e. March 1, 2014 (₹ 1,000), March 1, 2015 (₹ 1,250) and March 1, 2016 (₹ 1,250).

ii. Term loan amounting to ₹ 1,333.34 (2011: ₹ 2,666.66) is taken from a consortium of banks during the period 2007-08. The loan was taken by the Company for the period of five years from the date of disbursement and repayable in three equal annual installment of ₹ 1.333.33 commencing from the date of falling 36 Months after date of disbursement. The loan is secured by first pari passu charge on the fixed assets of the Company.

iii. Term loan amounting to ₹ 1,031.25 (2011: ₹ 1,500) was taken from a bank during the year 2010-11 The loan was taken by the Company for a period of five years from the date of disbursement and repayable in sixteen equal quarterly installments of ₹ 93.75 commencing from the date falling 12 Months after date of drawl. The loan is secured by first pari passu charge on the fixed assets of the Company.

iv. Term loan amounting to ₹ Nil (2011: ₹ 625) taken from a bank during the year 2009-10. The loan was taken by the Company for a period of 33 months from the date of disbursement and is repayable in eight quarterly equal installments of ₹ 125 commencing from the date falling 9 months after the date of drawl. The loan is secured by first pari passu charge on the current assets of Company i.e. goods, stocks, raw material, finished goods, unfinished goods, sundry debtors and loans and advances.

v. Term loan amounting to ₹ 480 (2011: ₹ 600) taken from a bank during the year 2009-10. The loan is taken by the Company for the period of sixty one months from the date of disbursement and repayable in quarterly installment of ₹ 40, commencing from March 31, 2012. The loan is secured by first pari passu charge on the fixed assets of the Company.

vi. Secured term loan amounting to ₹ 1,000 (2011: Nil) taken from a bank during the year 2011-12. The loan was taken by the Company for a period of three years from the date of disbursement and repayable in four quarterly equal installments of ₹ 250, commencing after two years from the date of drawl. The loan is secured by first pari passu charge on the fixed assets of the Company.

vii. Unsecured term loan amounting to ₹ Nil (2011: ₹ 2,000) is taken from a bank during previous year. The loan taken by Company for the period of eighteen months. The loan was repayable in two instalments of ₹ 1,250 and ₹ 750.

viii. Unsecured Term loan amounting to ₹ Nil (2011: ₹ 1,500) taken from a bank, is repayable at the end of 12 months from the date of drawl and is guaranteed by a Promoter.

ix. Secured Term loan amounting to ₹ 1,750 (2011: ₹ Nil) taken from a non-banking financial company, is repayable in six equal instalments starting the 13^{th} month from the date of disbursement, is secured by second charge on all fixed assets and current assets of the Company.

x. Company has issued 12.50% 440 unsecured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 385 (2011: Nil) having face value of ₹ 1 each (one million) on a private placement basis in lieu of conversion of amounts outstanding for loss on derivative contracts. The debentures are repayable in eight equal quarterly instalments of ₹ 55 each commencing from the date of allotment. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. July 26, 2012.

xi. Interest rates on secured loans are ranging from 11 % to 14.75 % and on unsecured loan are ranging from 11.50 % to 14.75 %.

xii. The above amount includes :

	As at September 30, 2012	As at March 31, 2011
Secured borrowings	**9,094.59**	5,391.66
Unsecured borrowings	**385.00**	3,500.00

xiii. Debts guaranteed by a Promoter is ₹ 3,500 (2011: ₹ 1,500)

31. Terms of short-term borrowings

i. Cash credit of ₹ 55.46 (2011: ₹ 54.05) is secured by pari passu first charge on the inventories and book debts of the Company, repayable on demand.

ii. Cash credit of ₹ Nil (2011: ₹ 195.95) is secured by pari passu first charge on all the current assets and pari passu second charge on moveable fixed assets of the Company, repayable on demand.

iii. Unsecured term loan amounting to ₹ Nil (2011: ₹ 350) taken from a bank during the previous year, for the period of three to six months from the date of disbursement and repayable at end of the tenure.

iv. Unsecured term loan amounting to ₹ Nil (2011: ₹ 1,000) taken from a bank during the previous year, for the period of eleven months from the date of disbursement and repayable at end of the tenure.

v. Unsecured term loan amounting to ₹ Nil (2011: ₹ 1,000) taken from a bank during the previous year, for the period of three to six months from the date of disbursement and repayable at end of the tenure.

vi. Buyers credit of ₹ 397.45 (2011: ₹ 296.60) is secured by pari passu second charge on movable fixed assets and current assets of the Company, repayable within a year from the date of drawl.

vii. Buyers credit of ₹ Nil (2011: ₹ 31.80) repayable within a year from the date of drawl.

(Currency: ₹ in Millions)

viii. Unsecured Inter corporate deposit of ₹ 10,134.54 (₹ 1,500) taken from corporate are at interest rate ranging from 9.50% to 14.50% per annum and repayable in six months to one year from the date of drawl of loan.

ix. Unsecured Inter corporate deposit of ₹ 55 (₹ 24.50) from a related party taken from corporate are at interest rate ranging from 9.50% to 13.00% per annum and repayable in six months to one year from the date of drawl of loan.

x. Rate of interest on Commercial papers ₹ Nil (₹ 5,784.24) ranges from 11.15% to 12.75% per annum. Commercial papers are repayable within one year from the date of issuance and are guaranteed by a Promoter.

xi. Interest rates on secured loans are ranging from 12.25 % to 14.50 % and on unsecured loan are ranging from 9.00 % to 14.40 %.

xii. Interest rates on secured buyer's credit are ranging from 3.99% p.a. to 11.18%

xiii. The above amount includes :

	As at September 30, 2012	As at March 31, 2011
Secured borrowings	**452.91**	546.60
Unsecured borrowings	**10,189.54**	9,690.54

xiv. Debts guaranteed by a Promoter is ₹ Nil (2011: ₹ 5,784.24)

32. Value of chemicals and consumables

Particulars	**Eighteen month period ended September 30, 2012**	**%**	Year ended March 31, 2011	**%**
Imported	**12.10**	**23.58**	15.53	34.24
Indigenous	**39.22**	**76.42**	29.83	65.76
Total	**51.32**	**100.00**	**45.36**	**100.00**

33. Expenditures in foreign currency (on accrual basis)

Particulars	**Eighteen month period ended September 30, 2012**	Year ended March 31, 2011
Travelling	**7.68**	10.83
Professional fees	**17.89**	12.55
Others	**48.84**	38.77
Total	**74.41**	**62.15**

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

Particulars	**Eighteen month period ended September 30, 2012**	Year ended March 31, 2011
Chemicals, consumables and spare parts	**12.10**	15.53
Capital goods	**10.33**	323.77
Total	**22.43**	**339.30**

35. Earnings in foreign exchange (on accrual basis)

Particulars	**Eighteen month period ended September 30, 2012**	Year ended March 31, 2011
Processing / printing of films	**89.81**	-
Others	**-**	0.05
Total	**89.81**	0.05

36. Auditors Fee:

Particulars	**Eighteen month period ended September 30, 2012**	Year ended March 31, 2011
Audit fee	**10.00**	6.50
Other attestation fees	**4.70**	1.88
Reimbursement of out of pocket expense	**0.75**	0.38
Total	**15.45**	8.76

(Currency: ₹ in Millions)

37. Lease disclosure under AS 19 – 'Leases'

The Company is obligated under non-cancellable leases primarily for theatres and office premises and equipments 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 As at September 30, 2012	As at March 31, 2011
Amounts due within one year from the balance sheet date	**1,356.90**	1,144.51
Amounts due in the period between one year and five years	**4,463.64**	5,296.79
Amount due after five years	**6,527.06**	7,346.63
Total	**12,347.60**	13,787.93

Amount payable within lock-in-period is ₹ 7,331.76 (2011: ₹ 8,129.13).

Amount debited to statement of profit and loss for lease rental is ₹ 2,370.86 (2011: ₹ 1,252.71) (excluding amount capitalized ₹ 26.83 (2011: ₹ 90.62))

38. 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.

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

Parties where control exists

Subsidiary Companies

- Reliance MediaWorks (UK) Limited
- Reliance MediaWorks (USA) Inc.
- Reliance MediaWorks (Netherlands) B.V.
- Reliance MediaWorks (Mauritius) Limited
- Reliance MediaWorks Theatres Limited (formerly known as Adlabs Distributors and Exhibitors Limited)
- Big Synergy Media Limited
- Sri Ramakrishna Theatre Limited (up to May 27, 2011)
- Rave Entertainment and Food Nepal Private Limited (up to April 30, 2012)
- Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited)
- Reliance Media Consultant Private Limited (w.e.f. February 16, 2012)
- Reliance MediaVentures Private Limited (w.e.f. June 19, 2012)

Step down Subsidiary Companies

- Big Cinemas Entertainment LLC
- Big Cinemas Entertainment (DE) LLC
- Big Cinemas Laurel LLC
- Big Cinemas Falls Church LLC
- Big Cinemas Norwalk LLC
- Big Cinemas Galaxy LLC
- Big Cinemas Sahil LLC
- Big Cinemas SAR LLC
- Phoenix Big Cinemas Management LLC
- Big Cinemas Phoenix LLC
- Big Cinemas Exhibition LLC
- Big Cinemas IMC LLC
- Adlabs Digital Media USA LLC (up to April 15, 2010)**
- Adlabs Heritage LLC (up to May 14, 2010) **
- Big Pictures USA Inc.
- Reliance Media & Marketing Communications LLC
- Reliance Lowry Digital Imaging Services Inc.
- Reliance Media Works VFX Inc.
- Reliance MediaWorks (Malaysia) Sdn. Bhd. (up to September 21, 2012)
- Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly known as Big Cinemas Lotus Five Star Sdn. Bhd.) (up to September 21, 2012)

(Currency: ₹ in Millions)

Other related parties

(a) Significant Shareholders, Key Managerial Personnel and their relative

- Ashish Agarwal – Manager appointed under section 269 of the Companies Act, 1956. (w.e.f. July 1, 2011)
- Kirti Desai – Manager appointed under section 269 of the Companies Act, 1956. (up to May 15, 2011)
- Madhulika Singh - Manager appointed under section 269 of the Companies Act, 1956. (w.e.f May 28, 2011 up to June 30, 2011)

(b) Enterprise over which Company has significant influence

- HPE / Adlabs LP

(c) Joint Ventures

- Divya Shakti Marketing Private Limited
- Cineplex Private Limited (up to June 3, 2011)
- Swanston Multiplex Cinemas Private Limited

** Dissolved during the previous period.

Transactions	Subsidiaries Companies		Key Managerial Personnel		Joint Venture	
	CP	PY	CP	PY	CP	PY
Rendering of services						
Reliance MediaWorks (UK) Limited	-	0.05	-	-	-	-
Cineplex Private Limited	-	-	-	-	0.28	1.65
Big Synergy Media Limited	29.80	30.41	-	-	-	-
Reliance MediaWorks Theatres Limited	1.00	0.66	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	8.55	0.63	-	-	-	-
Interest income						
Divya Shakti Marketing Private Limited*	-	-	-	-	2.02	1.35
Cineplex Private Limited	-	-	-	-	-	1.65
Interest expenses						
Reliance MediaWorks Theatres Limited	5.23	1.84	-	-	-	-
Receiving of services						
Reliance MediaWorks Entertainment Services Limited	3.02	176.33	-	-	-	-
Reimbursement of expenses						
Reliance MediaWorks (USA) Inc.	(8.88)	(21.57)	-	-	-	-
Cineplex Private Limited	-	-	-	-	-	0.29
Reliance MediaWorks Entertainment Services Limited	0.47	0.03	-	-	-	-
Sri Ramkrishna Theaters Limited	-	0.17	-	-	-	-
Reliance MediaWorks (Mauritius) Limited**	0.00	-	-	-	-	-
Swanston Multiplex Cinemas Private Limited	-	-	-	-	0.70	-
Managerial remuneration						
Kirti Desai	-	-	0.56	1.08	-	-
Ashish Agarwal	-	-	2.94	-	-	-
Madhulika Singh	-	-	0.08	-	-	-
Loan given						
Reliance MediaWorks (USA) Inc.	291.88	709.00	-	-	-	-
Reliance MediaWorks (UK) Limited	480.66	89.84	-	-	-	-
Reliance MediaWorks (Netherland) B.V.	-	4.49	-	-	-	-
Reliance MediaWorks (Mauritius) Limited	-	32.64	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	690.13	681.43	-	-	-	-
Rave Entertainment and Food Nepal Limited	-	43.20	-	-	-	-
Loans received back						
Cineplex Private Limited	-	-	-	-	13.34	10.15
Reliance MediaWorks (Mauritius) Limited	14.98	-	-	-	-	-
Rave Entertainment and Food Nepal Private Limited	43.20	-	-	-	-	-
Reliance MediaWorks Entertainment Services Limited***	1,200.00	-	-	-	-	-
Loan taken						
Reliance MediaWorks Theatre Limited	(50.50)	-	-	-	-	-

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

Transactions	Subsidiaries Companies		Key Managerial Personnel		Joint Venture	
	CP	PY	CP	PY	CP	PY
Loan repaid						
Reliance MediaWorks Theatres Limited	20.00	10.00	-	-	-	-
Subscription of equity shares						
Reliance Media Consultant Private Limited	0.10	-	-	-	-	-
Reliance MediaVentures Private Limited	0.10	-	-	-	-	-
Swanston Multiplex Cinemas Private Limited	-	-	-	-	12.50	-
Subscription of shares – conversion of loan						
Reliance MediaWorks Entertainment Services Limited	-	200.00	-	-	-	-
Subscription of preference shares						
Reliance MediaWorks Entertainment Services Limited***	1,200.00	-	-	-	-	-
Fixed assets purchased						
Reliance MediaWorks Entertainment Services Limited	0.38	10.32	-	-	-	-
Fixed assets sold						
Reliance MediaWorks Entertainment Services Limited	-	0.97	-	-	-	
Guarantees given						
Reliance MediaWorks (USA) Inc.	105.60	283.21	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	264.00	-	-	-	-	-
Guarantees cancelled						
Reliance MediaWorks (USA) Inc.	-	990.66	-	-	-	-
Rave Entertainment and Food Nepal Private Limited	-	10.00	-	-	-	-
Guarantees outstanding						
Reliance MediaWorks (USA) Inc.	926.02	705.40	-	-	-	-
Reliance MediaWorks (Netherlands) B. V.	3.40	3.20	-	-	-	-
Rave Entertainment and Food Nepal Private Limited	-	18.59	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	1,014.00	750.00	-	-	-	-
Net outstanding balance as at period / year end						
Reliance MediaWorks (USA) Inc.	2,943.18	2,281.47	-	-	-	-
Reliance MediaWorks (UK) Limited	930.06	374.53	-	-	-	-
Reliance MediaWorks (Mauritius) Limited @	1,393.99	1,213.55	-	-	-	-
Reliance MediaWorks Theatres Limited	(55.54)	(23.86)	-	-	-	-
Reliance MediaWorks (Netherlands) B.V.	15.90	14.99	-	-	-	-
Rave Entertainment and Food Nepal Private Limited	-	43.20	-	-	-	-
Big Synergy Media Limited	(7.42)	(30.35)	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	554.35	1,023.69	-	-	-	-
Sri Ramkrishna Theaters Limited	-	0.17	-	-		
Cineplex Private Limited	-	-	-	-	-	13.34
Divya Shakti Marketing Private Limited	-	-	-	-	24.17	20.13
Swanston Multiplex Cinemas Private Limited	-	-	-	-	0.08	12.58

CP- Eighteen months ended September 30, 2012

PY – ended March 31, 2011

*amount written off during the period ₹ 2.02 (2011: ₹ 1.35)

@ Amount provided for loans given to subsidiary - ₹ 692.19

*** Amounts have been apportioned from loans towards subscription of preference shares of the Subsidiary

** indicate amount less than ₹ 0.005

Note

1. The Company has issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 (2011: ₹ Nil) having face value of ₹ 1 each on a private placement basis. The Debentures are secured by first pari passu charge on all assets of the company and its Indian subsidiaries.
2. Swanston Multiplex Cinemas Private Limited, a Joint Venture of the Company operated a multiplex cinema. The lease of the multiplex cinema has been terminated by the landlord. Considering the termination of the lease, the Company has decided to provide for diminution in the value of investments amounting to ₹ 82.51.

(Currency: ₹ in Millions)

40. Earnings per share ('EPS')

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
Net (loss) after tax	**(7,035.63)**	(2,562.10)
Weighted average number of equity share outstanding during the period / year for basic EPS	**46,126,170**	46,126,170
Add: Equity share issuable on conversion of FCCB (refer note 50)	**-**	1,694,699
Weighted average number of equity shares outstanding during the period / year for dilutive EPS	**46,126,170**	47,820,869
Basic EPS	(152.53)	(55.55)
Dilutive EPS	(152.53)	(55.55)*
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

41. 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 September 30, 2012	As at March 31, 2011	Maximum Balance during the period
Reliance MediaWorks (UK) Limited	Subsidiary	**894.89**	351.72	894.89
Reliance MediaWorks (Mauritius) Limited	Subsidiary	**1,393.99**	1,213.54	1,393.99
Reliance MediaWorks (Netherlands) B.V.	Subsidiary	**15.90**	14.99	15.90
Reliance MediaWorks (USA) Inc.	Subsidiary	**2,903.63**	2,251.87	2,903.63
Rave Entertainment and Food Nepal Private Limited	Subsidiary	**-**	43.20	43.20
Reliance MediaWorks Entertainment Services Limited	Subsidiary	**599.32**	1,109.17	1,361.19
Total		**5,807.73**	**4,984.49**	**6,621.80**
Divya Shakti Marketing Private Limited	Joint venture	**19.26**	19.26	19.26
Cineplex Private Limited	Joint venture	**-**	19.85	19.85
Total		**19.26**	**39.11**	**39.11**

(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.

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

Particulars	Currency	Eighteen month period ended September 30, 2012		Year ended March 31, 2011	
		Amount – foreign currency (Million)	**Amount – ₹**	Amount – foreign currency (Million)	Amount – ₹
Trade and other receivables	USD	**82.17**	**4,338.37**	77.08	3,499.48
	GBP	**10.89**	**930.14**	5.19	377.82
	EURO	**0.23**	**15.90**	0.23	14.99
Trade and other payables	USD	**0.17**	**8.86**	0.58	26.28
	GBP	**0.01**	**0.45**	0.02	1.15
	EURO	**0.02**	**1.10**	0.01	0.42
	MYR	**0.01**	**0.09**	-	-
Borrowings	USD	**7.53**	**397.45**	7.23	328.39

43. 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 September 30, 2012	% of ownership interest as at March 31, 2011
Swanston Multiplex Cinemas Private Limited	India	**50%**	50%
Cineplex Private Limited (up to June 3, 2011)	India	**Nil**	50%
Divya Shakti Marketing Private Limited	India	**50%**	50%

Notes to the financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

Details of Joint Venture

	Particulars	As at September 30, 2012	As at March 31, 2011
	Balance Sheet		
	EQUITY AND LIABILITIES		
	Shareholders' funds		
(a)	Share capital	**11.15**	7.40
(b)	Reserves and surplus	**(8.99)**	34.99
	Share application money, pending allotment	**-**	12.50
	LIABILITIES		
	Non-current liabilities		
(a)	Long term borrowing	**21.17**	38.30
(b)	Deferred tax liabilities (net)	**-**	3.84
(c)	Other long-term liabilities	**0.05**	0.43
(d)	Long-term provisions	**0.03**	0.10
	Current liabilities		
(a)	Trade payable	**7.98**	10.37
(b)	Other current liabilities	**4.75**	4.83
(c)	Short term provisions	**-**	8.03
	Total	**36.14**	120.79
	ASSETS		
	Non-current assets		
(a)	**Fixed assets**		
	Tangible assets	**20.65**	76.19
(b)	Long-term loans and advances	**7.03**	16.80
	Current assets		
(a)	Current investment	**-**	1.04
(b)	Inventories	**0.37**	1.18
(c)	Trade Receivables	**2.34**	8.46
(d)	Cash and cash equivalents	**3.04**	3.39
(e)	Short-term loans and advances	**1.19**	10.11
(f)	Other current assets	**1.52**	3.62
	Total	**36.14**	120.79
	Statement of Profit and loss		
	Revenue		
(a)	Revenue from operations	**110.98**	109.30
(b)	Other income	**0.87**	0.93
	Total Revenue	**111.85**	110.23
	Expenses		
	Direct operation expenses	**52.59**	54.01
	Employee benefit expense	**5.72**	5.44
	Finance cost	**0.11**	1.43
	Depreciation / amortisation expense	**10.25**	11.20
	Other expenses	**64.25**	41.96
	Total Expenses	**132.92**	114.04
	(Loss) before tax	**(21.07)**	(3.81)
	Tax Expenses		
	(1) Current tax	**1.75**	3.03
	(2) Deferred tax (credit) / charge	**0.01**	(0.10)
	(Loss) for the period / year	**(22.83)**	(6.74)
	OTHER MATTERS		
	1. Contingent Liabilities	**9.80**	11.62*
	2. Capital Commitments	**Nil**	Nil
	*amount is not quantifiable in case of joint venture		
	Movement of the aggregate reserves of the Joint ventures:		
	Shareholders' funds as at commencement of the period / year	**42.39**	49.13

(Currency: ₹ in Millions)

Particulars	As at September 30, 2012	As at March 31, 2011
Add: Issue of shares by joint venture	**12.50**	-
Add: Share of (loss) / profits for the period / year	**(22.83)**	(6.74)
Effect of disposal of joint ventures	**(29.90)**	-
Shareholders' funds as at the end of the period / year	**2.16**	42.39

Note:

Swanston Multiplex Cinemas Private Limited, a Joint Venture of the Company operated a multiplex cinema. The lease of the multiplex cinema has been terminated by the landlord. Considering the termination of the lease, the Company has decided to provide for diminution in the value of investments amounting to ₹ 82.51.

44. Employee benefits

Defined contribution plan

Contribution to defined contribution plan, recognized as expense for the period is as under:

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
Employers contribution to Provident fund and other funds	**50.77**	32.15

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

Particulars	As at September 30, 2012	As at March 31, 2011
Gratuity		
Defined Benefit obligation at the commencement of the period / year	**28.79**	17.36
Current service cost	**12.43**	5.47
Interest cost	**4.60**	1.89
Actuarial (gain) / loss	**(12.17)**	0.98
Benefit paid	**(9.17)**	-
Settlement cost	**-**	-
Past service cost	**(0.09)**	3.09
Defined benefit obligation at period / year end	**24.39**	28.79

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

Particulars	As at September 30, 2012	As at March 31, 2011
Gratuity		
Fair value of plan assets at commencement of the period / year	**29.77**	23.72
Effect of the limit in Para 59 (b)	**-**	0.06
Actuarial gain/ (loss)	**(1.22)**	(0.33)
Expected return on plan assets	**3.12**	1.78
Employer contribution	**-**	3.60
Benefit paid	**(9.17)**	-
Settlement Cost	**-**	-
Past service cost	**(0.94)**	0.94
Fair value of plan assets at period / year end	**21.56**	29.77
Actual return on plan assets	**1.89**	1.44

(Currency: ₹ in Millions)

III. Reconciliation of fair value of assets and obligation

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
Gratuity		
Fair value of plan assets at end of period / year	**21.56**	29.77
Present value of obligation at the end of period / year	**24.39**	28.79
Amount recognized in Balance sheet as (net assets) / net liability	**2.83**	(0.98)
-Recognized as an assets under other non-current assets (refer note 15)		

IV. Expense recognized during the period (Under the head 'Employee benefits expense' – Refer note '23')

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
Gratuity		
Current service cost	**12.43**	5.47
Interest Cost	**4.60**	1.89
Expected return on plan assets	**(3.12)**	(1.78)
Actuarial (gain) / loss	**(10.95)**	1.31
Past service cost	**0.85**	2.14
Effect of the limit in Para 59 (b)	**-**	(0.06)
Net cost	**3.81**	8.97

V. Investment details

% invested as at period

Nature of Investment	As at September 30, 2012	As at March 31, 2011
Insurance policies	**100%**	100%

VI. Actuarial assumptions

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
	Gratuity (funded)	Gratuity (funded)
Mortality Table (LIC)	**1994-96**	1994-96
Discount rate (per annum)	**8.50%**	8.35%
Expected rate of return on plan assets (per annum)	**7.50%**	7.50%
Rate of escalation in salary (per annum)	**7%**	10% for the first year and 7% thereafter

VII. Other disclosures

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Nine months ended March 31, 2008
Present value of plan liabilities	**24.39**	28.79	17.36	15.01	17.91
Fair value of plan assets	**21.56**	29.77	23.72	23.89	3.90
(Deficit) / Surplus of the plan	**(2.83)**	0.98	6.36	8.88	(14.01)
Experience adjustments on plan liabilities [loss / (gain)]	**(11.27)**	1.24	(4.73)	2.50	0.93
Experience adjustments on fair value of plan assets [(loss) / gain]	**(1.29)**	(0.33)	(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.

45. Considering the continuing substantial losses incurred by the Company, its net worth has been eroded. However, having regard to improved operational performance on account of stabilisation of new businesses in films and media services, financial support from its promoters, further restructuring exercise being implemented etc, the financial statements of the Company have been prepared on the basis of going concern and no adjustments are required to the carrying value of assets and liabilities.

46. The Company executed an indicative non-binding term sheet with a private equity fund to acquire a substantial minority stake through an investment of ₹ 6,050 in our Company's film and media services division. The investment is proposed to be made into the subsidiary of our Company, into which our film and media services division will be transferred. No definitive agreement has been executed in respect of the

(Currency: ₹ in Millions)

proposed transaction. Though exclusivity period as per non-binding term sheet has expired on October 15, 2012, the Company and fund are in the process of extending the exclusivity period.

47. The shareholders of the Company have approved on February 21, 2012 through postal ballot the resolution to sell or otherwise dispose of the Company's whole or part of undertakings pertaining to the Film & Media Services and Exhibition business on a going concern basis to its wholly owned subsidiaries at consideration not less than tax written down values as the board may decide and on such terms and conditions and in such manner as may be decided by the board and the wholly owned subsidiaries. Since necessary approval from lenders and other appropriate authorities are still awaited, the Company has not executed relevant agreements with its subsidiaries. The appropriate accounting treatment / disclosures will be given once the requisite approvals are obtained.

48. Exceptional items includes:

a. Provision of ₹ 692.19 made for advances given to a wholly owned subsidiary – Reliance MediaWorks (Mauritius) Limited, which suffered a loss on sale of its investments held in Exhibition operations in Malaysia.

b. Provision for amount recoverable from Digital Domain Productions Inc. (DDPI), a subsidiary of Digital Domain Media Group Inc. ('DDMG') for various services rendered. On September 11, 2011, DDMG along with all its subsidiaries filed for bankruptcy proceedings in the United States of America. The amount provided for outstanding balances is ₹ 30.53.

49. During the current period, the Company has dropped several properties under development / completed properties and has hence written off the carrying value of capital work-in-progress of ₹ 442.46 and deposits of ₹ 98.15 pertaining to these properties.

50. During the current period, the Company has sold its share holding in

a. A joint venture - Cineplex Private Limited effective June 3, 2011

b. Subsidiaries – Sri Ramakrishna Theatres Limited effective May 28, 2011, Rave Entertainment and Food Nepal Private Limited effective April 30, 2012, Reliance MediaWorks (Malaysia) Sdn. Bhd. effective September 21, 2012 and Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly known as Big Cinemas Lotus Five Star Sdn. Bhd.) effective September 21, 2012

51. Foreign Currency Convertible Bonds ('FCCB')

On January 25, 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 which were convertible at any time on or after March 7, 2006 and up to the close of the business on January 19, 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 ₹ 5 each ('Shares') at an initial conversion price (as defined in Terms and Conditions of the Bonds) of ₹ 543.42 per share with a fixed rate of exchange on conversion of ₹ 54.26=EUR 1.00. The Bonds were listed on the Singapore Exchange Securities Trading Limited ('SGX ST'). Of the above, bondholders holding bonds of value Euro 63.35 million opted for conversion in period ended March 31, 2008. During the year ended March 31, 2009, the Company demerged its radio division to Reliance Broadcast Network Limited. As per the terms of FCCB's issued, the conversion price of the bonds is subject to adjustment and the Company was awaiting a confirmation from the bondholders till the date of redemption. Unless previously redeemed, converted or purchased and cancelled, the bonds will mature on January 26, 2011 at 121.679 per cent of the principal amount.

During the financial period ended March 31, 2008, the Company classified the liability towards FCCB's 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. On January 25, 2011, the entire FCCB'S outstanding as at March 31, 2010, aggregating to Euro 20.65 million have been redeemed at ₹ 1,581.42 (including premium ₹ 308.54). Consequently on redemption, foreign exchange loss aggregating to ₹ 148.96 has been accounted in previous year.

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

The Company has assigned the derivative contracts pertaining to 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 ₹ Nil (2011: ₹ 192.14) was not recognised by the Company in its Statement of profit and loss. For the same reason, the Company has also not recognised a liability for these MTM losses and amounts receivable from the Assignee Company.

53. During the previous year, the Company has sold assets of book value ₹ 1,041.73 for ₹ 1,399.72 pertaining to the theatrical exhibition segment and leased them back subsequently. The profit on sale of these assets has been disclosed under the Note on other income.

54. Previous period's figures are for the year ended March 31, 2011 and are not strictly comparable with those of the current period (18 months) and have been re-grouped / re-arranged as necessary to conform to the present period's classification consequent to notification of Revised Schedule VI under Companies Act, 1956.

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of

Reliance MediaWorks Limited

1 We have audited the attached Consolidated Balance sheet of Reliance MediaWorks Limited ('the Company' or 'the Parent Company') and its subsidiaries, and joint ventures, as listed in Note 1.2 to the Consolidated financial statements (collectively referred to as 'the Group'), as at September 30, 2012 and also the Consolidated Statement of profit and loss and the Consolidated Cash flow statement for the eighteen month period 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 *We draw attention to Note 49 to the consolidated financial statements regarding recognition of Deferred Revenue Expenditure aggregating to ₹ 121.38 million pertaining to start-up and stabilization costs of the business, by Reliance MediaWorks Entertainment Services Limited (Formerly known as Digital Media Imaging Limited), a subsidiary of the Company. As opined by the auditor of the subsidiary, such recognition is not in accordance with Accounting Standard 26 – 'Intangible Assets.*

Had the Group recognised the above loss and such costs, the loss before tax and deficit in Statement of profit and loss as at period ended September 30, 2012 for the Group would be higher by ₹ 121.38 million.

4 The financial statements of a joint venture for the previous year ended March 31, 2011 have been audited by one of the joint auditors, B S R & Co. The consolidated financial statements included Group's share of total assets of ₹ 83.85 million, Group's share of total revenues of Rs 58.95 million and Group's share of net cash outflows aggregating ₹ 4.67 million for the previous 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 (other than a joint venture in 2011 as mentioned in paragraphs 4 above). The consolidated financial statements include Group's share of total assets of ₹ 5,814.32 million (2011: ₹ 7,029.34 million) as at September 30, 2012 and the Group's share of total revenues of ₹ 4,532.46 million (2011: ₹ 3,223.65 million) and net cash inflows aggregating ₹ 149.48 million (2011: net cash outflows ₹ 79.65 million) for the eighteen month period ended on that date, in respect of the aforementioned subsidiaries and joint ventures. 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 is based solely on the report of the other auditors.

6 Without qualifying our report, we draw attention to note 37 to the consolidated financial statements; the Group's net worth is fully eroded and has a negative net worth of ₹ 5,656.28 million, the Group has incurred a loss of ₹ 9,104.74 million for the eighteen month period April 1, 2011 to September 30, 2012, indicating the existence of uncertainty that may cast doubt about the Group's ability to continue as a going concern. Considering the matters set out in the said note, this consolidated financial statement is prepared on a going concern basis.

7 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, and AS 27 – Financial Reporting of Interest in Joint Ventures notified in the Companies (Accounting Standards) Rules, 2006.

8 Based on our audit as aforesaid, and on consideration of reports of other auditors as explained in paragraph 4 and 5 above, and to the best of our information and according to the explanations given to us, read with the matter stated in paragraph 6 above and *subject to the effect of adjustments, if any, on the loss for the eighteen month period and reserves as at September 30, 2012, that may arise from the matter stated in paragraph 3 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 September 30, 2012;

(b) in the case of the Consolidated Statement of profit and loss, of the loss of the Group for the eighteen month period then ended; and

(c) in the case of the Consolidated cash flow statement, of the cash flows of the Group for the eighteen month period then ended.

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

Bhavesh Dhupelia
Partner
Membership No: 042070

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

Parag D. Mehta
Partner
Membership No: 113904

Mumbai
November 3, 2012

Consolidated Balance Sheet as at September 30, 2012

(Currency: ₹ in Millions)

	Notes	As at September 30, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	**245.38**	230.63
(b) Reserves and surplus	3	**(5,901.66)**	197.19
		(5,656.28)	427.82
Minority interest		**106.53**	133.91
Non-current liabilities			
(a) Long-term borrowings	4	**7,566.84**	4,443.01
(b) Deferred tax liabilities (net)	5	**-**	104.61
(c) Other long-term liabilities	6	**363.90**	290.90
(d) Long-term provisions	7	**62.11**	77.47
		7,992.85	4,916.00
Current liabilities			
(a) Short-term borrowings	8	**10,677.11**	10,317.82
(b) Trade payables		**1,896.71**	1,293.55
(c) Other current liabilities	9	**3,726.01**	5,975.96
(d) Short-term provisions	10	**20.09**	21.60
		16,319.92	17,608.93
Total		**18,763.02**	23,086.66
ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		**8,936.71**	11,200.13
(ii) Intangible assets		**889.58**	880.42
(iii) Capital work-in-progress		**1,201.09**	1,502.99
(iv) Intangible assets under development		**28.59**	-
(b) Goodwill on consolidation	46	**528.46**	895.87
(c) Non-current investments	12	**55.33**	110.34
(d) Deferred tax assets (net)	5	**2.04**	0.26
(e) Long-term loans and advances	13	**2,364.25**	2,937.14
(f) Other non-current assets	14	**92.90**	177.65
		14,098.95	17,704.80
Current assets			
(a) Inventories	15	**141.77**	132.53
(b) Trade receivables	16	**1,867.30**	2,160.06
(c) Cash and bank balances	17	**1,119.87**	1,177.30
(d) Short-term loans and advances	18	**1,296.31**	1,320.21
(e) Other current assets	19	**238.82**	591.76
		4,664.07	5,381.86
Total		**18,763.02**	23,086.66
Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For B S R & Co.	**For Chaturvedi & Shah**	**For and on behalf of the Board**	
Chartered Accountants	Chartered Accountants		
Firms' Reg No. : 101248W	Firms' Reg No. : 101720W		
Bhavesh Dhupelia	**Parag D. Mehta**	**Gautam Doshi**	**Amit Khanna**
Partner	Partner	Director	Director
Membership No: 042070	Membership No: 113904		
			Ashish Agarwal
			Company Secretary and Manager

Mumbai
November 3, 2012

Consolidated Statement of profit and loss for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		Notes	For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
I.	**Revenue from operations**	20	**12,344.14**	7,920.74
II.	**Other income**	21	**204.55**	581.88
III.	**Total revenue (I+II)**		**12,548.69**	8,502.62
IV.	**Expenses**			
	Direct operational expenses	22	**4,930.42**	3,105.98
	Employee benefit expense	23	**3,171.23**	1,957.12
	Finance costs (net)	24	**3,975.14**	1,878.66
	Depreciation, amortisation and impairment expense	11	**2,133.55**	1,322.65
	Other expenses	25	**6,572.95**	3,434.85
	Total expenses		**20,783.29**	11,699.26
V.	**(Loss) before exceptional items and tax (III- IV)**		**(8,234.60)**	(3,196.64)
VI.	**Exceptional items (Refer note 40)**		**818.15**	-
VII.	**(Loss) before tax**		**(9,052.75)**	(3,196.64)
VIII.	**Tax expenses**			
	Current tax		**76.95**	11.53
	Deferred tax (credit) / charge		**(102.84)**	98.85
	Short / (excess) provision for earlier years		**4.64**	1.26
IX.	**(Loss) after tax and before minority interest**		**(9,031.50)**	(3,308.28)
X.	**Share of minority**		**73.24**	(19.67)
XI.	**(Loss) for the period / year**		**(9,104.74)**	(3,288.61)
	Basic earnings per share ₹		(197.50)	(71.41)
	Diluted earnings per share ₹ (refer note 33)		(197.50)	(71.41)
	Significant accounting policies	1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Consolidated Cash flow Statement for the period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
A.	**Cash flow from operating activities**		
	Net loss before tax as per statement of profit and loss	**(9,052.75)**	(3,196.64)
	Adjustment for:		
	Depreciation / amortisation / impairment	**2,133.55**	1,322.65
	Loss / (profit) on sale / discarding of fixed assets (net)	**66.98**	(269.48)
	Loss on disposal of subsidiaries	**272.29**	-
	Finance cost (net)	**3,975.14**	1,878.66
	Interest income	**(125.57)**	(86.84)
	Dividend income	**(0.04)**	(0.08)
	Bad debts / advances written-off	**101.04**	20.12
	Sundry balances written-off	**98.15**	-
	Capital work in progress written off	**442.46**	-
	Provision for doubtful debts / advances	**476.79**	166.63
	Deferred revenue expenditure written-off	**52.02**	0.25
	Deferred revenue expenditure recognised	**-**	(173.40)
	Gain on sale of current investments (net)	**(3.95)**	(42.36)
	Unrealised foreign exchange (gain)	**(230.48)**	(12.98)
		(1,794.37)	(393.47)
	Adjustment for:		
	(Increase) in trade receivables	**(208.34)**	(39.33)
	Decrease / (Increase) in other receivables	**280.62**	(892.92)
	(Increase) in inventories	**(17.85)**	(41.70)
	Increase in trade and other payable	**791.29**	334.52
	Cash used in operating activities	**(948.65)**	(1,032.90)
	Taxes paid (net of refunds)	**119.83**	118.67
	Net cash used in operating activities (A)	**(828.82)**	(914.23)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(872.17)**	(2,233.58)
	Proceeds from sale of fixed assets	**191.41**	1,399.97
	Amount paid for acquisition of subsidiaries	**-**	(9.08)
	Withdrawals from partnership firm	**3.33**	(1.58)
	Proceeds on sale of non-current investments	**857.97**	2.30
	Advance towards share application (Refer note 44)	**(681.12)**	-
	Profit on sale of current investment (net)	**3.95**	42.36
	Proceeds on disposal of non-current investments	**51.28**	798.40
	Dividend income	**0.04**	0.08
	Interest income	**136.83**	78.45
	Cash used in investing activities	**(308.49)**	77.32
	Taxes paid (net of refunds)	**(7.68)**	(2.58)
	Net cash used in investing activities (B)	**(316.17)**	74.74

Consolidated Cash flow Statement for the period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
C.	**Cash flow from financing activities**		
	(Repayment) / proceeds from short term borrowings (net)	**302.95**	(100.38)
	Repayment of Foreign currency convertible bonds	**-**	(1,581.45)
	Proceeds from long term borrowings	**6,830.85**	3,977.59
	Proceeds from issue of Preference Shares (Refer note 1 below)	**2,950.00**	-
	Repayment of long term borrowings	**(6,216.05)**	(1,708.33)
	Dividend (including dividend tax) paid	**(0.79)**	(0.91)
	Payment to minority	**(99.42)**	(22.86)
	Recoverable from Reliance Broadcast Network Limited	**-**	(144.86)
	Recovered from Reliance Broadcast Network Limited pursuant to demerger of Radio business	**996.14**	2,000.00
	Finance costs (net)	**(3,531.40)**	(1,877.35)
	Net cash flow from financing activities (C)	**1,232.29**	541.45
	Net increase / (decrease) in cash and cash equivalent (A+B+C)	**87.30**	(298.04)
	Cash and cash equivalents as at beginning of the period	**552.18**	848.21
	Cash and cash equivalents disposed on sale of subs/ JV's	**79.49**	-
	Exchange gain / loss on cash and cash equivalents at the beginning of the period	**9.92**	2.01
	Cash and cash equivalents as at end of the period (Refer note 17)	**569.90**	552.18
		87.30	(298.04)

Note 1:

1) Amounts have been apportioned from loans towards subscription of preference shares of the Company – ₹ 2,950

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

(Currency: ₹ 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 BSE 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 and related services.

1. Significant accounting policies

1.1. 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 audited financial statements of the subsidiaries, joint venture and associates used in the consolidation are for the same reporting period as the Company. These financial statements are audited by the auditors of the respective entities.

The consolidated 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 Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 (the 'Act') to the extent applicable. The consolidated financial statements are presented in Indian Rupees in millions except for per share data and where mentioned otherwise.

The Board of Directors in its meeting held on May 15, 2012, had extended the financial year of the Parent Company till September 30, 2012, which has been approved by the Registrar of Companies vide its approval dated June 28, 2012. Accordingly, the financial statements of the Group are drawn for eighteen month period ended September 30, 2012

During the eighteen month ended September 30, 2012 (effective April 1, 2011), the Revised Schedule VI notified under the Act has become applicable to the Company for preparation and presentation of its consolidated financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of consolidated financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Revised Schedule VI.

1.2. 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 recognised 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 unrealised 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.

- Current period, the Group has sold its investment in one of the joint venture namely Cineplex Private Limited;
- Current period, the Group has sold its investment in one of the subsidiary namely Sriramakrishna Theatres Limited;
- Current period, the Group has sold its investment in one of the subsidiary namely Rave Entertainment and Food Nepal Private Limited;
- Current period, the Group has incorporated two subsidiaries - Reliance Media Consultant Private Limited and Reliance MediaVentures Private Limited;
- Current period, the Group has sold its investment in its subsidiaries in Malaysia – Reliance MediaWorks (Malaysia) Sdn. Bhd and Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly known as Big Cinemas Lotus Five Star Sdn. Bhd.)
- Previous year, the Group has dissolved two LLC's in the United States of America namely Adlabs Heritage LLC, Adlabs Digital Media USA LLC.
- Previous year, the Group had purchased the balance 49% of the outstanding stake of Big Cinemas Galaxy LLC.

(Currency: ₹ in Millions)

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 summarised below:

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Interest in 2012	Ownership Interest in 2011
1	Reliance MediaWorks Theatres Limited (formerly known as Adlabs Distributors and Exhibitors Limited)	India	100%	100%
2	Reliance MediaWorks (UK) Limited	United Kingdom	100%	100%
3	Reliance MediaWorks (USA), Inc.	United States of America	100%	100%
4	Reliance MediaWorks (Netherlands) B.V.	The Netherlands	100%	100%
5	Reliance MediaWorks (Mauritius) Limited	Mauritius	100%	100%
6	Big Synergy Media Limited	India	51%	51%
7	Sri Ramakrishna Theatres Limited^	India	Nil	89.68%
8	Rave Entertainment and Food Nepal Private Limited^	Nepal	Nil	100%
9	Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited)	India	100%	100%
10	Reliance Media Consultant Private Limited	India	100%	NA
11	Reliance MediaVentures Private Limited	India	100%	NA

^Investment sold during the current period.

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

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership Interest in 2012	Ownership Interest in 2011
1	BIG Cinemas Entertainment LLC	United States of America	100%	100%
2	BIG Cinemas Entertainment (DE) LLC	United States of America	100%	100%
3	BIG Cinemas Laurel LLC	United States of America	100%	100%
4	BIG Cinemas Falls Church LLC	United States of America	100%	100%
5	BIG Cinemas Norwalk LLC	United States of America	100%	100%
6	BIG Cinemas Galaxy LLC	United States of America	100%	100%
7	BIG Cinemas Sahil LLC	United States of America	97%	97%
8	BIG Cinemas SAR LLC	United States of America	51%	51%
9	Phoenix BIG Cinemas Management LLC	United States of America	51%	51%
10	BIG Cinemas Phoenix LLC	United States of America	51%	51%
11	BIG Cinemas Exhibition LLC	United States of America	100%	100%
12	BIG Cinemas IMC LLC	United States of America	100%	100%
13	Big Pictures USA Inc.$	United States of America	100%	100%
14	Reliance Media and Marketing Communications LLC	United States of America	100%	100%
15	Reliance Lowry Digital Imaging Services Inc.*	United States of America	100%	100%
16	Reliance Media Works VFX Inc.	United States of America	100%	100%
17	Reliance MediaWorks (Malaysia) Sdn Bhd ^^	Malaysia	Nil	100%
18	Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly known as BIG Cinemas Lotus Five Star Sdn Bhd)^^	Malaysia	Nil	70%
19	Adlabs Heritage LLC#	United States of America	NA	NA
20	Adlabs Digital Media USA LLC#	United States of America	NA	NA

* - 90% of the outstanding shares are held by Reliance MediaWorks (USA) Inc.

These LLC's has been dissolved during the previous year

$ - This subsidiary does not have any transactions since the date of incorporation

^^ - Investment sold during the current period

(Currency: ₹ in Millions)

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

Sr. No	Name of the Joint Venture	Country of Incorporation	Ownership Interest in 2012	Ownership Interest in 2011
1	Swanston Multiplex Cinemas Private Limited	India	50%	50%
2	Divya Shakti Marketing Private Limited	India	50%	50%
3	Cineplex Private Limited^^^	India	Nil	50%

^^^Investment sold during the current period

1.3. 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, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of income and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements, which in its opinion are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4. Goodwill on consolidation

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 recognised 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.

1.5. 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 assets of subsidiaries and a joint venture, namely Reliance MediaWorks (USA) Inc. (including its subsidiaries), Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly know as Big Cinemas Lotus Five Star Sdn. Bhd.), Reliance MediaWorks (UK) Limited and Swanston Multiplex Cinemas Private Limited and theatrical exhibition segment in India wherein depreciation is provided at following rates:

Particulars of fixed assets	Rate of depreciation
Plant & machinery	7.07% to 20%
Office equipment	10%
Furniture & fixture	10% to 25%
Computers	20%
Vehicles	10%

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

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

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 ten 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.

(Currency: ₹ in Millions)

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.

1.6. 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 statement of profit and loss.

If at the balance sheet date there is an indicator that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

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.

1.7. 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.

1.8. 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. (and its subsidiaries), and Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly know as Big Cinemas Lotus Five Star 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.

1.9. 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 Group'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 period /year in which the employee renders the related service.

Gratuity Plan

The Group's gratuity benefit scheme is a defined benefit plan. The Group'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 years; 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.

(Currency: ₹ in Millions)

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 statement of profit and loss.

Other Long term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period / 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.

1.10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The amount recognised as revenue 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.

Revenue from gift cards is recognised on the basis of availing the facility by the customer. At the time of sale, the amounts received are recognised as deferred revenue.

Share of profit in partnership firm is recognised on the basis of audited financial statement of the Partnership firm.

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.

Management fee is recognised as revenue on a time proportion basis as per the relevant agreement.

Television / film production, distribution and related income

Television / film production and related income

Revenue from sale of content / motion picture 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 / motion picture, whichever is later. Program sales are accounted on the delivery of tape to the channel.

Income from film distribution activity

In case of distribution rights of motion picture / 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.

(Currency: ₹ in Millions)

Dividend income

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

Marketing rights

Amounts received in lieu of future marketing rights sale are recognised as income in the period of entering into the contract.

1.11. 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 period / year are recognised in the statement of profit and loss of the period / 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 statement of profit and loss 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 statement of profit and loss of the period / year. Any profit or loss arising on the cancellation and renewal of forward contract is recognised as income or expense for the period / year.

1.12. 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 period. Net exchange difference resulting from the above translation of the financial statements of integral foreign subsidiaries is recognised in the consolidated statement profit and loss. 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 period / 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.

1.13. 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 period / year. The number of shares used in computing diluted earning per share comprises the weighted average number of 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 period / year, unless issued at a later date.

1.14. 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 tax 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.

(Currency: ₹ in Millions)

1.15. 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 period / year of issue against the Securities premium reserve.

1.16. 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.

1.17. Leases

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

1.18. 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.

1.19. 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.

	As at September 30, 2012	As at March 31, 2011
2 Share capital		
Authorised		
480,000,000 (2011: 100,000,000) equity shares of ₹ 5/-each	**2,400.00**	500.00
20,000,000 (2011: Nil) preference shares of ₹ 5/-each	**100.00**	-
	2,500.00	500.00
Issued, subscribed and paid-up capital		
46,126,170 (2011: 46,126,170) equity shares of ₹ 5/- each, fully paid-up	**230.63**	230.63
2,950,000 (2011: Nil) 10 % redeemable non convertible non cumulative preference shares (Preference shares) of ₹ 5/- each, fully paid-up (Refer note 27)	**14.75**	-
(refer notes (a) to (g) below)	**245.38**	230.63

(a) Reconciliation of shares outstanding at the beginning and at the end of the period / year

Equity Shares	**As at September 30, 2012**		As at March 31, 2011	
	Number of Shares in millions	**₹ in Millions**	Number of Shares in millions	₹ in Millions
At the commencement of the period / year	**46.13**	**230.63**	46.13	230.63
Share issued during the period / year	**-**	**-**	-	-
At end of the period / year	**46.13**	**230.63**	46.13	230.63

Preference Shares	**As at September 30, 2012**		As at March 31, 2011	
	Number of Shares in millions	**₹ in Millions**	Number of Shares in millions	₹ in Millions
At the commencement of the period / year	**-**	**-**	-	-
Share issued during the period / year	**2.95**	**14.75**	-	-
At end of the period / yeaar	**2.95**	**14.75**	-	-

(b) Rights, preferences and restriction attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share. Each equity holder is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian Rupees. The dividend proposed, if any by the Board of the Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Currency: ₹ in Millions)

(c) Rights, preferences and restriction attached to Preference shares

Preference shares shall be redeemed at the end of 20 years from the date of allotment i.e. each Preference shares shall be redeemed at a premium calculated in a manner that gives the holder an yield of 10% p.a. (till date of redemption) on issue price of ₹ 1,000 (including premium of ₹ 995) after deduction of dividend, if any declared during the tenure. However, the premium on redemption will be paid only to the original subscribers or to the transferees if the transfers have been previously approved by the Company.

Further early redemption at the option of holder of Preference shares can be done, at issue price plus yield as mentioned above, at any time after the date of allotment by giving not less than two months advance notice to the Company. Early redemption at the option of Company at the applicable redemption price can be done, any time after the date of allotment by giving not less than 30 days notice to the Preference share holder.

(d) Names of shareholders holding more than 5% of equity share in the Company

	As at September 30, 2012		As at March 31, 2011	
	Number of Shares in millions	**% holding in the class**	Number of Shares in millions	% holding in the class
Reliance Land Private Limited	**20.60**	**44.66%**	20.60	44.66%
Reliance Capital Limited	**8.53**	**18.49%**	8.11	17.57%

(e) Names of shareholders holding more than 5% of Preference share in the Company

	As at September 30, 2012		As at March 31, 2011	
	Number of Shares in millions	**% holding in the class**	Number of Shares in millions	% holding in the class
Reliance Infocomm Engineering Private Limited	**1.20**	**40.68%**	-	N.A.
Reliance Utility Engineers Private Limited	**1.75**	**59.32%**	-	N.A.

(f) Pursuant to shareholder approval dated March 30, 2012, the authorised share capital of the Company was reclassified from 100 million equity shares of ₹ 5 each to 80 million equity shares of ₹ 5 each and 20 million preference shares of ₹ 5 each.

(g) Pursuant to shareholder approval dated July 13, 2012, the authorised share capital of the Company was increased from ₹ 500 to ₹ 2,500 divided into 480 million equity shares of ₹ 5 each and 20 million preference shares of ₹ 5 each.

		As at September 30, 2012	As at March 31, 2011
3	**Reserves and surplus**		
	Securities premium reserve		
	At the commencement of the period / year	**4,686.21**	4,723.51
	Less : Provision for premium on redemption of zero coupon foreign currency convertible bonds ('FCCB') (Refer note 46)	**-**	(37.30)
	Add : Premium on issuance of preference shares	**2,935.25**	-
	At the end of the period / year	**7,621.46**	4,686.21
	Capital redemption reserve		
	At the commencement of the period / year	**53.42**	43.64
	Transferred from statement of profit and loss	**63.61**	
	Transferred from general reserve	**2.97**	9.78
	At the end of the period / year	**120.00**	53.42
	Capital reserve - I		
	At the commencement and at the end of the period / year	**3.39**	3.39
	Capital reserve - II	**582.62**	582.62
	At the commencement and at the end of the period / year (created pursuant to provisions of the Scheme of Amalgamation during the year ended March 31, 2009)		
	Foreign currency translation reserve		
	At the commencement and at the end of the period / year	**(31.49)**	(42.87)
	Add: Foreign currency translation gain on translation of monetary investment in non-integral operations (net)	**96.95**	11.38
	At the end of the period / year	**65.46**	(31.49)
	General reserve		
	At the commencement of the period / year	**79.06**	88.84
	Transferred from statement of profit and loss	**15.10**	-
	Transferred to capital redemption reserve	**(2.97)**	(9.78)
	At the end of the period / year	**91.19**	79.06

(Currency: ₹ in Millions)

		As at September 30, 2012	As at March 31, 2011
	(Deficit) in Statement of profit and loss		
	At the commencement of the period / year	**(5,176.02)**	(1,881.96)
	Loss for the period, as per Statement of profit and loss	**(9,104.74)**	(3,288.61)
		(14,280.76)	(5,170.57)
	Dividend on preference shares of a Subsidiary	**(4.39)**	(4.66)
	Dividend tax on dividend paid on preference shares of a Subsidiary	**(0.71)**	(0.79)
	Dividend tax on dividend paid on equity shares of a Subsidiary	**(6.37)**	-
	Reduction of reserves on sale of Subsidiaries and Joint venture	**(14.84)**	-
	Transfer to Capital redemption reserve	**(63.61)**	-
	Transfer to General reserve	**(15.10)**	-
	At the end of the period / year	**(14,385.78)**	(5,176.02)
		(5,901.66)	197.19
4	**Long term borrowings**		
	(Refer note 28)		
	(a) Non convertible debentures (secured) (refer note 27, 28 (i) and (xvi))	**3,500.00**	-
	(b) Non convertible debentures (Unsecured) (refer note 27 and 28 (x))	**165.00**	
	(c) Term loans		
	- From banks (secured) (refer note 28 (ii), (iii), (iv), (v) and (vi))	**2,017.13**	3,613.16
	- From banks (unsecured) (refer note 28 (vii) and (viii))	**96.12**	750.00
	- Form others parties (secured) (refer note 28 (ix) and (xvi))	**1,750.00**	-
	(d) Other loans and advances		
	- Form others parties (secured) (refer note 28 (xii) and (xii))	**36.68**	10.04
	- Form others parties (unsecured) (refer note 28 (ix) and (xii))	**1.91**	69.81
		7,566.84	4,443.01
	Current maturities of long-term debts (refer note 9)		
	(a) Non convertible debentures (Unsecured) (refer note 27 and 28 (x))	**220.00**	-
	(b) Term loans		
	- From banks (secured) (refer note 28 (ii),(iii),(iv),(v),(vi) and (xii))	**2,248.34**	2,313.35
	- From banks (unsecured) (refer note 28 (viii) and (xii))	**-**	2,750.00
	(d) Other loans and advances		
	- Form others parties (secured) (refer note 28 (xii) and (xii))	**14.15**	-
		2,482.49	5,063.35
5	**(A) Deferred tax asset**		
	Arising on account of timing difference in:		
	Provision for leave encashment and gratuity	**25.48**	27.46
	Others *	**326.49**	3.92
	Unabsorbed depreciation allowance and carried forward business loss *	**189.51**	356.60
		541.48	387.98
	(B) Deferred tax liability		
	Arising on account of timing difference in:		
	Depreciation/ amortisation (net)	**501.93**	492.33
	Others	**37.51**	-
		539.44	492.33
	Net deferred tax asset	**2.04**	(104.35)
	* Restricted to the extent of deferred tax liability due to absence of virtual certainty		
	The net asset / (liability) has been shown as the Group does not have the option to set off the balances of individual Companies.		
	Deferred tax asset	**2.04**	0.26
	Deferred tax liability	**-**	(104.61)
	Net deferred tax asset / (liability)	**2.04**	(104.35)

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

			As at September 30, 2012	As at March 31, 2011
6	**Other long term liabilities**			
	Lease rent liability as per AS 19 - "Leases"		**350.22**	278.46
	Dues for capital expenditure		**-**	0.13
	Security deposit		**13.68**	12.31
			363.90	290.90
7	**Long-term provisions**			
	(a)	Provision for employee benefits		
		Leave encashment	**51.70**	72.80
		Gratuity	**10.41**	4.67
			62.11	77.47
8	**Short term borrowings**			
		(Refer note 29)		
	(a)	Term loans		
		- Term loan (unsecured) (refer note 29 (iv), (v) and (vi))	**-**	2,350.00
	(b)	Loans repayable on demand (secured)		
		From banks		
		- Cash Credit (refer note 29 (i), (ii) and (iii))	**145.12**	326.40
	(c)	From banks		
		- Buyers credit (secured) (refer note 29 (vii))	**397.45**	296.59
		- Buyers credit (unsecured) (refer note 29 (viii))	**-**	31.80
	(d)	Commercial papers (unsecured) (refer note 29 (xi))	**-**	5,784.24
	(e)	Inter-corporate deposit (unsecured) (refer note 29 (ix))	**10,134.54**	1,500.00
	(f)	Other loans and advances		
		From other parties (Secured)	**-**	10.04
		From other parties (Unsecured)	**-**	18.75
			10,677.11	10,317.82
9	**Other current liabilities**			
	(a)	Current maturities of long-term debts (refer note 4)	**2,482.49**	5,063.35
	(b)	Interest accrued and due on borrowings	**227.24**	2.88
	(c)	Interest accrued but not due on borrowings	**225.75**	6.37
	(d)	Unclaimed dividend	**1.05**	1.22
	(e)	Advance received from customers	**218.79**	245.33
	(f)	Dues for capital expenditure	**219.52**	333.46
	(g)	Temporary book overdraft	**92.49**	-
	(h)	Others*	**258.68**	323.35
			3,726.01	5,975.96
		*including payable related to employee, expense payable, lease rent and statutory dues.		
10	**Short-term provisions**			
	Tax on proposed dividend		**-**	0.79
	Gratuity (refer note 36)		**0.18**	0.09
	Leave encashment (refer note 36)		**19.91**	20.72
			20.09	21.60

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

11 Tangible and Intangible Asset

(Currency : ₹ in Millions)

Description	Gross Block						Accumulated Depreciation / Amortisation / Impairment						Net Block	
	As at April 1, 2011	Additions during the period / year	Deductions during the period / year	Exchange differences	Impact of sale of subsidiaries / Joint Venture	**As at September 30, 2012**	As at April 1, 2011#	Charge for the period / year	Depreciation on assets sold / discarded	**Exchange differences**	Impact of sale of subsidiaries / JV's	**As at September 30, 2012**	**As at September 30, 2012**	As at March 31, 2011
A. Tangible assets														
Leasehold land	865.67	-	-	-	-	**865.67**	1.85	-	-	-	-	**1.85**	**863.82**	863.82
Buildings:					-			-	-	-	-			
Leasehold	5,071.94	64.33	119.14	67.40	(9.58)	**5,074.95**	756.21	491.66	48.77	19.92	(1.05)	**1,217.97**	**3,856.98**	4,315.73
Freehold	304.90	0.05	-	-	(32.21)	**272.74**	95.34	51.75	-	-	(5.52)	**141.57**	**131.17**	209.56
Plant and machinery	6,000.11	202.78	226.67	55.02	(1,098.06)	**4,933.18**	1,655.41	963.56	**84.82**	23.89	(391.74)	**2,166.30**	**2,766.88**	4,344.70
Office Equipment	225.79	14.71	12.28	-	-	**228.22**	46.93	30.47	5.98	-	-	**71.42**	**156.80**	178.86
Furniture and fixtures	1,507.44	91.64	85.41	33.52	(58.89)	**1,488.30**	239.57	163.70	50.73	9.96	(20.90)	**341.60**	**1,146.70**	1,267.87
Vehicles	28.37	2.56	6.48	0.09	-	**24.54**	8.78	4.02	2.65	0.03	-	**10.18**	**14.36**	19.59
	14,004.22	**376.07**	**449.98**	**156.03**	**(1,198.74)**	**12,887.60**	**2,804.09**	**1,705.16**	**192.95**	**53.80**	**(419.21)**	**3,950.88**	**8,936.71**	**11,200.13**
Previous year	12,482.62	2,857.46	1,343.45	7.59	-	**14,004.22**	1,967.43	1,136.49	298.72	(1.11)		**2,804.09**		
B. Intangible assets														
Goodwill	473.11	-	-	54.54	-	**527.65**	148.84	80.24	-	23.91	-	**252.99**	**274.66**	324.27
Distribution rights	1,661.88	-	-	4.78	-	**1,666.66**	1,661.88	-	-	4.78	-	**1,666.66**	**-**	-
Negative rights	1,245.24	-	-	-	-	**1,245.24**	1,245.24	-	-	-	-	**1,245.24**	**-**	-
Computer software	390.19	255.46	4.12	4.24	-	**645.77**	81.64	159.51	-	19.74	-	**260.89**	**384.88**	308.55
Internally generated software	335.91	66.57	-	55.01	-	**457.49**	88.31	139.54	2.76	2.36	-	**227.45**	**230.04**	247.60
	4,106.33	**322.03**	**4.12**	**118.57**	**-**	**4,542.81**	**3,225.91**	**379.29**	**2.76**	**50.79**	**-**	**3,653.23**	**889.58**	880.42
Previous year	3,632.38	471.43	2.05	4.57	-	**4,106.33**	3,028.92	199.32	2.05	(0.28)		**3,225.91**		
Total	**18,110.53**	**698.12**	**454.10**	**274.60**	**(1,198.74)**	**17,430.41**	**6,030.00**	**2,084.45**	**195.71**	**104.59**	**(419.21)**	**7,604.12**	**9,826.29**	**12,080.53**
Previous year	16,115.00	3,328.89	1,345.50	12.16		18,110.55	4,996.35	1,335.81	300.77	(1.39)		6,030.00		
Capital work-in-progress													**1,201.09**	1,502.99
Intangible assets under development													**28.59**	-

- Includes opening provision for impairment - ₹ 55.17

Notes

1) Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.

2) Gross block of leasehold land and building includes revalued amount of leasehold land having deemed ownership of ₹ 821.63 and building of ₹ 967.37 pursuant to scheme of arrangement carried out in the year ended March 31, 2009.

3) Additions to fixed assets / CWIP include the following expenses capitalized

Particulars	**Eighteen months period ended September 30, 2012**	Year ended March 31, 2011
Depreciation	**0.16**	13.16
Finance cost	**55.19**	97.63
Professional fees	**2.02**	17.16
Employee benefit expense	**112.16**	302.25
Rent	**26.83**	90.62
Other operating expenses	**32.51**	69.40
Trial period income, netted from fixed assets capitalised	**(0.05)**	(2.00)
	228.83	588.22

4) Also refer note 46

(Currency: ₹ in Millions)

			As at September 30, 2012		As at March 31, 2011
12	**Non-current investments**				
	(valued at cost unless stated)				
	(a) Investment in equity instruments (non -trade, unquoted at cost)				
	Others				
	(i) Manipal Industries Limited		-		*
	Nil (2011: 60) shares of ₹ 10 each (₹ 600/-)*				
	(ii) Efficient Management Services Private Limited		-		*
	Nil (2011: 200) shares of ₹ 10 each (₹ 2,040/-)*				
	* - Indicates a value of less than ₹ 0.005		-		-
	(b) Investment in Government (trade, unquoted as cost)				
	Government securities				
	National savings certificates		**3.03**		3.43
	(Pledged with State government authorities)				
			3.03		3.43
	(c) Investment in Partnership firm (Unquoted)				
	(i) Gold Adlabs		**50.70**		54.03
	(ii) HPE / Adlabs LP (Investment in limited partnership)	**199.93**		199.93	
	Less: Provision for diminution in value of long term investments	**(199.93)**	-	(199.93)	-
			50.70		54.03
	(d) Investment in mutual funds (Unquoted)	**Number of units**		Number of units	
	Birla Sunlife ST Fund Growth [Net asset value: NA (2011: ₹ 1.68)]	-	-	94,772	1.32
	LIC Liquid Plus Mutual Fund [Net asset value: NA (2011: ₹ 12.54)]	-	-	9,55,475	10.00
	Reliance Liquid Plus - IP - Growth [Net asset value: NA (2011: ₹ 32.57)]	-	-	24,270	25.90
	Osian Art Fund Contemporary [Net asset value: ₹ 1.92 (2011: ₹ 2.41)]	**16,000**	**1.60**	20,000	2.00
	Templeton India STPI Growth [Net asset value: NA (2011: ₹ 17.22)]	-	-	8,813	12.62
	IDBI Liquid Plan - Daily Dividend Reinvestment Option NA (Net Assets Value: (2011: ₹ 1.04)	-	-	1,042	1.04
	Total		**55.33**		110.34
	(a) Aggregate value of unquoted investments		**255.26**		310.27
	Aggregate provision for diminution in value of investments		**199.93**		199.93
	(b) Details of Investment in partnership firm				
	Investment in HPE / Adlabs LP				
	Name of the partner and share in profits (%)				
	Reliance MediaWorks Limited		**50.00%**		50.00%
	Hyde Park Entertainment Inc		**50.00%**		50.00%
	Total capital of the firm		**437.74**		460.78
	Investment in Gold Adlabs				
	Name of the partner and share in profits (%) and capial of firm				
	Reliance MediaWorks Limited		**55.00%**		55.00%
	Goldfield Habitat Private Limited		**45.00%**		45.00%
	Total capital of the firm		**73.79**		84.53

(Currency: ₹ in Millions)

			As at September 30, 2012	As at March 31, 2011
13	**Long-term loans and advances**			
	- Unsecured, considered good			
	(a)	Capital advances	**90.52**	171.29
	(b)	Security deposits	**1,387.81**	1,778.88
	(c)	Loans to others	**27.19**	20.62
	(d)	Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of ₹ 129.24 (2011 ₹ 59.45))	**207.20**	372.85
	(e)	Advance towards investment (refer note 27)	**500.00**	500.00
	(f)	Others*	**151.53**	93.50
		*Prepaid expenses and entertainment tax paid under protest	**2,364.25**	2,937.14
	- Unsecured, considered doubtful			
	Security deposits		**24.05**	-
	Provision for doubtful advances, deposits and others		**(24.05)**	-
			-	**-**
			2,364.25	**2,937.14**
14	**Other non-current assets**			
	Deferred revenue expenditures (refer note 49)		**86.70**	138.72
	Gratuity		**-**	0.99
	Interest accrued but not due		**2.22**	4.90
	Balance with bank - fixed deposit		**3.14**	9.90
	Balance with bank - Margin money deposit*		**0.84**	23.15
	*Margin money deposits are under bank lien for guarantees given by the Company		**92.90**	177.66
15	**Inventories**			
	(valued at lower cost and net realisable value) (refer note 1.6)			
	Stores and spares		**42.58**	48.24
	Chemical stock		**3.65**	2.07
	Food and beverages		**34.61**	43.30
	Negative film rolls		**4.55**	5.24
	Content		**56.38**	33.49
	Stock of DVD's		**-**	0.19
			141.77	132.53
16	**Trade receivable**			
	- Unsecured, considered good			
	Debts outstanding for a period exceeding six months from the date they are due for payments		**1,316.27**	1,458.74
	Other debts		**551.03**	701.32
			1,867.30	2,160.06
	- Unsecured, considered doubtful			
	Debts outstanding for a period exceeding six months from the date they are due for payments		**242.20**	72.46
	Others debts		**238.67**	**-**
			480.87	72.46
	Provision for doubtful debts		**(480.87)**	(72.46)
			-	-
			1,867.30	2,160.06

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		As at September 30, 2012	As at March 31, 2011
17	**Cash and bank balances**		
	Cash and cash equivalents		
	Balances with banks		
	- in current accounts	**475.54**	500.38
	- in fixed deposit account with original maturity less than three months*	**36.03**	28.36
	Cash on hand	**58.33**	23.44
		569.90	552.18
	Other bank balances		
	- Dividend account	**1.05**	1.22
	- in fixed deposit account maturing with in a year	**61.08**	69.71
	- in margin money deposit maturing with in a year*	**487.84**	554.19
		549.97	625.12
	*Margin money deposits are under bank lien for guarantees given by the Company	**1,119.87**	1,177.30
18	**Short-term loans and advances**		
	- Unsecured and considered good		
	Amount due from Reliance Broadcast Networks Limited pursuant to demerger	**-**	609.50
	Loans to others	**87.96**	150.79
	Deposits	**18.55**	0.19
	Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of ₹ 3.74 (2011: ₹ 20.23))	**32.70**	68.90
	Advance towards share application (Refer note 44)	**681.12**	-
	Others*	**475.98**	490.83
		1,296.31	1,320.20
	- Unsecured, considered doubtful		
	Loans to others	**39.35**	-
	Others*	**108.15**	97.95
	Provision for doubtful advances	**(147.50)**	(97.95)
		-	-
	*includes service tax input credit, value added tax input credit, prepaid expenses, employee advance, advances to vendors etc.	**1,296.31**	1,320.20
19	**Other current assets**		
	Unbilled revenue	**153.14**	146.19
	Interest accrued and due from Reliance Broadcast Network Limited	**6.38**	393.02
	Interest accrued but not due	**9.29**	17.87
	Deferred revenue expenditure (refer note 49)	**34.68**	34.68
	Recoverable for sale of investments	**33.83**	-
	Assets held on sale	**1.50**	-
		232.82	591.76

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

			For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
20	**Revenue from operation**			
	(a)	**Theatrical exhibition**		
		Sale of tickets	**6,803.05**	3,900.95
		Less: Entertainment tax	**1,088.55**	509.89
			5,714.50	3,391.06
		Advertisements / sponsorship revenue	**349.84**	368.42
		Facilities provided at multiplex	**234.52**	105.47
		Food and beverages	**1,939.64**	1,071.67
		Others	**387.97**	201.17
			8,626.47	5,137.79
	(b)	**Film production services**		
		Processing / printing of films	**2,290.53**	1,879.40
		Equipment / facility rental income	**366.53**	208.46
		Trading income	**130.43**	192.63
		Others	**15.09**	4.43
			2,802.58	2,284.92
	(c)	**Film/content production, distribution and related services**	**915.09**	498.03
			12,344.14	7,920.74
	(a)	**Details of revenue from operation**		
		Sale of services	**3,022.29**	2,421.29
		Sale of products	**2,304.29**	1,409.19
		Sale of ticket	**5,714.50**	3,391.06
		Others	**1,303.06**	699.20
21	**Other income**			
	Dividend income from:			
	- Current investments		**0.04**	0.08
	Interest income from:			
	- Banks		**73.34**	36.49
	- Loans, advances and others		**52.23**	50.35
	Gain on sale of non-current investments (net)		**56.33**	-
	Gain on sale of current investments		**3.95**	42.36
	Profit on sale of assets / discarding of assets (net) (refer note 48)		**-**	269.48
	Foreign exchange gain (net)			-
	Bad debts recovered / provisions written back		**8.56**	171.18
	Miscellaneous income		**10.10**	11.94
			204.55	581.88
22	**Direct operational expenses**			
	Distributors share		**2,662.59**	1,602.72
	Electricity, power and water charges		**884.74**	514.09
	Cost of food and beverage sold		**611.01**	338.24
	Chemical consumed		**52.45**	37.66
	Cost of raw films sold		**113.36**	166.71
	Processing charges		**40.92**	33.21
	Print, publicity expenses and producers overflow		**16.37**	25.33
	Show tax, INR charges etc		**31.39**	21.91
	Other direct expenses		**18.04**	47.59
	Cost of production for television content		**499.55**	318.52
			4,930.42	3,105.98

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

		For the eighteen month period ended September 30, 2012	For the year ended March 31, 2011
23	**Employee benefits expense**		
	Salaries and wages	**2,901.16**	1,717.22
	Contribution to provident and other funds	**179.37**	118.18
	Leave encashment	**37.39**	78.13
	Staff welfare expenses	**53.31**	43.59
		3,171.23	1,957.12
24	**Finance cost (net)**		
	On term loans and debentures	**1,859.47**	1,212.54
	On other loans	**1,584.89**	440.58
		3,444.36	1,653.12
	Less: Interest recovered from Reliance Broadcast Networks Limited	**(164.19)**	(144.86)
	Less: Interest capitalised	**(55.19)**	(99.53)
		3,224.98	1,408.73
	Finance charges	**153.30**	103.93
	Loss on derivative contracts (net)	**596.68**	216.69
	Foreign exchange gain / loss on borrowings (net)	**0.18**	149.31
		3,975.14	1,878.66
25	**Other expenses**		
	Advertisement	**218.21**	238.72
	Bank charges	**90.96**	50.46
	Rent	**3,045.51**	1,693.75
	Rates and taxes	**354.47**	100.86
	Commission and brokerage	**15.33**	2.75
	Travelling and conveyance	**118.37**	93.76
	Labour charges	**332.89**	194.99
	Insurance	**62.42**	36.64
	Legal and professional fees	**398.76**	206.87
	Loss on sale of assets / discarding of assets (net)	**66.98**	-
	Capital work-in-progress written-off (Refer note 42)	**442.46**	-
	Sundry balances written-off (Refer note 42)	**98.15**	-
	Printing and communication	**145.39**	106.29
	Provision for doubtful debts / advances / deposits (net)	**199.31**	
	Bad debts / advance written-off	**101.04**	186.75
	Facility maintenance charges	**273.09**	160.82
	Repairs and maintenance		
	- Building	**23.19**	22.78
	- Machinery	**239.45**	150.34
	- Others	**87.05**	48.54
	Foreign exchange loss on receivables and paybles (net)	**34.90**	1.75
	Deferred revenue expenditure written-off	**52.02**	-
	Miscellaneous expenses	**173.00**	138.78
		6,572.95	3,434.85

(Currency: ₹ in Millions)

26. Contingent liabilities

On account of	As at September 30, 2012	As at March 31, 2011
Contingent liabilities of the Parent Company		
Central excise		
Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal	**255.59**	191.84
Value added tax		
Disputed value added tax demand pending for various states	**3.84**	-
Service Tax		
Disputed Service Tax demand pending with the Central Excise and Service Tax Appellate Tribunal	**20.49**	-
Income Tax		
Disputed liability in respect tax deduction at source, matter is pending with Commissioner of Income tax	**101.71**	101.71
Disputed tax liability in respect of assessment year 2008-09 for Rave Entertainment Private Limited ('REPL'), REPL was wholly owned subsidiary of the Company and merged with it with effect from April 1, 2008. Department's appeal against order of Commissioner of Income Tax (Appeals) is pending with Income Tax Appellant Tribunal (ITAT). Previous year the same was pending with Commissioner of Income Tax (Appeals).	**140.12**	140.12
Further Company has received demand in respect of REPL matter for assessment year 2009-10, appeal is pending with Commissioner of Income tax (Appeals).	**178.72**	-
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	**30.07**	21.94
In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant act	**50.96**	55.88
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	**-**	11.32
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	**1,284.50**	1,112.52
The Company has engaged the services of a Contractor for the purpose of deploying personnel at its cinemas. During the tenure of the contract, the Company has paid the Contractor, amounts payable towards employers contribution to provident fund (PF) amounting to ₹ 29.42 on a regular basis. The Company has learnt that the Contractor has failed to deposit appropriate amounts for employee and employer contibution amounting to approximately ₹ 58.84 with the PF authorities and the Company apprehends that some portion of the aforesaid amount which was supposed to be deposited in the individual accounts of the Personnel by the Contractor may have actually been mis-appropriated by the Contractor. The Company has filed a criminal complaint against the Contractor and the matter is currently under investigation. The Company has not received any claims in this regard.	**-**	-
Claims against Company not acknowledged as debts	**785.98**	19.86
Guarantees		
Guarantees given to bank and others for loans / credit facilities given to others	**18.30**	-
Contingent liabilities of Subsidiary companies		
Disputed income tax liability wherein the subsidiary has filed an appeal before the first appellate authority	**-**	0.75
Octroi / Cess Tax		
Disputed Cess Tax Demand pending with Deputy Commissioner, Navi Mumbai Municipal Corporation-Cess Department. The Company believes, being an SEZ unit it is fully exempt from payment of Octroi/Cess Tax as per Maharashtra IT-ITEs policy, 2009. The amount of ₹ 9.66 deposited, as Tax demand, for the purpose of admission of Appeal is reflected as Short Term Loans and Advances.	**53.69**	-
Claims against a subsidiary not acknowledged as debts	**-**	11.20

(Currency: ₹ in Millions)

On account of	As at September 30, 2012	As at March 31, 2011
A subsidiary of the Company has received an adverse judgement with regard to a cancelled lease. The Subsidiary has filed an appeal in a higher court.		
During the current provided, the Company has provided for the judgement (Refer note 40)	-	221.10
Share of Contingent liabilities of Joint ventures ('JV')		
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	**9.69**	9.69*
As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from June 1, 2007. Based on a legal opinion obtained by the management joint venture has reversed the unpaid service tax liability.	-	1.64
Disputed VAT liability of a Joint Venture	-	0.18
Claims against a Joint Venture not acknowledged as debts	**0.11**	0.11

* – Amount is not quantifiable in case of a Joint venture

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.

With effect from the May 1, 2011 the Maharashtra Value Added Tax Act, 2002 was amended to exempt tax on Copyrights for distribution and exhibition of cinematographic films in theatres and cinema halls.

Note:

a) 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.

b) The amounts are excluding penalty and interest if any that would be levied at the time of final conclusion.

27. Commitments

Particulars	As at September 30, 2012	As at March 31, 2011
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for fixed assets)	**480.30**	526.99
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for investments)	**120.00**	120.00
Total	**600.30**	646.99

Other commitments

- In view of the loss during the current period, the Company has not created Debenture Redemption Reserve in terms of Section 117 (C) of the Companies Act, 1956. The Company shall create such reserve out of profit, if any in future years.
- Preference shares shall be redeemed at the end of 20 years from the date of allotment. Each Preference shares shall be redeemed at a premium calculated in a manner that gives the holder an yield of 10% p.a. (till date of redemption) on issue price of ₹ 1,000 (including premium of ₹ 995) after deduction of dividend, if declared during the tenure. However, the premium on redemption will be paid only to the original subscribers or to the transferees if the transfers have been previously approved by the Company. Yield on preference shares of ₹ 148.71 for the current period will be paid as premium at the time of redemption.

28. Terms for Long term borrowings

i. Parent company has issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 (2011: ₹ Nil) having face value of ₹ 1 each on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. 7 May 2012. The Debentures are secured by first pari passu charge on the all assets of the Parent company and its Indian subsidiaries, along with corporate guarantee by a Promoter and are repayable in three installments at March 1, 2014 (₹ 1,000), March 1, 2015 (₹ 1,250) and March 1, 2016 (₹ 1,250).

ii. Term loan amounting to ₹ 1,333.34 (2011: ₹ 2,666.66) is taken from a consortium of banks during the period 2007-08. The loan was taken by the Company for the period of five years from the date of disbursement and repayable in three equal annual installments of ₹ 1,333.33 commencing from the date of falling 36 Months after date of disbursement. The loan is secured by first pari passu charge on the fixed assets of the Parent company.

(Currency: ₹ in Millions)

iii. Term loan amounting to ₹ 1,031.25 (2011: ₹ 1,500) is taken from a bank during the year 2010-11 The loan is taken by the Parent company for a period of five years from the date of disbursement and repayable in sixteen equal installments of ₹ 93.75 commencing from the date falling 12 Months after date of drawl. The loan is secured by first pari passu charge on the fixed assets of the Company.

iv. Term loan amounting to ₹ Nil (2011: ₹ 625) taken from a bank during the year 2009-10. The loan was taken by the Company for a period of 33 months from the date of disbursement and is repayable in eight quarterly equal installments of ₹ 125 commencing from the date falling 9 months after the date of drawl. The loan is secured by first pari passu charge on the current assets of Company i.e. goods, stocks, raw material, finished goods, unfinished goods, sundry debtors and loans and advances.

v. Term loan amounting to ₹ 480 (2011: ₹ 600) taken from a bank during the year 2009-10. The loan was taken by the Company for the period of sixty one months from the date of disbursement and is repayable in quarterly installments of ₹ 40, commencing from the date 31 March 2012. The loan is secured by first pari passu charge on the fixed assets of the Company.

vi. Term loan amounting to ₹ 1,000 (2011: Nil) taken from a bank during the year 2011-12. The loan was taken by the Company for a period of three years from the date of disbursement and repayable in four quarterly equal installments of ₹ 250 commencing after two years from drawl. The loan is secured by first pari passu charge on the fixed assets of the Company.

vii. Unsecured term loan amounting to ₹ Nil (2011: ₹ 2,000) taken from a bank during the previous year. The loan taken by Parent Company is repayable after eighteen months from date of drawl. Loan was repayable in two installments of ₹ 1,250 and ₹ 750.

viii. Unsecured Term loan amounting to ₹ Nil (2011: ₹ 1,500) taken from a bank during previous year. The loan taken by Parent Company is repayable at the end of 12 months from the date of drawl and is guaranteed by a Promoter.

ix. Secured Term loan amounting to ₹ 1,750 (2011: ₹ Nil) taken from a non-banking financial company, is repayable in six equal instalments starting the 13th month from the date of disbursement, is secured by second charge on all fixed assets and current assets of the Company.

x. Company has issued 12.50% 440 unsecured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 385 (2011: Nil) having face value of ₹ 1 each (one million) on a private placement basis in lieu of conversion of amounts outstanding for loss on derivative contracts. The debentures are repayable in eight equal quarterly instalments of ₹ 55 each commencing from the date of allotment. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. July 26, 2012.

xi. Term loan amounting to ₹ 2,908.79 (2011: ₹ 534.84) is taken from a bank during the year 2009-10. The loan is taken for the period of 6 years from the date of disbursement and repayable in 18 unequal quarterly installments ranging from ₹ 30.00 – ₹ 40.00, commencing December 2010. The loan is secured by first pari passu charge on the fixed assets, inventories, book debts and loans and advances of the Subsidiary.

xii. Loan from other party of ₹ 30.59 (2011: ₹ Nil) for purchase of fixed assets. The loan is repayable in 40 prorated monthly installments. This loan is secured by the hypothecation of fixed assets purchased.

xiii. Loan from other party of ₹ 6.09 (2011: ₹ 10.04) for purchase of fixed asset. The loan is repayable in 12 quarterly various installments ranging from ₹ 0.78 – 0.96. This loan is secured by the hypothecation of fixed assets purchased.

xiv. Loan from other party of ₹ 1.91 (2011: ₹ 69.81) is borrowed by Subsidiary / joint venture from minority shareholders / venturers.

xv. Interest rate on secured loans are ranging from 11.00 % to 14.75 %, interest rate on unsecured loan are ranging from 11.50 % to 14.75 %.

xvi. The above amount includes:

		As at September 30, 2012	As at March 31, 2011
a.	Secured borrowings	**9,566.30**	7,426.51
b.	Unsecured borrowings	**483.03**	2,079.85

xvii. Debts guaranteed by a Promoter is ₹ 3,500 (2011 : ₹ 1,500)

29. Terms of Short term borrowings

i. Term loan amounting to ₹ 750.00 (2011: Nil) taken from a bank during the current period. Loan is repayable within three to six months from the date of disbursement. The loan is secured by first pari passu charge on the fixed assets and current assets of Parent Company.

ii. Cash credit of ₹ 56.91 (2011: ₹ 54.05) is secured by pari passu first charge on the inventories and book debts of Parent company, repayable on demand.

(Currency: ₹ in Millions)

iii. Cash credit of ₹ 160.33 (2011: ₹ 195.95) is secured by pari passu first charge on all the current assets and pari passu second charge on moveable fixed assets of Parent Company, repayable on demand.

iv. Cash credit of ₹ 95.70 (2011: ₹ 76.40) is secured by first pari passu charge on the fixed assets, inventories, book debts and loans and advances of the Subsidiary. It is repayable on demand.

v. Unsecured Term loan amounting to ₹ 1,500.00 (2011: Nil) taken from a bank is repayable after three months from the date of drawl and is guaranteed by a Corporate.

vi. Unsecured Term loan amounting to ₹ Nil (2011: ₹ 350.00) taken from a bank during the previous year, for the period of three to six months from the date of disbursement and repayable at end of the tenure.

vii. Unsecured Term loan amounting to ₹ Nil (2011: ₹ 1,000.00) taken from a bank during the previous year, for the period of eleven months from the date of disbursement and repayable at end of the tenure.

viii. Unsecured Term loan amounting to ₹ Nil (2011: ₹ 1,000.00) taken from a bank during the previous year, for the period of three to six months from the date of disbursement and repayable at end of the tenure.

ix. Buyers credit of ₹ 355.55 (2011: ₹ 296.60) is secured by pari passu second charge on movable fixed assets and current assets of Parent company , repayable within a year from the date of drawl.

x. Buyers credit of ₹ 36.48 (2011: ₹ Nil) is secured by pari passu first charge on all fixed assets and current assets of the Company and is repayable within a year from the date of drawl.

xi. Working Capital Facility of ₹ 94.81 (2011: Nil) is drawn during the year. The loan is secured by collateral security in the form of standby letter of credit in favour of lender, issued by Parent Company. The rate of interest range from 6% - 6.25%. The tenor of the said facility is 11 months from the date of standby letter of credit.

xii. Buyers credit of ₹ Nil (2011: ₹ 31.80) repayable within a year from the date of drawl.

xiii. Unsecured inter corporate deposit of ₹ 2,705.00 (₹ 1,524.50) taken from corporate are at interest rate ranging from 12.00% to 13% per annum and repayable in six months to one year from the date of drawl of loan.

xiv. Inter corporate deposit taken from corporate are at interest rate ranging from 12.00% to 13.00% per annum and repayable in six months to one year from the date of drawl of loan.

xv. Rate of interest on Commercial papers ₹ Nil (₹ 5,784.24) ranges from 11.15% to 12.00% per annum. Commercial papers are repayable within one year from the date of issuance and are guaranteed by a Promoter.

xvi. Interest rates on secured loans are ranging from 12.25 % to 14.25 % and on unsecured loan are ranging from 9.00 % to 14.40 %.

xvii. Interest rate on Secured Buyers credit are ranging from 3.99% p.a. to 11.18%.

xviii. The above amount includes:

		As at September 30, 2012	As at March 31, 2011
a.	Secured borrowings	**1,549.78**	623.00
b.	Unsecured borrowings	**4,205.00**	9,666.04

xix. Debts guaranteed by a Promoter is ₹ 1,500.00 (2011 : 5,784.24)

30. Lease disclosure under AS 19 – 'Leases'

The Group is obligated under non-cancellable leases primarily for theatre and office premises and equipments 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	
	As at September 30 ,2012	As at March 31, 2011
For the Parent Company / Subsidiaries companies		
Amounts due within one year from the Balance sheet date	**1,584.69**	1,431.21
Amounts due in the period between one year and five years	**5,017.04**	6,164.31
Amount due after five years	**6,736.36**	8,479.56
	13,338.09	16,075.08
For Joint Ventures (Group's share)		
Amounts due within one year from the Balance sheet date	**-**	19.30
Amounts due in the period between one year and five years	**-**	17.69
	-	36.99

Amount payable within lock-in-period is ₹ 7,992.71 (2011: ₹ 10,212.58).

Amount debited to statement of profit and loss for lease rental is ₹ 3,045.51 (2011: ₹ 1,693.75) (excluding amount capitalized or deferred ₹ 26.83 (2011: ₹ 108.33)).

(Currency: ₹ in Millions)

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

	Film Production Services		Theatrical Exhibition		Television/ Film Production and Distribution		Total	
	CP	PY	CP	PY	CP	PY	CP	PY
Revenue								
Operating revenue	2,863.84	2,472.69	8,627.50	5,142.46	915.09	533.40	12,406.43	8,148.55
Other income	-	41.63	4.15	330.04	4.41	69.02	8.56	440.69
Net revenue	2,863.84	2,514.32	8,631.65	5,472.50	919.50	602.42	12,414.99	8,589.24
Internal segment sales	(83.55)	(187.77)	(0.90)	(4.67)	-	(35.37)	(84.45)	(227.81)
Total Segment revenue	2,780.29	2,326.55	8,630.75	5,467.83	919.50	567.05	12,330.54	8,361.43
Unallocated revenue							218.15	141.19
Total revenue							12,548.69	8,502.62
Segment Result (profit / (loss) before interest, finance charges and corporate expenses)								
Segment Results	(1,383.31)	125.64	(3,038.08)	(1,039.86)	196.58	115.00	(4,224.82)	(799.22)
Unallocated corporate income							218.15	141.19
Unallocated corporate expenses							(1,070.94)	659.95
(Loss) before interest and finance charges and tax							(5,077.61)	(1,317.98)
Interest and finance charges (net)							(3,975.14)	(1,878.66)
Income tax (including deferred tax)							(21.25)	111.64
Minority interest allocation							73.24	(19.67)
(Loss) for the period							(9,104.74)	(3,288.61)
Other Information								
Segment assets	7,241.33	7,693.75	8,433.78	10,847.81	1,369.68	1,053.80	17,044.79	19,595.36
Unallocated corporate assets							1,718.23	3,491.29
Total assets							18,763.02	23,086.65
Segment liabilities	548.43	526.88	2,131.07	1,577.24	307.23	241.77	2,986.73	2,345.69
Unallocated corporate liabilities							21,432.58	20,313.15
Total liabilities							24,419.31	22,658.84
Capital Expenditure	378.65	1,646.42	248.86	586.01	2.31	1.92	629.82	2,234.35
Unallocated corporate expenditure							5.19	5.87
Total capital expenditure							635.01	2,240.22
Depreciation and amortisation and impairment	934.68	487.00	1,173.20	824.18	3.86	4.90	2,111.74	1,316.08
Unallocated depreciation and amortisation							21.81	6.57
Total depreciation and amortisation							2,133.55	1,322.65

Geographical Segment Disclosure

	India		Americas		Malaysia		Others		Total	
	CP	PY	CP	PY	CP	PY	CP	PY	CP	PY
Segment Revenue	8,952.66	6,028.06	2,063.64	1,623.41	942.72	561.57	371.52	148.66	12,330.54	8,361.43
Segment Assets	16,229.22	20,295.87	1,923.91	1,409.38	-	1,032.36	609.89	349.05	18,763.01	23,086.65
Capital Expenditure	448.58	1,894.17	72.04	232.56	40.59	61.75	73.79	51.74	635.01	2,240.22

CP – Eighteen month period ended September 30, 2012

PY – Year ended March 31, 2011

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 organisation structure and internal reporting system. Film production services operation primarily comprise of

(Currency: ₹ in Millions)

processing of raw exposed films, colour correction, editing, digital processing, equipment / facility 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 centres including catering food and beverages. Television / film production and distribution comprises of production of television / film content which is produced / coproduced by the Group and 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 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.

Pursuant to the business restructuring exercise of Film production services, w.e.f October 1, 2011, animation business is no longer considered to be a part of this segment.

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

Parties where control exists

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

- Kirti Desai – Manager appointed under section 269 of the Companies Act, 1956. (up to May 15, 2011)
- Madhulika Singh – Manager appointed under section 269 of the Companies Act, 1956 (with effect from May 28, 2011 to June 30, 2011)
- Ashish Agarwal – Manager appointed under section 269 of the Companies Act, 1956 (with effect from July 1, 2011)

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

- Gold Adlabs
- HPE / Adlabs LP

(c) Joint Ventures

- Divya Shakti Marketing Private Limited
- Cineplex Private Limited (Upto June 3, 2011)
- Swanston Multiplex Cinemas Private Limited

Transactions	**Key Managerial Personnel**		**Enterprises over which Company has significant influence / Associates**	
	CP	**PY**	**CP**	**PY**
Managerial remuneration				
Kirti Desai	0.56	1.08	-	-
Ashish Agarwal	2.94	-	-	-
Madhulika Singh	0.08	-	-	-
Share of profit from partnership firm				
Gold Adlabs	-	-	16.66	12.16
Drawing from partnership firm				
Gold Adlabs	-	-	18.99	10.58

CP – Eighteen month period ended September 30, 2012

PY – Year ended March 31, 2011

(Currency: ₹ in Millions)

33. Earning per share ('EPS')

Particulars	Eighteen month period ended September 30,2012	Year ended March 31,2011
Net (loss) after tax	**(9,104.74)**	(3,288.61)
Weighted average number of equity share outstanding during the period for basic EPS	**46,126,170**	46,126,170
Add: Equity share issuable on conversion of FCCB (refer note 43 of schedule 23)	**-**	1,694,699
Weighted average number of equity shares outstanding during the period for dilutive EPS	**46,126,170**	47,820,869
Basic EPS	(197.50)	(71.41)
Dilutive EPS	(197.50)	(71.41)*
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

33. Foreign currency exposures (other than investments and fixed assets) not covered by forward contracts

Particulars	Currency	Period ended September 30, 2012		Year ended March 31, 2011	
		Amount – foreign currency (millions)	Amount – Indian Rupees	Amount – foreign currency (millions)	Amount – Indian Rupees
Trade and other receivables	**USD**	**18.49**	**976.27**	5.70	258.76
	GBP	**2.48**	**211.73**	0.95	69.16
	EURO	**-**	**-**	0.07	4.48
	NPR	**-**	**-**	37.58	24.26
	MYR	**1.51**	**26.26**	3.46	51.97
	MUR	**17.43**	**31.25**	17.43	28.88
	SGD	**-**	**-**	0.04	1.44
Trade and other payables	**USD**	**11.74**	**605.62**	5.65	256.49
	GBP	**0.70**	**59.76**	0.76	55.32
	EURO	**0.04**	**2.72**	0.04	2.56
	MYR	**0.01**	**0.17**	9.93	149.13
	NPR	**-**	**-**	7.23	4.67
	MUR	**3.45**	**6.19**	0.11	0.18
Loans / Buyers credit	**USD**	**15.86**	**837.41**	14.77	670.51
	MYR	**-**	**-**	5.32	79.90
Cash and bank balances	**USD**	**3.93**	**207.50**	1.34	60.83
	MYR	**-**	**-**	2.20	33.04
	NPR	**-**	**-**	15.72	10.15
	GBP	**0.68**	**58.05**	0.41	29.84
	MUR	**-**	**-**	0.04	0.07
	EURO	**0.01**	**0.68**	0.03	1.92

35. 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 September 30, 2012	% of ownership interest as at March 31, 2011
Swanston Multiplex Cinemas Private Limited	India	**50%**	50%
Cineplex Private Limited (Up to 3 June 2011)	India	**Nil**	50%
Divya Shakti Marketing Private Limited	India	**50%**	50%

Notes to the consolidated financial statements for the eighteen month period ended September 30, 2012

(Currency: ₹ in Millions)

Details of joint venture

Particulars	Ast at September 30, 2012	As at March 31, 2011
Balance Sheet		
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	**11.15**	7.40
(b) Reserves and surplus	**(8.99)**	34.99
Share application money, pending allotment	**-**	12.50
LIABILITIES		
Non-current liabilities		
(a) Long term borrowing	**21.17**	38.30
(b) Deferred tax liabilities (net)	**-**	3.84
(c) Other long-term liabilities	**0.05**	0.43
(d) Long-term provisions	**0.03**	0.10
Current liabilities		
(a) Trade payable	**7.98**	10.37
(b) Other current liabilities	**4.75**	4.83
(c) Short term provisions	**-**	8.03
Total	**36.14**	120.79
ASSETS		
Non-current assets		
(a) Fixed assets		
Tangible assets	**20.65**	76.19
(b) Long-term loans and advances	**7.03**	16.80
Current assets		
(a) Current investment	**-**	1.04
(b) Inventories	**0.37**	1.18
(c) Trade Receivables	**2.34**	8.46
(d) Cash and cash equivalents	**3.04**	3.39
(e) Short-term loans and advances	**1.19**	10.11
(f) Other current assets	**1.52**	3.62
Total	**36.14**	120.79
Statement of Profit and loss		
Revenue		
(a) Revenue from operations	**110.98**	109.30
(b) Other income	**0.87**	0.93
Total Revenue	**111.85**	110.23
Expenses		
Direct operation expenses	**52.59**	54.01
Employee benefit expense	**5.72**	5.44
Finance cost	**0.11**	1.43
Depreciation / amortisation expense	**10.25**	11.20
Other expenses	**64.25**	41.96
Total Expenses	**132.92**	114.04
(Loss) before tax	**(21.07)**	(3.81)

(Currency: ₹ in Millions)

Particulars	Ast at September 30, 2012	As at March 31, 2011
Tax Expenses		
(1) Current tax	**1.75**	3.03
(2) Deferred tax (credit)/ charge	**0.01**	(0.10)
(Loss) for the period	**(22.83)**	(6.74)
OTHER MATTERS		
1. Contingent Liabilities	**9.80**	11.62*
2. Capital Commitments	**Nil**	Nil
*amount is not quantifiable in case of joint venture		
Movement of the aggregate reserves of the Joint ventures:		
Shareholders' funds as at commencement of the period / year	**42.39**	49.13
Add: Issue of shares by joint venture	**12.50**	-
Add: Share of (loss) / profits for the period / year	**(22.83)**	(6.74)
Effect of disposal of joint ventures	**(29.90)**	-
Shareholders' funds as at the end of the period / year	**2.16**	42.39

36. Employee benefits

Details of employee benefits for the Group is as follows:

Defined contribution plan

Contribution to defined contribution plan, recognised as expenses for the period are as under:

Particulars	Period ended September 30, 2012	Year ended March 31, 2011
Employers contribution to provident fund and other funds	**119.18**	118.18

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 year 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 recognised in the same manner as gratuity.

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

Particulars	As at September 30, 2012	As at 31 March 2011
Gratuity		
Defined benefit obligation at the commencement of the period / year	**33.58**	19.45
Current service cost	**17.02**	7.48
Interest cost	**5.31**	2.05
Actuarial (gain) / loss	**(13.18)**	1.52
Benefit paid	**(9.46)**	-
Settlement cost	**-**	(0.01)
Past service cost	**(0.09)**	3.09
Defined benefit obligation at period / year end	**33.18**	33.58

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

Particulars	As at September 30, 2012	As at 31 March 2011
Gratuity		
Fair value of plan assets at commencement of period / year	**30.68**	24.56
Limitation of assets recognition as per AS 15		0.06
Actuarial gain/ (loss)	**(1.22)**	(0.33)

(Currency: ₹ in Millions)

Particulars	As at September 30, 2012	As at 31 March 2011
Expected return on plan assets	3.25	1.85
Employer contribution	-	3.60
Benefit paid	(9.17)	-
Past service cost	(0.94)	0.94
Fair value of plan assets at period / year end	22.59	30.68
Actual return on plan assets	1.89	1.44

III. Reconciliation of fair value of assets and obligation

Particulars	Period ended September 30, 2012	Year ended March 31, 2011
Gratuity		
Fair value of plan assets at end of period	22.59	30.68
Present value of obligation at the end of period / year	33.18	33.58
Amount recognised in Balance sheet as (net assets) / net liability	10.59	(2.90)

-Recognized as an assets under long-term loans advances as a others (refer note 14)

IV. Expense recognised during the period (Under the head 'Employee benefit expense' – Refer note '25')

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
Gratuity		
Current service cost	17.02	7.48
Interest Cost	5.31	2.05
Expected return on plan assets	(3.25)	(1.85)
Actuarial (gain) / loss	(11.96)	1.85
Past service cost	0.85	2.14
Limitation of assets recognition as per AS 15	-	(0.06)
Net Cost	7.97	11.61

V. Investment details

% invested as at period

Nature of Investment	As at September 30, 2012	As at 31 March 2011
Insurance policies	100%*	100%

* - Fully funded in the case of the Parent Company, a Subsidiary and a Joint Venture, but un-funded for a Subsidiary.

VI. Actuarial assumptions

Particulars	Eighteen month period ended September 30, 2012	Year ended March 31, 2011
	Gratuity (funded)	Gratuity (funded)
Discount rate (per annum)	8.00% to 8.75%	8.00% to 8.35%
Expected rate of return on plan assets (per annum)	7.50% to 8.00%	7.50% to 8.00%
Rate of escalation in salary (per annum)	5% to 10%	5% to 10%

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 period end for Gratuity under the above method is ₹ Nil (2011: ₹ 0.88) and for leave encashment ₹ Nil (2011: ₹ 0.29).

37. Considering the continuing substantial losses incurred by the Group / Parent Company, its net worth has been substantially reduced. However, having regard to improved operational performance on account of stabilization of new businesses in films and media

(Currency: ₹ in Millions)

services, financial support from its promoters, further restructuring exercise being implemented etc, the financial statements of the Company have been prepared on the basis of going concern and no adjustments are required to the carrying value of assets and liabilities.

38. The Company executed an indicative non-binding term sheet with a private equity fund to acquire a substantial minority stake through an investment of ₹ 6,050 in our Company's film and media services division. The investment is proposed to be made into the subsidiary of our Company, into which our film and media services division will be transferred. No definitive agreement has been executed in respect of the proposed transaction. Though exclusivity period as per non-binding term sheet has been expired on October 15, 2012, the Company and fund are in process of extending exclusivity period.

39. The shareholders of the Parent Company have approved on February 21, 2012 through postal ballot the resolution to sell or otherwise dispose of the Company's whole or part of undertakings pertaining to the Film & Media Services and Exhibition business on a going concern basis to its wholly owned subsidiaries at consideration not less than tax written down values as the board may decide and on such terms and conditions and in such manner as may be decided by the board and the wholly owned subsidiaries. Since necessary approval from lenders and other appropriate authorities are still awaited, the Company has not executed relevant agreements with its subsidiaries. The appropriate accounting treatment / disclosures will be given once the requisite approvals are obtained.

40. Exceptional items includes:

a. Loss on sale of investment in subsidiaries in Malaysia, which operated in the theatrical exhibition business aggregating to ₹ 272.29

b. Provision for amount recoverable from Digital Domain Productions Inc. (DDPI), a subsidiary of Digital Domain Media Group Inc. ('DDMG') for various services rendered. On September 11, 2011, DDMG along with all its subsidiaries filed for bankruptcy proceedings in the United States of America. The amount provided for outstanding balances is ₹ 277.48

c. Loss on Litigation settlement by US subsidiary of ₹ 268.38. The subsidiary was a defendant in a law suit regarding termination of a lease. During the previous year, the said subsidiary received an adverse order for claim of damages by the landlord to the tune of USD 4.9 million. The US Supreme Court has denied an appeal filed by the subsidiary Company. Accordingly, the Subsidiary has made a provision of ₹ 268.38 lakhs for such claim along with other charges payable as per the order. Considering its nature same has been disclosed as an exceptional item.

41. Goodwill on consolidation

Particulars	**Amount**	
	As at September 30, 2012	As at March 31, 2011
Opening balance of Goodwill	**895.87**	886.79
Impact for Subsidiaries sold during the year	**(319.63)**	-
Goodwill for additional shares in Subsidiaries acquired in the current year (net)	**-**	9.08
Impact of exchange differences	**1.48**	-
Impact of impairment for Subsidiaries / Joint ventures	**(49.26)**	-
	528.46	895.87

42. During the current period, the Company has dropped several properties under development / completed properties and hence has written off the carrying value of capital work-in-progress of ₹ 442.46 and deposits of ₹ 98.15 pertaining to these properties.

43. Swanston Multiplex Cinemas Private Limited, a Joint Venture of the Company operated a multiplex cinema. The lease of the multiplex cinema has been terminated by the landlord. Considering the termination of the lease, the Group has decided to write down the value of its goodwill amounting to ₹ 49.26.

44. Reliance MediaWorks (USA) Inc., a Subsidiary acquired the assets of Digital Domain Media Group Inc.'s ('DDMG') VFX and commercial business jointly through an auction process with Beijing Galloping Horse Media Co., Ltd ('Galloping Horse') and has agreed to hold 30% units of Galloping Horse America, LLC, a special purpose entity incorporated by Galloping Horse for the purpose of acquisition of these assets of DDMG. The Subsidiary is in the process of entering in an agreement with Galloping Horse. Hence, the amounts advanced by the Subsidiary to the special purpose vehicle has been treated as advances given towards share application.

45. During the current period, the Company has sold its shareholding in

a. A joint venture - Cineplex Private Limited effective June 3, 2011

b. Subsidiaries – Sri Ramakrishna Theatres Limited effective May 28, 2011, Rave Entertainment and Food Nepal Private Limited effective April 30, 2012, Reliance MediaWorks (Malaysia) Sdn. Bhd. effective September 21, 2012 and Reliance MediaWorks Big Cinemas Sdn. Bhd. (formerly known as Big Cinemas Lotus Five Star Sdn. Bhd.) effective September 21, 2012.

46. Foreign Currency Convertible Bonds ('FCCB')

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 which were convertible at any time on or after 7 March 2006

(Currency: ₹ in Millions)

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 ₹ 5 each ('Shares') at an initial conversion price (as defined in Terms and Conditions of the Bonds) of ₹ 543.42 per share with a fixed rate of exchange on conversion of ₹ 54.26=EUR 1.00. The Bonds were listed on the Singapore Exchange Securities Trading Limited ('SGX ST'). Of the above, bondholders holding bonds of value Euro 63.35 million opted for conversion in period ended March 31, 2008. During the year ended March 31, 2009, the Company demerged its radio division to Reliance Broadcast Network Limited. As per the terms of FCCB's issued, the conversion price of the bonds is subject to adjustment and the Company was awaiting a confirmation from the bondholders till the date of redemption. Unless previously redeemed, converted or purchased and cancelled, the bonds will mature on January 26, 2011 at 121.679 per cent of the principal amount.

During the financial period ended March 31, 2008, the Company classified the liability towards FCCB's 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. On January 25, 2011, the entire FCCB'S outstanding as at March 31, 2010, aggregating to Euro 20.65 million have been redeemed at ₹ 1,581.42 (including premium ₹ 308.54). Consequently on redemption, foreign exchange loss aggregating to ₹ 148.96 has been accounted in previous year.

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

The Group has assigned the derivative contracts pertaining to 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 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 ₹ Nil (2011: ₹ 192.14) has not been recognised by the Group in its Statement of profit and loss. For the same reason, the Group has also not recognised a liability for these MTM losses and amounts receivable from the Assignee Company.

48. During the previous year, the Group has sold assets of book value ₹ 1,041.73 for ₹ 1,399.72 pertaining to the theatrical exhibition segment and leased them back subsequently. The profit on sale of these assets has been disclosed under the Note on other income.

49. During the previous year, Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited), a subsidiary in the Film production services segment had recognised deferred revenue expenditure pertaining to start up and stabilisation costs of the business amounting to ₹ 173.40 which consisted of

Particulars	Year ended 31 March 2011
Employee benefit costs	140.86
Rent	17.71
Other operating expenses	14.83

The Subsidiary is a pioneer in the business of conversion of 2D movies to 3D and restoration of old archived movies in India and has developed substantial capacity in these chosen areas with a focus on the international markets. As part of start up efforts, substantial efforts and cost have been incurred for training of employees, where the Subsidiary has deployed pioneering techniques to train its staff, test runs for acquisition of work, travel costs for meeting of clients, rapid ramp up of capacity to achieve economical scale of operations.

In light of these factors, the Subsidiary has changed its accounting policies in the previous year to better reflect the results of the operations as the expenses of previous year will have substantial beneficial results in the future years.

The subsidiary has started amortising this deferred revenue expenditure starting the current period over a period of 5 years and an amount of ₹ 52.02 has been written off the Statement of Profit and loss in the current period.

50. Previous period's figures are for the year ended March 31, 2011 and are not strictly comparable with those of the current period (18 months) and have been re-grouped / re-arranged as necessary to conform to the present period's classification consequent to notification of Revised Schedule VI under Companies Act, 1956.

As per our report of even date.

For B S R & Co.
Chartered Accountants
Firms' Reg No. : 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

For Chaturvedi & Shah
Chartered Accountants
Firms' Reg No. : 101720W

Parag D. Mehta
Partner
Membership No: 113904

For and on behalf of the Board

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
November 3, 2012

Financial Information of Subsidiary Companies

(Currency: ₹ in Millions)

Sr. No	Name of Subsidiary	Capital	Reserves	Total assets	Total liabilities	Details of investments (except in Subsidiaries)	Turnover	Profit / (loss) before tax	Provision for taxation	Profit / (loss) after taxation	Proposed dividend
1	Big Synergy Media Limited	1.00	212.02	390.26	177.24	1.60	882.52	226.15	71.81	154.34	-
2	Reliance MediaWorks Theatres Limited (formerly known as Adlabs Distributors and Exhibitors Limited)	0.50	136.62	138.92	1.80	50.70	16.66	23.15	2.05	21.10	-
3	Reliance MediaWorks Entertainment Services Limited (formerly known as Digital Media Imaging Limited)	9.70	348.85	1,586.11	1,227.56	-	406.84	(778.88)	(99.53)	(679.35)	-
4	Reliance Media Consultant Private Limited	0.10	(0.02)	0.10	0.02	-	-	(0.02)	-	(0.02)	-
5	Reliance MediaVentures Private Limited	0.10	(0.01)	0.10	0.01	-	-	(0.01)	-	(0.01)	-
6	Reliance MediaWorks (UK) Limited	0.85	(582.78)	438.86	1,020.79	-	336.99	(448.24)	-	(448.24)	-
7	Reliance MediaWorks (USA) Inc.	1.06	(934.97)	3,169.14	4,103.05	-	42.57	(472.06)	-	(472.06)	-
8	Reliance MediaWorks (Mauritius) Limited	*	(674.91)	840.32	1,515.22	-	-	(671.29)	0.13	(671.42)	-
9	Reliance MediaWorks (Netherlands) B.V.	1.04	(23.46)	0.37	22.79	-	-	(10.35)	-	(10.35)	-
10	Big Cinemas Entertainment LLC #	-	(114.57)	76.01	190.58	-	125.95	(44.26)	-	(44.26)	-
11	Big Cinemas Entertainment (DE) LLC #	-	(78.81)	26.42	105.23	-	31.79	(31.22)	-	(31.22)	-
12	Big Cinemas Laurel LLC #	13.86	(45.23)	-	31.37	-	-	0.01	-	0.01	-
13	Big Cinemas Falls Church LLC #	4.62	(38.08)	0.98	34.44	-			-	-	-
14	Big Cinemas Norwalk LLC #	23.76	(66.73)	1.60	44.57	-	68.46	(43.82)	-	(43.82)	-
15	Big Cinemas Galaxy LLC #	92.40	(298.04)	36.28	241.92	-	192.86	(55.67)	-	(55.67)	-
16	Big Cinemas Sahil LLC #	7.39	(157.59)	202.05	352.25	-	136.83	(77.54)	-	(77.54)	-
17	Big Cinemas SAR LLC #	4.77	(23.02)	-	18.25	-	-	(0.12)	-	(0.12)	-
18	Phoenix Big Cinemas Management LLC #	49.61	15.40	67.09	2.08	-	160.93	4.97	-	4.97	-
19	Big Cinemas Phoenix LLC #	100.53	(63.58)	73.63	36.68	-	333.48	(11.78)	-	(11.78)	-
20	Big Cinemas Exhibitions LLC #	18.48	(181.75)	41.59	204.86	-	279.81	(87.60)	-	(87.60)	-
21	Big Cinemas IMC LLC #	26.40	(83.82)	50.43	107.85	-	163.76	(27.61)	-	(27.61)	-
22	Reliance Lowry Digital Imaging Services, Inc. #	0.05	19.94	348.99	329.00	-	413.15	(181.95)	-	(181.95)	-
23	Big Pictures USA Inc. #	-	-	-	-	-	-	-	-	-	-
24	Reliance Media & Marketing Communications LLC #	-	(31.93)	7.12	39.05	-	0.69	(3.09)	-	(3.09)	-
25	Reliance Media Works VFX Inc. #	0.05	(20.77)	118.81	139.53	-	67.02	(110.77)	-	(110.77)	-

- Subsidiary under section 4(1)(c) of the Companies Act, 1956 * Below ₹ 0.005.

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 – ₹ 52.80, Euro – ₹ 67.90, Great Britain Pound – ₹ 85.37, Mauritian Rupee – ₹ 1.79. The rates used for statement of profit and loss items in the case of US Dollars – ₹ 50.64, Euro – ₹ 67.68, Great Britain Pound – ₹ 80.52, Mauritian Rupee – ₹ 1.80.

ATTENDANCE SLIP

Reliance MediaWorks Limited

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

Please fill attendance slip and hand it over at the entrance of the meeting venue
Joint shareholders may obtain additional attendance slip on request.

DP. Id*	
Client Id*	

Regd. Folio No.	
No. of Share(s) held	

Name and address of the shareholder

I/we hereby record my/our presence at the 25th Annual General Meeting on Monday, December 24, 2012 at 10:00 a.m. at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065.

Signature of the shareholder or proxy

***Applicable for investors holding share(s) in electronic form.**

.... TEAR HERE ....

PROXY FORM

Reliance MediaWorks Limited

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

DP. Id*	
Client Id*	

Regd. Folio No.	
No. of Share(s) held	

I/We...of.................................... in the district of.. being a member/members of Reliance Mediawoks Limited. hereby appoint.. of.. in the district of................................or failing him/her ....of .... in the district of...as my/our proxy to vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Monday, December 24, 2012 at 10:00 a.m at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065 or at any adjournment thereof.

Signed this...................day of..............................2012.

Affix
Re. 1/-
revenue
stamp

*** Applicable for investors holding shares in electronic form.**

Notes: (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 Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

(2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

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