

RELIANCE

MediaWorks

**Annual Report
2013-14**



Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Reliance MediaWorks Limited

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**27th Annual General Meeting on Saturday, September 27, 2014 at 10:00 A.M.,
at Film City Complex, Goregaon (East), Mumbai 400 065**

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

Reliance MediaWorks Limited

Notice

Notice is hereby given that the 27th Annual General Meeting of the Members of **Reliance MediaWorks Limited** will be held on Saturday, September 27, 2014 at 10.00 A.M., at the registered office of the Company at Film City Complex, Goregaon (East), Mumbai 400 065, to transact the following business:

Ordinary Business:

- To consider and adopt:
 - the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and
 - the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.
- To appoint a director in place of Shri Amit Khanna (DIN: 00005430), who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with

or without modification(s), the following resolution as an **Ordinary Resolution:**

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

By Order of the Board of Directors

Ashish Agarwal
Company Secretary

Registered Office:
Film City Complex
Goregaon (East)
Mumbai 400 065
CIN : L29299MH1987PLC045446
Website: www.reliancemediaworks.com

August 22, 2014

Notes

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
- A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.**
- Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
- Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
- 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.
- Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Link Intime India Private Limited.
- Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years which remained unpaid and unclaimed for a period of seven years, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on December 24, 2013 (date of last Annual General Meeting) on the website of the Company (www.reliancemediaworks.com), as also on the Ministry of Corporate Affairs website.
- Non-Resident Indian members are requested to inform Link Intime India Private Limited immediately on:
 - the change in the residential status on return to India for permanent settlement; and
 - 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.

Notice

11. Members holding shares in electronic form are, therefore, requested to submit their Permanent Account Number (PAN) to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to Link Intime India Private Limited, C 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 or on Tel: +91 22 2596 7878 / E-mail: rnt.helpdesk@linkintime.co.in. The prescribed form in this regard may also be obtained from Link Intime India Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their DP directly for recording their nomination.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agent for consolidation into a single folio.
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.

Reliance MediaWorks Limited

Directors' Report

Dear Shareowners,

Your Directors have the pleasure in presenting the 27th Annual Report and the financial statements for the financial year ended March 31, 2014.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2014 is summarised below:

Particulars	₹ in million)	
	For the eighteen month period ended March 31, 2014*	For the eighteen month period ended September 30, 2012**
Total Income	7,559.64	8,045.48
Profit/(Loss) before tax and exceptional items	(5,899.52)	(6,312.91)
Exceptional items	(5,042.61)	(722.72)
Profit/(Loss) before tax	(10,942.13)	(7,035.63)
Tax expenses	-	-
Profit/(Loss) after tax	(10,942.13)	(7,035.63)
Add : Balance brought forward from previous year	(10,885.08)	(3,849.45)
Balance carried to Balance Sheet	(21,827.21)	(10,885.08)

* Financial year was extended to March 31, 2014 i.e. 18 month period starting from October 1, 2012 to March 31, 2014.

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

Financial Performance

The financial results covered and forming part of this Report includes 18 month period from October 1, 2012 to March 31, 2014.

During the financial year under review, your Company has earned income of ₹ 7,559.64 mn against ₹ 8,045.48 mn in the previous financial year. The overall net loss of the Company before exceptional items was ₹ 5,899.52 mn compared to ₹ 6,312.91 mn in the previous financial year. The loss after exceptional items during the current financial year was ₹ 10,942.13 mn as against ₹ 7,035.63 mn in the previous financial year. The exceptional items accounted during the current financial year is ₹ 5,042.61 mn primarily consisted of provisions made for loans, advances and other balances for subsidiaries in US, UK and Netherlands amounting to ₹ 4,479.74 mn, write off's made on exit of several loss making operational and project stage properties amounting ₹ 568.26 mn and difference of ₹ 5.39 mn booked due to a finance lease transaction. The loss during the current financial year is primarily on account of expenses related to exceptional items, interest and finance charge and depreciation charges.

Dividend

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

Business Operations

The Company continues to operate in Exhibition, Film and Media Services & Television Content production.

The Company operates 97 properties with 264 screens in India. 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. During the period, Big Cinemas served 43 mn customers and had an average ticket price of ₹ 141 & Average Spent per head of ₹ 34.

F&B continued to be the core focus area where the Company enhanced its customer experience by offering them variety of 'Fresh food'. Apart from F&B, advertising revenues were at ₹ 544.91mn as compared to ₹ 298.01 mn in previous financial year at annual growth rate of 82 %.

During the period, the Company added 6 properties and 17 screens across the cities of Dehradun, Ajmer, Rajkot, Sonipat, Ambarnath & Jhajjer.

In the Film & Media Services, the Company continued to maintain leadership position in domestic markets. Studio floor operated at average occupancy of 64% with movies like Ramleela, Dhoom 3, Grand Masti, Bhoothnath 2, Jai Ho and shows / events like IPL extra Innings, Zee CineAwards, ITA Awards, Star Diwali event, coke studio to name a few.

Our Digital Intermediate Lab saw prestigious projects like Chennai Express, Ramleela, Gori tere pyar mein, Once upon a time in Mumbai Dobaara, Yeah Jawaani hai deewani, Gunday, Krish 3, Aatma, amongst others. The DI Lab worked on 94 films as compared to 93 in the previous financial year.

The Analogue Processing Lab witnessed a downward trend due to the Digital wave and hence during the current financial year, the Company has shut the Analogue Processing Lab located at Film City Mumbai and offered a voluntary retirement scheme to all its employees. The offer was accepted by all the employees of the said Lab.

The Company also offered post production services for over 300 television commercials and some of India's largest broadcast shows like Kaun Banega Crorepati, Nach Baliye - 5, IIFA (International Indian Film Academy Awards) 2012, Indian Idol, Master Chef India & India's Got Talent amongst others. The Broadcast Post division entered into a long term contract with Turner India to provide Creative Services and Media solutions for 5 of their channels including CN India, CN Pak, Pogo India, WB India and WB Pak.

The Creative & Media Services segment continued to provide services in Restoration and Image Processing, VFX & 2D to 3D Conversion. Restoration & Image processing services had esteemed client list including Walt Disney, Twentieth Century Fox, Lucas films & Sony Multiscreen Media. In the VFX space the Company worked on prestigious Hollywood projects like Maleficent & X Men - Days of the Future Past. Definitive steps were taken at Media BPO at Airoli to right size operations to bring it in line with the business requirements.

Big Synergy continued to produce premium content including Kaun Banega Crorepati in 5 different languages.

The Company's motion picture processing lab in Mumbai bagged a National Award for Best Cinematography in non feature film category for the Hindi film 'Mandrake! Mandrake!'. This is the 16th National Awards received by the Company. Big Cinemas won 'Franchise India's Images Retail award 2012 - Multiplex of the year' & 'Zee Etc - Business of bollywood Award 2012 - Multiplex of the year'

Rights Issue

During the financial year under review, the Company had allotted 14,70,82,661 equity shares with a face value of ₹ 5/- each at

Directors' Report

a premium of ₹ 35/- per equity share for an amount aggregating to ₹ 588,33,06,440/- on a rights basis on September 16, 2013. The said fully paid up equity shares were admitted to dealings on the BSE Limited and National Stock Exchange of India Limited with effect from September 19, 2013, pursuant to their trading approvals, vide circulars dated September 18, 2013 and September 18, 2013, respectively.

Transfer of the Film & Media Services Business of the Company

Subject to receipt of requisite approvals, the Company has agreed to transfer its Film & Media Services Business to Prime Focus Limited (PFL), on a slump sale basis, as a going concern along with the assets and liabilities. The Company has obtained the shareholders approval for the aforesaid transaction. The consideration for the same is issue and allotment of 6,73,07,692 equity shares representing 22.52% of the post allotment equity share capital of PFL by PFL to the Company at an issue price of ₹ 52/- (including a premium of ₹ 51/-) per share aggregating to ₹ 350 crore.

Subject to receipts of requisite approvals, the Company has also agreed to subscribe 2,30,76,923 equity shares of a face value of ₹ 1/- each of PFL at a price of ₹ 52/- (including a premium of ₹ 51/-) per equity share for cash. The Company has obtained the shareholders approval for the aforesaid transaction.

The above allotment of equity shares on a preferential allotment basis would trigger a mandatory open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for the acquisition of up to 7,77,08,534 fully paid-up equity shares of a face value of Re. 1/- each from the public shareholders of PFL constituting 26% of the fully diluted voting equity share capital for which open offer has been made to the shareholders of PFL by the Company together with the persons acting in concert with the Company namely Reliance Land Private Limited, Shri Namit Malhotra, Shri Naresh Malhotra and Monsoon Studio Private Limited.

Delisting of Equity Shares

The equity shares of the Company has been delisted from the National Stock Exchange of India Limited and BSE Limited with effect from May 6, 2014 in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Delisting Regulations).

In accordance with Regulation 21 of the Delisting Regulations, residual Shareholders who have not tendered their shares in the Delisting Offer / whose tender of Offer Shares had been rejected in the Delisting Offer can tender their equity shares in the Exit offer at the Exit Price of ₹ 61/- per equity share till May 5, 2015.

Subsidiaries

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

Consolidated Financial Statements presented herein by the Company include financial results of subsidiary companies, which forms part of this Annual Report.

Directors

In terms of the provisions of the Companies Act, 2013, Shri Amit Khanna, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

In terms of provisions of the Companies Act, 2013, the Board has proposed appointment of Shri Sujal Shah, Shri Anil Sekhri and Shri Prasoon Joshi, who have been Independent Directors of the Company as Independent Directors, not liable to retire by rotation for a term of five consecutive years effective from the date of passing of the resolution by the members through Postal Ballot for which separate notice is being sent to the Members of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to the 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 March 31, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014, and of the loss of the Company for the year ended on that date;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

Consolidated Financial 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. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, the auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Reliance MediaWorks Limited

Directors' Report

However, M/s. B S R & Co. LLP, Chartered Accountants have expressed their unwillingness to be appointed as Statutory Auditors of the Company due to pre-occupation.

The Company has received a letter from M/s. Chaturvedi & Shah, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013, and that they are not disqualified for re-appointment.

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

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 ended March 31, 2014.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, 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.

Audit Committee

In terms of Section 177 of the Companies Act, 2013, the Board has constituted the Audit Committee of the Board of Directors.

Pursuant to the Companies Act, 2013, the Board has approved the terms of reference of the Audit Committee.

The Audit Committee comprises of three independent, non-executive directors and two non independent, non-executive directors of the Company viz: Shri Sujal Shah as Chairman, Shri Gautam Doshi, Shri Anil Sekhri, Shri Amit Khanna and Shri Prason Joshi as Members.

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

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

Acknowledgements

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

For and on behalf of the Board of Directors

Gautam Doshi Amit Khanna
Director Director

Mumbai
August 22, 2014

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 : ₹ 23.72 million
b. Total Foreign Exchange outgo : ₹ 10.65 million

Independent Auditors' Report

**To the Members of
Reliance MediaWorks Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance MediaWorks Limited ('the Company'), which comprise the Balance sheet as at March 31, 2014, the Statement of profit and loss and the Cash flow statement of the Company for the eighteen months period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- i. in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2014;

- ii. in the case of the Statement of profit and loss, of the loss for the eighteen months period ended on that date; and
- iii. in the case of the Cash flow statement, of the cash flows for the eighteen months period ended on that date.

Emphasis of Matter

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 ₹ 6,681.44 million, the Company has incurred a loss of ₹ 10,942.13 million for the eighteen months period from October 1, 2012 to March 31, 2014 indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this financial statement is prepared on a going concern basis. Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 comply with the Accounting Standards notified under the Act which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs; and
 - (e) on the basis of written representations received from the directors of the Company as at March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
May 30, 2014

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

Parag D. Mehta
Partner
Membership No: 113904

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Annexure to the Independent Auditors' Report

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, 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. No material discrepancies were noticed on such verification.
- (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 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 March 31, 2014 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 statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty and penalty	50.46	2010-14	Commissioner of Central Excise, Mumbai
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	0.69	2006-08	Commercial Tax Officer, Appellate Board, Madhya Pradesh
VAT, Madhya Pradesh	Value Added Tax	0.48	2008-09	Deputy Commercial Tax Officer, Madhya Pradesh
VAT, Maharashtra	Value Added Tax	10.67	2005-06	Joint Commissioner of Sales Tax (Appeals), Maharashtra
VAT, Tamil Nadu	Value Added Tax	8.57	2012-13	Appellate Deputy Commissioner, Tamil Nadu

Annexure to the Independent Auditors' Report

Name of statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Forum where dispute is pending
VAT, Ghaziabad	Value Added Tax	0.45	2011-12	Deputy commissioner Appeal
VAT, Kanpur	Value Added Tax	7.43	2007-08 and 2009-10	Additional Commissioner (Appeals), Kanpur
VAT, West Bengal	Value Added Tax	0.52	2009-2010	Directorate of Commercial Taxes, West Bengal
VAT, West Bengal	Value Added Tax	0.64	2008-09	Commercial Tax Officer, West Bengal
Entertainment tax	Entertainment tax	13.93	2006-11	Supreme Court
Entertainment tax	Entertainment tax	48.99	2006-11	Hon'ble High Court, Madhya Pradesh
Entertainment tax	Entertainment tax	7.15	2007-11	Divisional Commissioner, Pune
Income tax Act, 1961	Assessment dues	119.12	2008-09	Income Tax Appellant Tribunal (ITAT)
Income tax Act, 1961	Assessment dues	178.72	2009-10	Hon'ble High Court, Allahabad
Income tax Act, 1961	Tax deducted at source	101.71	2007-08 to 2008-09	Commissioner of Income Tax Appeal

- (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 dues to its bankers or financial institutions or bondholders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans/ credit facilities taken by others from banks / others are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that the Company has used funds raised on short term basis for long term investments. The Company has used short term borrowings aggregating ₹ 2,702.41 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) The Company has not issued any debentures 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 to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the period.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

May 30, 2014

For Chaturvedi & Shah

Chartered Accountants

Firm's Registration No: 101720W

Parag D. Mehta

Partner

Membership No: 113904

Mumbai

May 30, 2014

Reliance MediaWorks Limited

Balance Sheet as at March 31 2014

		(Currency: ₹ in Millions)	
	Note	March 31, 2014	September 30, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	980.79	245.38
(b) Reserves and surplus	3	(7,662.23)	(2,268.65)
		(6,681.44)	(2,023.27)
Non-current liabilities			
(a) Long-term borrowings	4	14,018.39	7,141.25
(b) Other long-term liabilities	5	206.31	363.67
(c) Long-term provisions	6	42.74	50.11
		14,267.44	7,555.03
Current liabilities			
(a) Short-term borrowings	7	6,344.17	10,642.45
(b) Trade payables	8	1,077.37	1,264.64
(c) Other current liabilities	9	2,617.24	3,422.54
(d) Short-term provisions	10	9.93	9.40
		10,048.71	15,339.03
		17,634.71	20,870.79
TOTAL			
ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		7,195.05	7,555.05
(ii) Intangible assets		46.55	72.22
(iii) Capital work-in-progress		951.93	1,196.66
(b) Non-current investments	12	1,802.48	1,804.10
(c) Deferred tax assets (net)	13	-	-
(d) Long-term loans and advances	14	1,760.85	2,259.90
(e) Other non-current assets	15	7.23	6.20
		11,764.09	12,894.13
Current assets			
(a) Inventories	16	74.82	65.85
(b) Trade receivables	17	1,490.52	1,617.94
(c) Cash and bank balances	18	608.54	680.20
(d) Short-term loans and advances	19	3,643.71	5,540.91
(e) Other current assets	20	53.03	71.76
		5,870.62	7,976.66
		17,634.71	20,870.79
TOTAL			

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

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants
Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants
Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

Partner
Membership No: 046476

Parag D. Mehta

Partner
Membership No.: 113904

Gautam Doshi

Director

Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Statement of profit and loss for the eighteen month period ended on March 31, 2014

(Currency: ₹ in Millions)

	Note	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
I. Revenue from operations	21	7,092.15	7,612.93
II. Other income	22	467.49	432.55
III. Total Revenue (I+II)		7,559.64	8,045.48
IV. Expenses			
Direct operational expenses	23	2,864.93	3,006.41
Employee benefits expense	24	1,065.94	1,385.61
Finance cost (net)	25	4,124.46	3,906.12
Depreciation and amortisation expense	11	1,233.52	1,078.94
Other expenses	26	4,170.31	4,981.31
Total expenses		13,459.16	14,358.39
V. (Loss) before exceptional items and tax (III- IV)		(5,899.52)	(6,312.91)
VI. Exceptional items (Refer note 47)		(5,042.61)	(722.72)
VII. (Loss) before tax		(10,942.13)	(7,035.63)
VIII. Tax expense			
Current tax		-	-
(Loss) for the period		(10,942.13)	(7,035.63)
Basic earnings per share ₹		(106.88)	(137.28)
Diluted earnings per share ₹		(106.88)	(137.28)
(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. LLP

Chartered Accountants

Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants

Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

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Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Cash Flow Statement for the eighteen month period ended March 31, 2014

	(Currency: ₹ in Millions)	
	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
A. Cash flow from operating activities		
Net loss before tax as per Statement of profit and loss	(10,942.13)	(7,035.63)
Adjustment for:		
Depreciation / amortisation	1,946.62	1,078.94
Loss on sale / discarding of fixed assets (net)	2.49	67.42
Dividend income	(31.62)	(20.04)
Finance costs (net)	4,124.46	3,906.12
Interest income	(80.39)	(108.01)
Bad debts / advances written-off	40.04	10.36
Sundry balances written-off	3.60	98.15
Provision for doubtful debts / advances	4,738.74	897.72
Provision for diminution in value of non-current investments	-	82.51
Capital work-in-progress written-off	293.57	442.46
Gain on sale of non-current investments	-	(76.65)
Gain on sale of current investments	(34.16)	(3.95)
Unrealised foreign exchange (gain)	(290.90)	(258.85)
Operating profit before working capital changes	(229.68)	(919.45)
Adjustment for:		
(Increase) / Decrease in trade receivables	(121.79)	51.59
Decrease in other receivables	335.33	391.85
(Increase) / Decrease in inventories	(8.97)	6.60
(Decrease) / Increase in trade and other payables	(259.46)	239.36
Cash used in operating activities	(284.57)	(230.05)
Taxes paid (net of refunds)	47.22	179.01
Net cash used in operating activities (A)	(237.35)	(51.04)
B. Cash flow from investing activities		
Purchase of fixed assets	(568.11)	(518.35)
Proceeds from sale of fixed assets	6.03	76.24
Purchase of investments - long term - in shares of subsidiary companies / joint venture (Refer note 2 below)	-	(1,212.70)
Proceeds on sale of non-current investments	7.62	123.36
Profit on sale of current investment (net)	34.16	3.95
Short term loan to subsidiaries and joint ventures (net)	(1,313.24)	(172.18)
Dividend income	31.62	20.04
Interest income	81.99	123.20
Cash used in investing activities	(1,719.93)	(1,556.44)
Taxes paid (net of refunds)	(0.44)	(4.73)
Net cash used in investing activities (B)	(1,720.37)	(1,561.17)

Cash Flow Statement for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
C. Cash flow from financing activities		
Proceeds from short term borrowings (net) (Refer note 1 below)	(4,298.29)	405.32
Proceeds from long term borrowings	11,500.00	6,690.00
Proceeds from issue of Preference Shares (Refer note 3 below)	-	2,950.00
Repayment of long term borrowings	(6,558.33)	(6,102.08)
Proceeds from issuance of Equity shares pursuant to Rights issue (Refer note 1 below)	5,883.31	-
Rights issue related expenses	(25.92)	-
Recovered from Reliance Broadcast Network Limited pursuant to demerger of Radio business (including interest)	6.38	996.14
Finance costs (net)	(4,315.47)	(3,456.13)
Net cash flow from financing activities (C)	2,191.68	1,483.25
Net increase / (decrease) in cash and cash equivalent (A+B+C)	233.96	(128.96)
Cash and cash equivalents as at beginning of the period	191.15	320.11
Cash and cash equivalents as at end of the period (Refer note 18)	425.11	191.15
	233.96	(128.96)

Note:

- 1) Amounts have been apportioned from loans towards subscription of equity shares of the Company pursuant to rights issue - ₹ 4,500
- 2) Amounts have been apportioned from loans towards subscription of preference shares of the Subsidiary - ₹ 1,200
- 3) 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. LLP
Chartered Accountants
Firms' Reg No. : 101248W

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

For and on behalf of the Board

Vijay Mathur
Partner
Membership No: 046476

Parag D. Mehta
Partner
Membership No.: 113904

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(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 Limited Company.

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited till May 6, 2014. 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'), read with General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of section 133 of the Companies Act, 2013 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 August 11, 2013, had extended the financial year of the Company till March 31, 2014, which has been approved by the Registrar of Companies vide its approval dated September 27, 2013. Accordingly, the financial statements of the Company are drawn for eighteen month period ended March 31, 2014.

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%
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 period 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.

1. Summary of significant accounting policies (continued)

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.

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 in which the employee renders the related service.

Gratuity Plan

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

1. Summary of significant accounting policies (continued)

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 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.

1. Summary of significant accounting policies (continued)**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 period 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 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 period. 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, 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 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.

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

1. Summary of significant accounting policies (continued)

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

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

Finance leases – The lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as liabilities for leased assets. The principal component in lease rental in respect of the above is adjusted against liabilities for leased assets and the interest component is recognised as an expense in the year.

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.

	March 31, 2014	September 30, 2012
2. Share capital		
Authorised		
480,000,000 (2012: 480,000,000) equity shares of ₹ 5/- each	2,400.00	2,400.00
20,000,000 (2012: 20,000,000) preference shares of ₹ 5/- each	100.00	100.00
	<u>2,500.00</u>	<u>2,500.00</u>
Issued, subscribed and paid-up capital		
193,208,831 (2012: 46,126,170) equity shares of ₹ 5/- each, fully paid-up	966.04	230.63
2,950,000 (2012: 2,950,000) 10% redeemable non convertible non cumulative preference shares (Preference shares) of ₹ 5/- each, fully paid-up (Refer note 28)	14.75	14.75
(Refer notes (a) to (h) below)	<u>980.79</u>	<u>245.38</u>

a. Reconciliation of shares outstanding at the beginning and at the end of the period

	March 31, 2014		September 30, 2012	
	Number of shares in millions	₹ in millions	Number of shares in millions	₹ in millions
Equity shares				
At the commencement of the period	46.13	230.63	46.13	230.63
Shares issued during the period pursuant to Rights issue	147.08	735.41	-	-
At the end of the period	193.21	966.04	46.13	230.63
Preference shares				
At the commencement of the period	2.95	14.75	-	-
Shares issued during the period	-	-	2.95	14.75
At the end of the period	2.95	14.75	2.95	14.75

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

2. Share capital (continued)

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. Equity shares held by the Holding Company

	March 31, 2014		September 30, 2012	
	Number of shares in millions	% holding in the class	Number of shares in millions	% holding in the class
Reliance Land Private Limited	140.68	72.81%	-	-
e. Names of shareholders holding more than 5% of equity shares in the Company				
Reliance Land Private Limited	140.68	72.81%	20.60	44.66%
Reliance Capital Limited	36.25	18.76%	8.53	18.49%
f. Names of shareholders holding more than 5% of Preference shares in the Company				
Reliance Infocomm Engineering Private Limited	1.20	40.68%	1.20	40.68%
Reliance Utility Engineers Private Limited	1.75	59.32%	1.75	59.32%

g. During the previous period, 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.

h. During the previous period, 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.

3. Reserves and surplus

	March 31, 2014	September 30, 2012
Capital reserve		
At the commencement and at the end of the period (created pursuant to provisions of the Scheme of Amalgamation during the year ended March 31, 2009)	582.62	582.62
Securities premium reserve		
At the commencement of the period	7,617.00	4,681.75
Add : Premium on issuance of equity shares pursuant to Rights issue	5,147.89	-
Less: Share issue expenses	25.92	-
Add : Premium on issuance of preference shares	-	2,935.25
At the end of the period	<u>12,738.97</u>	<u>7,617.00</u>

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

3. Reserves and surplus (continued)

	March 31, 2014	September 30, 2012
Foreign currency translation reserve		
At the commencement of the period	297.30	(62.56)
Add: Foreign currency translation gain on translation of monetary investment in non-integral operations (net)	426.58	359.86
At the end of the period	723.88	297.30
General reserve		
At the commencement and at the end of the period	119.51	119.51
(Deficit) in Statement of profit and loss		
At the commencement of the period	(10,885.08)	(3,849.45)
Loss for the period, as per Statement of profit and loss	(10,942.13)	(7,035.63)
At the end of the period	(21,827.21)	(10,885.08)
	(7,662.23)	(2,268.65)

4. Long-term borrowings (Refer note 30)

Non convertible debentures (secured) (Refer note 28, 30 (i) and (xiv))	1,250.00	3,500.00
Non convertible debentures (unsecured) (Refer note 28 and 30 (ix))	-	165.00
Term loans		
- From banks (secured) (Refer note 30 (ii),(iii),(iv),(v), (vi), (vii) and (xiv))	5,953.75	1,726.25
- From others (secured) (Refer note 30 (viii))	-	1,750.00
Inter-corporate deposit (unsecured) (Refer note 30 (x))	5,500.00	-
Long term maturities of finance lease obligations (Refer note 30 (xi))	1,314.64	-
	14,018.39	7,141.25

Current maturities of long-term debts (Refer note 9)

Non convertible debentures (secured) (Refer note 28, 30 (i) and (xiv))	1,250.00	-
Non convertible debentures (unsecured) (Refer note 28 and 30 (ix))	55.00	220.00
Term loans		
- From banks (secured) (Refer note 30 (ii),(iii),(iv),(v), (vi), (vii) and (xiv))	412.50	2,118.34
	1,717.50	2,338.34

5. Other long-term liabilities

Lease rent liability as per AS 19 - "Leases"	175.75	337.96
Security deposit / advances from customers	30.56	13.63
Advance from related party (Refer note 39)	-	12.08
	206.31	363.67

6. Long-term provisions

Provision for employee benefits

Leave encashment	30.80	47.28
Gratuity	11.94	2.83
(Refer note 10 and 44)	42.74	50.11

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

March 31, 2014 September 30, 2012

7. Short-term borrowings

(Refer note 31)

Loans repayable on demand (secured)

From banks

- Cash credit (Refer note 31 (i) and (ii)) 121.17 55.46

Loans and advance from related parties (unsecured) (Refer note 39 and 31 (vi)) - 55.00

Other loans and advances

From banks

- Buyers credit (secured) (Refer note 31 (iv)) - 397.45

From others (secured) (refer note 31 (iii)) 1,770.00 -

Inter-corporate deposit (unsecured) (Refer note 31 (v)) 4,453.00 10,134.54

6,344.17 **10,642.45**

8. Trade payables

Due to micro small and medium enterprises (Refer note 29) 5.77 6.71

Others 1,071.60 1,257.93

1,077.37 **1,264.64**

9. Other current liabilities

Current maturities of long-term debts (Refer note 4) 1,717.50 2,338.34

Interest accrued and due on borrowings 136.38 232.43

Interest accrued but not due on borrowings 127.30 222.26

Unclaimed dividend # 0.81 1.05

Advance received from customers 148.57 125.87

Dues for capital expenditure 128.18 213.38

Temporary book overdraft - 92.49

Unearned income 18.60 -

Lease rent liability 13.96 75.85

Statutory dues 159.04 72.21

Employee benefits payable 67.90 38.99

Others 99.00 9.67

2,617.24 **3,422.54**

An amount of ₹ Nil (2012: ₹ 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) 9.93 9.40

9.93 **9.40**

(Currency: ₹ in Millions)

11. Tangible and Intangible assets

Particulars	Gross block		Accumulated depreciation / amortisation / impairment			Net block	
	As at October 1, 2012	Additions during the period	Deductions during the period	As at March 31, 2014	As at March 31, 2014	As at March 31, 2014	As at September 30, 2012
I. Owned Assets							
A. Tangible assets							
Leasehold land	844.20	-	-	-	-	844.20	844.20
Buildings:							
Leasehold	4,311.43	91.84	51.89	892.61	51.88	3,023.64	3,418.82
Freehold	274.28	-	-	131.34	50.66	92.28	142.94
Plant and machinery	4,525.61	95.10	16.31	1,768.48	628.64	2,218.26	2,757.13
Office Equipment	170.98	9.77	0.34	63.54	31.03	86.17	107.44
Furniture and fixtures	464.88	48.72	9.87	189.97	101.22	219.43	274.91
Vehicles	19.06	-	0.99	9.45	2.63	6.79	9.61
	10,610.44	245.43	79.40	3,055.39	1,301.19	6,490.77	7,555.05
Previous period	10,626.94	163.18	179.68	2,041.97	1,050.80	7,555.05	8,584.97
B. Intangible assets							
Goodwill	1.22	-	-	0.36	0.18	0.68	0.86
Distribution rights	1,624.58	-	-	1,624.58	-	-	-
Negative rights	1,245.24	-	-	1,245.24	-	-	-
Computer software	115.06	9.43	-	43.70	34.92	45.87	71.36
	2,986.10	9.43	-	2,913.88	35.10	46.55	72.22
Previous period	2,928.14	60.07	2.11	2,886.33	28.30	72.22	41.81
Total Owned Assets	13,596.54	254.86	79.40	5,969.27	1,336.29	6,537.32	7,627.27
Previous period	13,555.08	223.25	181.79	4,928.30	1,079.10	7,627.27	8,626.78

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

11. Tangible and Intangible assets

Particulars	Gross block			Accumulated depreciation / amortisation / impairment				Net block	
	As at October 1, 2012	Additions during the period	Deductions during the period	As at March 31, 2014	As at October 1, 2012#	Charge for the period @	Depreciation on assets sold / discarded	As at March 31, 2014	As at September 30, 2012
II. Leased Assets									
A. Tangible assets									
Plant and machinery	-	588.75	-	588.75	-	62.47	-	526.28	-
Office Equipment	-	26.84	-	26.84	-	5.81	-	21.03	-
Furniture and fixtures	-	174.41	-	174.41	-	17.44	-	156.97	-
Total Leased Assets	-	790.00	-	790.00	-	85.72	-	704.28	-
Previous period	-	-	-	-	-	-	-	-	-
Total	13,596.54	1,044.86	79.40	14,562.00	5,969.27	1,422.01	70.88	7,241.60	7,627.27
Previous period	13,555.08	223.25	181.79	13,596.54	4,928.30	1,079.10	38.13	7,627.27	8,626.78
Capital work in progress								951.93	1,196.66

- Includes opening provision for impairment - ₹ 55.17

@ - Includes ₹ 188.46 provided as an exceptional item (Refer note 47)

Notes:

- 1) The amount for discounted cash flows with respect to the finance lease is ₹ 1,314.64
- 2) Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.
- 3) 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.
- 4) Additions to fixed assets / CWIP include the following expenses capitalised

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Depreciation	0.03	0.16
Finance cost	0.37	55.19
Professional fees	2.22	2.02
Employee benefits expense	-	17.01
Rent	9.52	26.83
Other operating expenses	2.59	32.51
Trial period income, netted from fixed assets capitalised	-	(0.05)
	<u>14.73</u>	<u>133.67</u>

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

12. Non-current investments

	March 31, 2014	September 30, 2012
(a) Investment in equity instruments (non-trade, unquoted at cost)		
Subsidiary companies		
(i) Reliance MediaWorks Theatres Limited 50,000 (2012: 50,000) equity shares ₹ 10/- each, fully paid-up	0.50	0.50
(ii) Global MediaWorks (UK) Limited (formerly Reliance MediaWorks (UK) Limited) 10,000 (2012: 10,000) ordinary shares of £ 1 /- each, fully paid-up	0.85	0.85
(iii) Reliance MediaWorks (USA) Inc. 200 (2012: 200) common stock with no par value	0.92	0.92
(iv) Reliance MediaWorks (Netherlands) B.V. 180 (2012: 180) ordinary shares of Euro 100 each, fully paid up	1.04	1.04
(v) Reliance MediaWorks (Mauritius) Limited 1,000 (2012: 1,000) ordinary shares issued and outstanding with no par value. (₹ 1,550/-)	*	*
(vi) Big Synergy Media Limited 5,100 (2012: 5,100) equity shares of ₹ 100/- each, fully paid-up	64.16	64.16
(vii) Reliance MediaWorks Entertainment Services Limited 850,000 (2012: 850,000) shares of ₹ 10 each, fully paid up	200.50	200.50
(viii) Reliance Lowry Digital Imaging Services Inc.** 100 (2012: 100) shares of \$1 each, fully paid up	300.00	300.00
(ix) Reliance Media Consultant Private Limited 10,000 (2012: 10,000) shares of ₹ 10 each, fully paid up (w.e.f. February 16, 2012)	0.10	0.10
(x) Reliance MediaVentures Private Limited 10,000 (2012: 10,000) shares of ₹ 10 each, fully paid up (w.e.f. June 19, 2012)	0.10	0.10
Joint ventures		
(i) Divya Shakti Marketing Private limited 100,000 (2012: 100,000) equity shares of ₹ 10/- each, fully paid-up	32.90	32.90
(ii) Swanston Multiplex Cinemas Private Limited 1,015,000 (2012: 1,015,000) equity shares of ₹ 10/- each, fully paid-up	82.51	82.51
Provision for diminution in value of long-term investments	<u>(82.51)</u>	<u>(82.51)</u>
	601.07	601.07

(Refer note 43)

* - Indicates a value of less than ₹ 0.005

** - 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.

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

12. Non-current Investments (continued)

	March 31, 2014	September 30, 2012
(b) Investment in preference shares (non-trade, unquoted and at cost)		
Subsidiary companies		
Reliance MediaWorks Entertainment Services Limited 1,200,000 (2012: 1,200,000) 10% Redeemable non-convertible preference shares of ₹ 1 each, fully paid up	1,200.00	1,200.00
	1,200.00	1,200.00
(c) Investment in Government (trade, unquoted at cost)		
Government securities		
National savings certificates (Pledged with State government authorities)	1.41	3.03
	1.41	3.03
(d) Investment in Partnership firm (Unquoted)		
(i) HPE / Adlabs LP	199.93	199.93
(Investment in limited partnership)		
Less: Provision for diminution in value of long-term investments	(199.93)	(199.93)
Total	1,802.48	1,804.10
 (a) Aggregate value of unquoted investments	2,084.92	2,086.54
Aggregate provision for diminution in value of investments	282.44	282.44
(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

13. Deferred tax asset

Arising on account of timing difference in:

Provision for leave encashment and gratuity	17.90	19.31
Others*	239.15	324.69
Unabsorbed depreciation allowance and carried forward business loss *	-	-
	257.05	344.00

Deferred tax liability

Arising on account of timing difference in:

Depreciation/ amortisation	257.05	344.00
	257.05	344.00
Net deferred tax assets	-	-

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

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

14. Long-term loans and advances

	March 31, 2014	September 30, 2012
- Unsecured, considered good		
Capital advances	243.32	64.11
Security deposits	1,231.47	1,316.91
Capital advance to related party (Refer note 39)	-	9.86
Loans to others	-	27.19
Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of ₹ 59.45 (2012: ₹ 59.45))	143.64	190.42
Advance towards investment (Refer note 28)	-	500.00
Prepaid expenses	98.00	84.31
Advance entertainment tax paid under protest	44.42	67.10
	<u>1,760.85</u>	<u>2,259.90</u>
- Unsecured, considered doubtful		
Capital advance to related party (Refer note 39)	9.86	-
Provision for doubtful advances and others	(9.86)	-
	<u>-</u>	<u>-</u>
	<u>1,760.85</u>	<u>2,259.90</u>

15. Other non-current assets

Interest accrued but not due	2.22	2.22
Balance with bank - Margin money deposit*	5.01	3.14
Balance with bank - Fixed deposit accounts with maturity greater than twelve months	-	0.84
	<u>7.23</u>	<u>6.20</u>

*Margin money deposits are under bank lien

16. Inventories

(valued at lower cost and net realisable value) (Refer note 1.6)

Stores and spares	40.72	31.27
Chemical stock	0.50	3.65
Food and beverages	31.32	27.91
Raw films	2.28	3.02
	<u>74.82</u>	<u>65.85</u>

17. Trade receivables

- Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payments	1,181.22	1,291.61
Other debts	309.30	326.33
	<u>1,490.52</u>	<u>1,617.94</u>
- Unsecured, considered doubtful		
Debts outstanding for a period exceeding six months from the date they are due for payments	463.14	224.04
Others debts	-	-
	<u>463.14</u>	<u>224.04</u>
Provision for doubtful debts	(463.14)	(224.04)
	<u>-</u>	<u>-</u>
	<u>1,490.52</u>	<u>1,617.94</u>

18. Cash and bank balances

Cash and cash equivalents

Balances with banks		
- in current accounts	409.72	136.44
Cash on hand	15.39	54.71
	<u>425.11</u>	<u>191.15</u>

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

18. Cash and bank balances (continued)

	March 31, 2014	September 30, 2012
Cash and cash equivalents		
Balances with banks		
- in current accounts	409.72	136.44
Cash on hand	15.39	54.71
	<u>425.11</u>	<u>191.15</u>
Other bank balances		
- in dividend accounts	0.81	1.05
- in fixed deposit account maturing with in a year	-	0.16
- in margin money deposit maturing with in a year*	182.62	487.84
	<u>183.43</u>	<u>489.05</u>
	<u>608.54</u>	<u>680.20</u>

*Margin money deposits are under bank lien

19. Short-term loans and advances

- Unsecured and considered good		
Loans and advances to related parties (Refer note 39 and 41)		
- subsidiaries	2,706.63	5,115.54
- joint ventures	21.77	21.77
Loans and advances to others	530.00	69.89
Security deposits	48.46	2.94
Balances with government authorities	54.22	113.72
Prepaid expenses	116.34	93.23
Others*	166.29	123.82
	<u>3,643.71</u>	<u>5,540.91</u>
- Unsecured, considered doubtful		
Loans and advances to related parties - Subsidiaries (Refer note 39 and 41)	5,131.82	692.19
Loans to others	59.48	39.35
Others*	138.17	108.15
Provision for doubtful advances and others	(5,329.47)	(839.69)
	<u>-</u>	<u>-</u>
	<u>3,643.71</u>	<u>5,540.91</u>

*includes advances / deposit to vendors and other receivables

20. Other current assets

Unbilled revenue	51.36	56.11
Interest accrued and due from Reliance Broadcast Network Limited	-	6.38
Recoverable for sale of investments	-	6.00
Interest accrued on fixed deposits	1.67	3.27
	<u>53.03</u>	<u>71.76</u>

**For the eighteen
month period ended
March 31, 2014**

For the eighteen
month period ended
September 30, 2012

21. Revenue from operations

(a) Theatrical exhibition

Sale of tickets	4,735.35	4,789.38
Less: Entertainment tax	982.72	896.58
	<u>3,752.63</u>	<u>3,892.80</u>
Advertisements / sponsorship revenue	544.91	298.01
Facilities provided at multiplex	245.79	220.34
Food and beverages	1,247.40	1,322.27
Others	156.19	171.05
	<u>5,946.92</u>	<u>5,904.47</u>

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

21. Revenue from operations (continued)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
(b) Film production services		
Processing / printing of films	655.87	1,135.53
Equipment / facility rental income	418.22	394.88
Trading income	20.53	130.43
Others	19.82	15.09
	<u>1,114.44</u>	<u>1,675.93</u>
(c) Film/content production, distribution and related services	30.79	32.53
	<u>7,092.15</u>	<u>7,612.93</u>
Details of revenue from operations		
Sale of services	1,802.07	1,829.63
Sale of products	1,350.47	1,686.92
Sale of tickets	3,752.63	3,892.80
Others	186.98	203.58

22. Other income

Dividend income from:		
- Subsidiary (Refer note 39)	31.62	20.04
Interest income from:		
- Banks	27.50	61.30
- Loans, advances and others	52.89	46.71
Gain on sale of non-current investments (Refer note 49)	-	76.65
Gain on sale of current investments	34.16	3.95
Foreign exchange gain (net)	297.80	208.19
Bad debts recovered / provisions written-back	6.95	7.95
Miscellaneous income	16.57	7.76
	<u>467.49</u>	<u>432.55</u>

23. Direct operational expenses

Distributors share	1,641.32	1,679.39
Cost of food and beverage sold		
Opening stock	27.91	30.35
Purchases	392.43	429.26
Less: closing stock	31.32	27.91
	<u>389.02</u>	<u>431.70</u>
Cost of raw films sold		
Opening stock	3.02	4.30
Purchases	17.41	112.08
Less: closing stock	2.28	3.02
	<u>18.15</u>	<u>113.36</u>
Chemical consumed		
Opening stock	3.65	2.07
Purchases	11.52	43.24
Less: closing stock	0.50	3.65
Consumption	14.67	41.66
Consumables	9.72	9.66
Electricity, power and water charges	662.39	659.28
Print, publicity expenses and producers overflow	24.72	12.52
Show tax, INR charges etc	15.82	18.25
Processing charges	10.55	24.06
Other direct expenses	78.57	16.53
	<u>2,864.93</u>	<u>3,006.41</u>

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
24. Employee benefits expenses		
Salaries and wages	939.92	1,272.32
Contribution to provident and other funds	52.10	54.59
Leave encashment	36.13	28.37
Staff welfare expenses	37.79	30.33
	1,065.94	1,385.61
25. Finance cost (net)		
On term loans and debentures	1,658.82	1,828.66
On finance lease	92.34	-
On other loans	2,199.89	1,553.55
	3,951.05	3,382.21
Interest recovered from Reliance Broadcast Network Limited	-	(164.19)
Interest capitalised	(0.37)	(55.19)
	3,950.68	3,162.83
Finance charges	143.27	146.43
Loss on derivative contracts	-	596.68
Foreign exchange loss on borrowings (net)	30.51	0.18
	4,124.46	3,906.12
26. Other expenses		
Advertisement	186.43	137.43
Bank charges	29.42	52.80
Rent	2,065.25	2,370.86
Rates and taxes	467.62	299.13
Commission and brokerage	0.04	15.33
Travelling and conveyance	70.91	81.42
Labour charges	266.34	302.00
Insurance	30.60	31.42
Legal and professional fees (also refer note 36)	129.93	117.15
Directors sitting fees	0.69	0.79
Printing and communication	105.79	119.56
Loss on sale of assets / discarding of assets (net)	2.49	67.42
Capital work-in-progress written-off	57.92	442.46
Sundry balances written-off	3.60	98.15
Provision for doubtful debts / advances (net)	259.00	175.00
Provision for diminution in value of non-current investments	-	82.51
Bad debts / advances written-off	11.26	10.36
Facility maintenance charges	231.61	241.49
Repairs and maintenance		
- Building	18.34	22.80
- Machinery	125.42	149.99
- Others	76.59	81.68
Miscellaneous expenses	31.06	81.56
	4,170.31	4,981.31

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: (₹ in Millions)

27. Contingent Liabilities

On account of

March 31, 2014 September 30, 2012

Central excise

Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal

50.46 255.59

Value added tax

Disputed value added tax demand pending for various states

33.56 3.84

Service tax

Disputed Service Tax demand pending with the Central Excise and Service Tax Appellate Tribunal

20.49 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 Appellate Tribunal (ITAT). Previous period 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 the Hon'ble High Court. Previous period the same was pending with Commissioner of Income Tax (Appeals).

178.72 178.72

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

1.29 30.07

In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant Act

113.20 50.96

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

1,422.68 1,284.50

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 contribution 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. Some employees have raised a claim against the Company for amounts due to them in a District Consumer Forum, where they have received favourable judgements, however the Company is confident of reversal of the said judgement in the higher forums, where it has preferred an appeal.

Claims against Company not acknowledged as debts

871.97 785.98

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

27. Contingent liabilities (continued)

On account of	March 31, 2014	September 30, 2012
Guarantees		
Guarantees given to banks and others for loans / credit facilities given to Subsidiary Companies	1,169.04	1,448.98
Guarantees given to bank for loans / credit facilities given to Others	-	18.30
Guarantee given to Service providers in respect of Subsidiary Companies	556.73	494.44

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	March 31, 2014	September 30, 2012
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for fixed assets)	312.14	451.22
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for investments)	-	120.00
Total	312.14	571.22

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 a 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 ₹ 590.81 (current period increase of ₹ 442.10) as at the Balance sheet 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	March 31, 2014	September 30, 2012
Principal amount due to any supplier as at the period end	5.77	5.56
Interest due on the principal amount unpaid at the period end to any supplier	-	1.15
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	-	-

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

29. Micro, Small and Medium Enterprises (continued)

Particulars	March 31, 2014	September 30, 2012
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, but without adding the interest specified under MSMED	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; 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

30. Terms of long-term borrowings

- i. Company had issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 having face value of ₹ 1,000,000 each on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. May 7, 2012. The current outstanding for the debentures is ₹ 2,500 (2012: ₹ 3,500). The Debentures are secured by first pari passu charge on the all assets of the Company and some of its Indian subsidiaries, along with corporate guarantee by a Promoter and are repayable in three instalments i.e. March 1, 2014 (₹ 1,000), March 1, 2015 (₹ 1,250) and March 1, 2016 (₹ 1,250).
- ii. Term loan amounting to ₹ 3,960 (2012: Nil) was taken from a bank during the current period. The loan was taken by the Company for a period of seven years from the date of disbursement i.e. August 2013 and repayable in unequal quarterly instalments over the tenor of the loan. The loan is secured by first pari passu charge on the fixed assets and current assets of the Company.
- iii. Term loan amounting to ₹ 2,000 (2012: Nil) was taken from a bank during the current period. The loan was taken by the Company for a period of three years from the date of disbursement i.e. February 2014 and payable at the end of the tenor of the loan. The loan is secured by second pari passu charge on the fixed assets and first pari passu charges on current assets of the Company.
- iv. Term loan amounting to ₹ 406.25 (2012: ₹ 1,031.25) 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 instalments 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.
- v. Term loan amounting to Nil (2012: ₹ 1,333.34) is taken from a syndicate 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 instalment of ₹ 1,333.33 commencing from the date of falling 36 Months after date of disbursement. The loan was secured by first pari passu charge on the fixed assets of the Company.
- vi. Term loan amounting to Nil (2012: ₹ 480) 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 repayable in quarterly instalment of ₹ 40, commencing from March 31, 2012. The loan was secured by first pari passu charge on the fixed assets of the Company.
- vii. Secured term loan amounting to Nil (2012: ₹ 1,000) was 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 equal quarterly instalments 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.
- viii. Secured Term loan amounting to Nil (2012: ₹ 1,750) was taken from a non-banking financial company, was 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.
- ix. Company had issued 12.50% 440 unsecured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 440 having face value of ₹ 1,000,000 each on a private placement basis in lieu of conversion of amounts outstanding for loss on derivative contracts. The current outstanding for the debentures is ₹ 55 (2012: ₹ 385). The debentures are repayable in eight equal quarterly instalments of ₹ 55 each commencing from the date of allotment. The said Debentures were issued in June 2012 and are listed on National Stock Exchange (NSE) w.e.f. July 26, 2012.

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

30. Terms of long-term borrowings (continued)

- x. Unsecured Inter corporate deposit of ₹ 5,500 (2012: Nil) taken from Corporate are at interest rate of 13% and repayable in two years from the date of drawl of loan in January 2014.
- xi. Finance lease obligations are for theatrical equipments taken on a long term lease wherein the Company has an option to purchase the assets at a nominal amount at the end of lease term.
- xii. Interest rates on secured loans are ranging from 11 % to 14.75 % and on unsecured loan are ranging from 11.50 % to 15.33 %.
- xiii. The above amount includes :

	March 31, 2014	September 30, 2012
Secured borrowings	8,866.25	9,094.59
Unsecured borrowings	6,869.64	385.00

- xiv. Debts guaranteed by a Promoter is ₹ 8,460 (2012: ₹ 3,500)

31. Terms of short-term borrowings

- i. Cash credit of ₹ 54.45 (2012: ₹ 55.46) is secured by pari passu first charge on moveable fixed assets and current assets of the Company, repayable on demand.
- ii. Cash credit of ₹ 66.72 (2012: Nil) is secured by pari passu first charge on moveable fixed assets and current assets of the Company, repayable on demand.
- iii. Secured loan amounting to ₹ 1,770 (2012: ₹ Nil) taken from a non-banking financial company, is repayable twelve months after the date of disbursement and is secured by second charge on all fixed assets and current assets of the Company.
- iv. Buyers credit of Nil (2012: ₹ 397.45) is secured by pari passu first charge on movable fixed assets and current assets of the Company, repayable within a year from the date of drawl.
- v. Unsecured Inter corporate deposit of ₹ 9,953 (2012: ₹10,134.54) taken from Corporate are at interest rate of 12% to 13% per annum and repayable in six months to one year from the date of drawl of loan.
- vi. Unsecured Inter corporate deposit of Nil (₹ 55) from a related party taken from corporate are at interest rate ranging from 9.50% to 13.00% per annum and repayable on demand.
- vii. 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 %.
- viii. Interest rates on secured buyer's credit are ranging from 1.10% p.a. to 4.14% .
- ix. The above amount includes :

	March 31, 2014	September 30, 2012
Secured borrowings	1,891.17	452.91
Unsecured borrowings	4,453.00	10,189.54

32. Value of chemicals and consumables

Particulars	Eighteen month period ended March 31, 2014		Eighteen month period ended September 30, 2012	
		%		%
Imported	3.47	14.23	12.10	23.58
Indigenous	20.92	85.77	39.22	76.42
Total	24.39	100.00	51.32	100.00

33. Expenditures in foreign currency (on accrual basis)

Travelling	6.87	7.68
Professional fees	0.55	17.89
Others	7.52	48.84
Total	14.94	74.41

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Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
34. Value of imports on CIF basis (on accrual basis)		
Chemicals, consumables and spare parts	22.50	12.10
Capital goods	10.60	10.33
Total	33.10	22.43
35. Earnings in foreign exchange (on accrual basis)		
Processing / printing of films	23.72	89.81
Total	23.72	89.81
36. Auditors Fee:		
Audit fee	10.00	10.00
Other attestation fees *	10.28	4.70
Reimbursement of out of pocket expense	0.52	0.75
Total	20.80	15.45

* - Includes ₹ 5 which has been adjusted against the securities premium as share issue expenses.

37. Lease disclosure under AS 19 – 'Leases'

A. Operating leases

The Company is obligated under non-cancellable operating 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	
	March 31, 2014	September 30, 2012
Amounts due within one year from the balance sheet date	766.14	1,356.90
Amounts due in the period between one year and five years	2,716.93	4,463.64
Amount due after five years	5,147.99	6,527.06
Total	8,631.06	12,347.60

Amount payable within lock-in-period is ₹ 2,795.84 (2012: ₹ 7,331.76).

Amount debited to statement of profit and loss for lease rental is ₹ 2,065.25 (2012: ₹ 2,370.86) (excluding amount capitalized ₹ 9.52 (2012: ₹ 26.83))

B. Finance leases

The Company is obligated under non-cancellable finance leases primarily for theatrical equipments and fixtures. In these cases the Company has an option for purchasing the assets at the end of the lease term for a nominal price.

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

Particulars	March 31, 2014			September 30, 2012		
	Future minimum lease payments	Present value of future minimum lease payment	Finance charge	Future minimum lease payments	Present value of future minimum lease payment	Finance charge
Amounts due within one year from the balance sheet date	186.00	(21.03)	207.03	-	-	-
Amounts due in the period between one year and five years	1,583.00	1,335.67	247.33	-	-	-
Total	1,769.00	1,314.64	454.36	-	-	-

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

Holding Company

- Reliance Land Private Limited (with effect from September 16, 2013)

Subsidiary Companies

- Global MediaWorks (UK) Limited (formerly known as Reliance MediaWorks (UK) Limited)
- Reliance MediaWorks (USA) Inc.
- Reliance MediaWorks (Netherlands) B.V.
- Reliance MediaWorks (Mauritius) Limited
- Reliance MediaWorks Theatres 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
- 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
- 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. (up to September 21, 2012)
- Reliance MediaWorks Creative Services Limited (with effect from June 20, 2013)

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

Reliance MediaWorks Limited

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

Transactions	Holding Company		Subsidiary Companies		Key Managerial Personnel		Joint Venture	
	CP	PP	CP	PP	CP	PP	CP	PP
Issue of equity shares								
Reliance Land Private Limited	3,391.18	-	-	-	-	-	-	-
Rendering of services								
Cineplex Private Limited	-	-	-	-	-	-	-	0.28
Big Synergy Media Limited	-	-	23.15	29.80	-	-	-	-
Reliance MediaWorks Theatres Limited	-	-	1.00	1.00	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	1.74	8.55	-	-	-	-
Reliance Laury Digital Imaging Services Inc	-	-	1.73	-	-	-	-	-
Interest income								
Divya Shakti Marketing Private Limited*	-	-	-	-	-	-	2.29	2.02
Dividend income								
Big Synergy Media Limited	-	-	31.62	20.04	-	-	-	-
Interest expenses								
Reliance MediaWorks Theatres Limited	-	-	4.56	5.23	-	-	-	-
Receiving of services								
Reliance MediaWorks Entertainment Services Limited	-	-	1.60	3.02	-	-	-	-
Reimbursement of expenses								
Reliance MediaWorks (USA) Inc.	-	-	-	(8.88)	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	-	0.47	-	-	-	-
Reliance MediaWorks (Mauritius) Limited**	-	-	-	0.00	-	-	-	-
Swanston Multiplex Cinemas Private Limited	-	-	-	-	-	-	0.37	0.70
Managerial remuneration								
Kirti Desai	-	-	-	-	-	0.56	-	-
Ashish Agarwal	-	-	-	-	3.38	2.94	-	-
Madhulika Singh	-	-	-	-	-	0.08	-	-
Loan given								
Reliance MediaWorks (USA) Inc.	-	-	389.07	291.88	-	-	-	-
Global MediaWorks (UK) Limited	-	-	99.22	480.66	-	-	-	-
Reliance Media Consultant Private Limited	-	-	0.05	-	-	-	-	-
Reliance MediaVentures Private Limited	-	-	0.10	-	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	820.71	690.13	-	-	-	-
Reliance MediaWorks Theatres Limited	-	-	14.61	-	-	-	-	-
Loans received back								
Cineplex Private Limited	-	-	-	-	-	-	-	13.34
Reliance MediaWorks (Mauritius) Limited	-	-	-	14.98	-	-	-	-
Rave Entertainment and Food Nepal Private Limited	-	-	-	43.20	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	-	1,200.00	-	-	-	-

Reliance MediaWorks Theatres Limited	-	-	10.50	-	-	-	-	-
Loan taken								

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(Currency: ₹ in Millions)

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

Transactions	Holding Company		Subsidiary Companies		Key Managerial Personnel		Joint Venture	
	CP	PP	CP	PP	CP	PP	CP	PP
Reliance MediaWorks Theatre Limited	-	-	25.00	50.50	-	-	-	-
Loan repaid								
Reliance MediaWorks Theatres Limited	-	-	80.00	20.00	-	-	-	-
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 preference shares								
Reliance MediaWorks Entertainment Services Limited ***	-	-	-	1,200.00	-	-	-	-
Fixed assets purchased								
Reliance MediaWorks Entertainment Services Limited	-	-	-	0.38	-	-	-	-
Fixed assets sold								
Divya Shakti Marketing Private Limited	-	-	-	-	-	-	0.66	-
Guarantees given								
Reliance MediaWorks (USA) Inc.	-	-	-	105.60	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	-	264.00	-	-	-	-
Guarantees cancelled								
Reliance MediaWorks (USA) Inc.	-	-	329.38	-	-	-	-	-
Reliance MediaWorks (Netherlands) B. V.	-	-	3.40	-	-	-	-	-
Guarantees outstanding								
Reliance MediaWorks (USA) Inc.	-	-	676.45	926.02	-	-	-	-
Reliance MediaWorks (Netherlands) B. V.	-	-	-	3.40	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	1,049.32	1,014.00	-	-	-	-
Net outstanding balance as at period end								
Reliance MediaWorks (USA) Inc. @	-	-	3,760.33	2,943.18	-	-	-	-
Global MediaWorks (UK) Limited @	-	-	1,227.18	930.06	-	-	-	-
Reliance MediaWorks (Mauritius) Limited @	-	-	1,487.87	1,393.99	-	-	-	-
Reliance MediaWorks Theatres Limited	-	-	8.06	(55.54)	-	-	-	-
Reliance MediaWorks (Netherlands) B.V. @	-	-	19.96	15.90	-	-	-	-
Big Synergy Media Limited	-	-	13.70	(7.42)	-	-	-	-
Reliance MediaWorks Entertainment Services Limited	-	-	1,381.22	554.35	-	-	-	-
Reliance Laury Digital Imaging Services Inc	-	-	1.73	-	-	-	-	-
Reliance Media Consultant Private Limited	-	-	0.05	-	-	-	-	-
Reliance MediaVentures Private Limited	-	-	0.10	-	-	-	-	-
Divya Shakti Marketing Private Limited	-	-	-	-	-	-	18.67	24.17

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

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

Transactions	Holding Company		Subsidiary Companies		Key Managerial Personnel		Joint Venture	
	CP	PP	CP	PP	CP	PP	CP	PP
Swanston Multiplex Cinemas Private Limited	-	-	-	-	-	-	(0.14)	0.08

CP- Eighteen month period ended March 31, 2014

PP – Eighteen month period ended September 30, 2012

* amount written off during the period ₹ 2.29 (2012: ₹ 2.02)

** indicate amount less than ₹ 0.005

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

@ The Company has provided the following amounts pertaining to its subsidiaries

- During the eighteen month ended March 31, 2014 – ₹ 3,232.60 for its subsidiary Reliance MediaWorks (USA) Inc, ₹ 19.96 pertaining to its subsidiary Reliance MediaWorks (Netherlands) B.V. and ₹ 1,227.18 pertaining to its subsidiary Global MediaWorks (UK) Limited
- During the eighteen month period ended September 30, 2012 – ₹ 692.19 pertaining to its subsidiary Reliance MediaWorks (Mauritius) Limited

Note

1. Company had issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 having face value of ₹ 1,000,000 on a private placement basis. The current outstanding for the debentures is ₹ 2,500 (2012: ₹ 3,500). The Debentures are secured by first pari passu charge on the all assets of the Company and some of 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 had decided to provide for diminution in the value of investments amounting to ₹ 82.51 in the previous eighteen month period ended September 30, 2012.

40. Earnings per share ('EPS')

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Net (loss) after tax	(10,942.13)	(7,035.63)
Weighted average number of equity share outstanding during the period for basic / dilutive EPS	102,376,445	51,250,787
Basic EPS	(106.88)	(137.28)
Dilutive EPS	(106.88)	(137.28)
Nominal value per share	5.00	5.00

* – Dilutive EPS has not been calculated 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 March 31, 2014	As at September 30, 2012	Maximum Balance during the period
Global MediaWorks (UK) Limited (formerly known as Reliance MediaWorks (UK) Limited)	Subsidiary	1,187.08	894.89	1,187.08
Reliance MediaWorks (Mauritius) Limited	Subsidiary	1,487.86	1,393.99	1,487.86
Reliance MediaWorks (Netherlands) B.V.	Subsidiary	19.96	15.90	19.96
Reliance MediaWorks (USA) Inc.	Subsidiary	3,719.27	2,903.63	3,719.27
Reliance MediaWorks Entertainment Services Limited	Subsidiary	1,420.02	599.32	1,420.02
Reliance MediaWorks Theatres Limited	Subsidiary	4.11	-	4.11

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

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

Reliance Media Consultant Private Limited	Subsidiary	0.05	-	0.05
Reliance MediaVentures Private Limited	Subsidiary	0.10	-	0.10
Total		7,838.45	5,807.73	
Divya Shakti Marketing Private Limited	Joint venture	21.77	21.77	21.77
Total		21.77	21.77	

(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	As at March 31, 2014		As at September 30, 2012	
		Amount – foreign currency (Million)	Amount – Indian rupees	Amount – foreign currency (Million)	Amount – Indian rupees
Trade and other receivables	USD	89.34	5,348.43	82.17	4,338.37
	GBP	12.08	1,203.85	10.89	930.14
	EURO	0.25	20.57	0.23	15.90
Trade and other payables	USD	0.10	5.83	0.17	8.86
	GBP	-	-	0.01	0.45
	EURO	0.00	0.10	0.02	1.10
	MYR	-	-	0.01	0.09
Borrowings	USD	-	-	7.53	397.45

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 March 31, 2014	% of ownership interest as at September 30, 2012
Swanston Multiplex Cinemas Private Limited	India	50%	50%
Cineplex Private Limited (up to June 3, 2011)	India	Nil	Nil
Divya Shakti Marketing Private Limited	India	50%	50%

Details of Joint Venture

Particulars	March 31, 2014	September 30, 2012
Balance Sheet		
EQUITY AND LIABILITIES		
<u>Shareholders' funds</u>		
(a) Share capital	11.15	11.15
(b) Reserves and surplus	(16.45)	(8.99)
Share application money, pending allotment	1.50	-
<u>Liabilities</u>		
Non-current liabilities		
(a) Long term borrowings	21.17	21.17
(b) Other long-term liabilities	-	0.05
(c) Long-term provisions	0.08	0.03
Current liabilities		
(a) Trade payables	6.08	7.98
(b) Other current liabilities	6.97	4.75
Total	30.50	36.14

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

Particulars	March 31, 2014	September 30, 2012
ASSETS		
<u>Non-current assets</u>		
(a) Fixed assets		
Tangible assets	18.15	20.65
(b) Long-term loans and advances	7.08	7.03
<u>Current assets</u>		
(a) Inventories	0.35	0.37
(b) Trade Receivables	2.51	2.34
(c) Cash and cash equivalents	2.21	3.04
(d) Short-term loans and advances	0.20	1.19
(e) Other current assets	-	1.52
Total	30.50	36.14
Statement of Profit and loss		
	Eighteen month period ended March 31, 2014	Eighteen month period ended March 31, 2014
Revenue		
(a) Revenue from operations	28.25	110.98
(b) Other income	0.76	0.87
Total Revenue	29.01	111.85
Expenses		
Direct operation expenses	15.09	52.59
Employee benefits expense	1.23	5.72
Finance cost	-	0.11
Depreciation / amortisation expense	3.07	10.25
Other expenses	17.08	64.25
Total Expenses	36.47	132.92
(Loss) before tax	(7.46)	(21.07)
Tax Expenses		
(1) Current tax	-	1.75
(2) Deferred tax (credit) / charge	-	0.01
(Loss) for the period	(7.46)	(22.83)
OTHER MATTERS		
Contingent Liabilities	10.25	9.80
Movement of the aggregate Shareholders' funds of the Joint ventures:		
Shareholders' funds as at commencement of the period	2.16	42.39
Add: Issue of shares by joint venture	-	12.50
Add: Share of (loss) / profits for the period	(7.46)	(22.83)
Effect of disposal of joint ventures	-	(29.90)
Shareholders' funds as at the end of the period	(5.30)	2.16

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 had decided to provide for diminution in the value of investments amounting to ₹ 82.51 in the previous eighteen month period ended September 30, 2012.

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

44. Employee benefits

Defined contribution plan

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

	Eighteen month period ended March 31, 2014	Eighteen month period ended March 31, 2014
Employers contribution to Provident fund and other funds	39.15	50.77

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 recognises 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. Other long term employee benefit comprises encashment of leave. The obligation for leave encashment is recognised based on actuarial valuation carried out using Projected Unit Credit Method. Expenses recognised in the Statement of Profit and Loss during the period is ₹ 36.13 (2012: ₹ 28.37).

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

Particulars	As at March 31, 2014	As at September 30, 2012
Gratuity		
Defined Benefit obligation at the beginning of the period	24.39	28.79
Current service cost	8.78	12.43
Interest cost	3.85	4.60
Actuarial loss / (gain)	3.64	(12.17)
Benefit paid	(19.91)	(9.17)
Past service cost	0.09	(0.09)
Defined benefit obligation at period end	20.84	24.39

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

Gratuity		
Fair value of plan assets at beginning of the period	21.56	29.77
Actuarial gain/ (loss)	0.15	(1.22)
Expected return on plan assets	2.10	3.12
Employer contribution	5.00	-
Benefit paid	(19.91)	(9.17)
Past service cost	-	(0.94)
Fair value of plan assets at period end	8.90	21.56
Actual return on plan assets	2.25	1.89

III. Reconciliation of fair value of assets and obligation

Gratuity		
Fair value of plan assets at end of period	8.90	21.56
Present value of obligation at the end of period	20.84	24.39
Amount recognized in Balance sheet as net liability	11.94	2.83

Reliance MediaWorks Limited

Notes to the financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

44. Employee benefits (continued)

IV. Expense recognized during the period (Under the head 'Employee benefits expense' – Refer note '24')

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Gratuity		
Current service cost	8.78	12.43
Interest Cost	3.85	4.60
Expected return on plan assets	(2.10)	(3.12)
Actuarial (gain) / loss	3.49	(10.95)
Past service cost	0.09	0.85
Net cost	14.11	3.81

V. Investment details

% invested as at period		
Insurance policies	100%	100%

VI. Actuarial assumptions

Particulars	Eighteen month period ended March 31, 2014 Gratuity (funded) (Indian Assured Lives Mortality) 2006-08 Ult	Eighteen month period ended September 30, 2012 Gratuity (funded) (LIC) 1994-96
Mortality Table		
Discount rate (per annum)	9.30%	8.50%
Expected rate of return on plan assets (per annum)	7.50%	7.50%
Rate of escalation in salary (per annum)	7%	7%

VII. Other disclosures

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Present value of plan liabilities	20.84	24.39	28.79	17.36	15.01
Fair value of plan assets	8.90	21.56	29.77	23.72	23.89
(Deficit) / Surplus of the plan Experience adjustments on plan liabilities [loss / (gain)]	(11.94)	(2.83)	0.98	6.36	8.88
Experience adjustments on fair value of plan assets [(loss) / (gain)]	5.98	(11.27)	1.24	(4.73)	2.50
	0.15	(1.22)	(0.33)	(2.16)	(0.37)

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. The Company's net worth has eroded, however, having regard to improved operational performance of Exhibition business, financial support from its promoters, further restructuring exercise being implemented etc, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

46. 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.

Notes to the financial statements for the eighteen month period ended March 31, 2014

47. Exceptional items includes:

I. Current period ended March 31, 2014

- a. The Company has advanced money to its subsidiary in the United States of America for expansion of its business. The subsidiary's business in the Exhibition business has reduced significantly due to closure / surrender of certain properties. On a prudent basis it has been decided to provide for the amount of advances pertaining to US Exhibition business of ₹ 3,232.60.
- b. The Company had entered into an operating lease in 2010 for various assets. During the previous periods, the Company had provided for amounts payable pertaining to certain assets affected due to closure of certain properties covered under the aforesaid lease.

The Company has revised the lease agreement governing the lease terms including period of lease, and modified the lease rental payments to include payment of additional lease rentals, whereby the Company has got an option to purchase all assets covered by the lease at a nominal value. Accordingly, pursuant to the provisions of AS - 19, the Company has reclassified the aforesaid lease as a finance lease and has recorded the assets covered by the lease at present value of future lease rentals. The Company has written off assets in respect of closed properties and recorded a loss on recording of other assets at their fair value. The loss on account of assets written off and reduction in value pursuant to aforesaid valuation, net off reversal of already existing provisions of ₹ 530.03 (including liability accrued for rent straight-lining as per the provisions of AS-19) has been disclosed as an exceptional item of ₹ 5.39.

- c. The Company had granted certain advances to its subsidiaries in Netherlands and United Kingdom. These subsidiaries had utilised these loans for funding their operational losses, which were fully accounted for in the consolidated financial statements. During the period July 1, 2013 to September 30, 2013, the Company has scaled down its operations significantly in the United Kingdom considering the business outlook and various restructuring and cost reduction efforts undertaken in the film and media services business. However, the Company is confident that on a need basis it can scale up the operations. Considering these measures, on a prudent basis, the Company has decided to provide the amount of advances and other balances pertaining to these entities as loss in the accounts amounting to ₹ 1,247.14.
- d. The Company has undertaken an initiative for rationalisation / improvement of overall Exhibition business, under which the Company is re-negotiating rentals. As part of this initiative, rentals for several properties have been reduced, however in some cases the Company has decided to exit the property. In these cases, ₹ 568.26 pertaining to these properties have been written off / provided to the statement of profit and loss, thereby reducing subsequent cash losses suffered by the Company.

II. Previous period ended September 30, 2012

- 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.

48. During the previous 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.

49. During the previous 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

50. Amounts have been re-grouped / re-arranged as necessary to conform to the present period's classification.

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants

Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants

Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

Partner

Membership No: 046476

Parag D. Mehta

Partner

Membership No.: 113904

Gautam Doshi

Director

Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Independent Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors of Reliance MediaWorks Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated financial statements of Reliance MediaWorks Limited ('RMWL') ('the Company') and its subsidiaries and joint ventures, as listed in Note 1.2 of the Consolidated financial statements (collectively referred to as the 'Group') which comprise of the Consolidated Balance sheet as at and for the eighteen months period ended March 31, 2014, the Consolidated Statement of profit and loss and the Consolidated Cash flow statement of the Group for the eighteen months period ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

4. We draw attention to Note 46 to the Consolidated financial statements regarding recognition of Deferred Revenue Expenditure aggregating to ₹ 69.36 million pertaining to start-up and stabilization costs of the business, by Reliance MediaWorks Entertainment Services 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 March 31, 2014 for the Group would be higher by ₹ 69.36 million.

Qualified opinion

5. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Consolidated Balance sheet, of the state of affairs of the Company as at March 31, 2014;
 - in the case of the Consolidated Statement of profit and loss, of the loss for the eighteen months period ended on that date; and
 - in the case of the Consolidated Cash flow statement, of the cash flows for the eighteen months period ended on that date.

Emphasis of Matter

6. We draw attention to Note 38 to the Consolidated financial statements; the Group's net worth is fully eroded and has a negative net worth of ₹ 8,766.51 million, the Group has incurred a loss of ₹ 8,953.52 million for the eighteen months period October 1, 2012 to March 31, 2014, 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.

Independent Auditors' Report on the Consolidated Financial Statements

Our opinion is not qualified in respect of these matters.

Other Matters

7. We did not audit the financial statements and other financial information of subsidiaries and joint ventures. The Consolidated financial statements include Group's share of total assets of ₹ 1,837.53 million (September 30, 2012: ₹ 5,814.32 million) as at March 31, 2014 and the Group's share of total revenues of ₹ 3,297.82 million (September 30, 2012: ₹ 4,532.46 million) and net cash outflows aggregating ₹ 229.55 million (September 30, 2012: net cash inflows ₹ 149.48 million) for the eighteen months 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.

For B S R & Co. LLP

Chartered Accountants
Firm's Registration No: 101248W

Vijay Mathur

Partner
Membership No: 046476

Mumbai
May 30, 2014

For Chaturvedi & Shah

Chartered Accountants
Firm's Registration No: 101720W

Parag D. Mehta

Partner
Membership No: 113904

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Consolidated balance sheet as at March 31, 2014

(Currency: ₹ in Millions)

	Note	March 31, 2014	September 30, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	980.79	245.38
(b) Reserves and surplus	3	(9,747.30)	(5,901.66)
		(8,766.51)	(5,656.28)
Minority interest			
		113.96	106.53
Non-current liabilities			
(a) Long-term borrowings	4	14,032.16	7,566.84
(b) Other long-term liabilities	5	221.03	363.90
(c) Long-term provisions	6	55.66	62.11
		14,308.85	7,992.85
Current liabilities			
(a) Short-term borrowings	7	6,638.25	10,677.11
(b) Trade payables		1,532.91	1,896.71
(c) Other current liabilities	8	2,892.51	3,726.01
(d) Short-term provisions	9	26.16	20.09
		11,089.83	16,319.92
		16,746.13	18,763.02
ASSETS			
Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		7,865.33	8,936.71
(ii) Intangible assets		413.27	889.58
(iii) Capital work-in-progress		951.93	1,201.09
(iv) Intangible assets under development		-	28.59
(b) Goodwill on consolidation		517.90	528.46
(c) Non-current investments	11	917.81	55.33
(d) Deferred tax assets (net)	12	5.98	2.04
(e) Long-term loans and advances	13	1,888.21	2,364.25
(f) Other non-current assets	14	41.91	92.90
		12,602.34	14,098.95
Current assets			
(a) Current investments	15	11.44	-
(b) Inventories	16	102.12	141.77
(c) Trade receivables	17	1,791.78	1,867.30
(d) Cash and bank balances	18	817.48	1,119.87
(e) Short-term loans and advances	19	1,229.13	1,296.31
(f) Other current assets	20	191.84	238.82
		4,143.79	4,664.07
		16,746.13	18,763.02

Significant accounting policies

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

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants
Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants
Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

Partner
Membership No: 046476

Parag D. Mehta

Partner
Membership No.: 113904

Gautam Doshi

Director

Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Consolidated statement of profit and loss for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

	Note	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
I. Revenue from operations	21	10,126.15	12,344.14
II. Other income	22	382.90	204.55
III. Total revenue (I+II)		10,509.05	12,548.69
IV. Expenses			
Direct operational expenses	23	4,038.14	4,930.42
Employee benefit expense	24	2,567.96	3,171.23
Finance costs (net)	25	4,198.65	3,975.14
Depreciation, amortisation and impairment expense	10	2,672.30	2,133.55
Other expenses	26	5,295.49	6,572.95
Total expenses		18,772.54	20,783.29
V. (Loss) before exceptional items and tax (III- IV)		(8,263.49)	(8,234.60)
VI. Exceptional items (Refer note 40)		(594.71)	(818.15)
VII. (Loss) before tax		(8,858.20)	(9,052.75)
VIII. Tax expenses			
Current tax		55.72	76.95
Deferred tax (credit)		(3.94)	(102.84)
(Excess) / Short provision for earlier years		(4.37)	4.64
IX. (Loss) after tax and before minority interest		(8,905.61)	(9,031.50)
X. Share of minority		47.91	73.24
XI. (Loss) for the period		(8,953.52)	(9,104.74)
Basic earnings per share ₹		(87.46)	(177.65)
Diluted earnings per share ₹		(87.46)	(177.65)

(refer note 34)

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. LLP
Chartered Accountants
Firms' Reg No. : 101248W

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

For and on behalf of the Board

Vijay Mathur
Partner
Membership No: 046476

Parag D. Mehta
Partner
Membership No.: 113904

Gautam Doshi
Director

Amit Khanna
Director

Ashish Agarwal
Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Consolidated Cash Flow Statement for the eighteen month period ended on March 31, 2014

(Currency: ₹ in Millions)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
A. Cash flow from operating activities		
Net (loss) before tax	(8,858.20)	(9,052.75)
Adjustment for:		
Depreciation / amortisation / impairment	3,385.40	2,133.55
Loss on sale / discarding of fixed assets (net)	0.30	66.98
Loss on disposal of subsidiaries	-	272.29
Finance cost (net)	4,198.65	3,975.14
Interest income	(107.78)	(125.57)
Dividend income	-	(0.04)
Bad debts / advances written-off	55.79	101.04
Sundry balances written-off	3.60	98.15
Provision for diminution in the value of investments	1.60	-
Capital work in progress written off	293.57	442.46
Provision for doubtful debts / advances	259.00	476.79
Deferred revenue expenditure written-off	52.02	52.02
Gain on sale of current investments	(35.74)	(3.95)
Unrealised foreign exchange (gain)	(215.96)	(230.49)
	(967.75)	(1,794.38)
Adjustment for:		
(Increase) in trade receivables	(206.85)	(208.34)
Decrease in other receivables	388.34	280.62
Decrease / (Increase) in inventories	41.02	(17.85)
(Decrease) / Increase in trade and other payable	(464.07)	791.30
Cash used in operating activities	(1,209.31)	(948.65)
Taxes paid (net of refunds)	(54.89)	119.83
Net cash used in operating activities (A)	(1,264.20)	(828.82)
B. Cash flow from investing activities		
Purchase of fixed assets	(728.82)	(872.18)
Proceeds from sale of fixed assets	65.14	191.41
Withdrawals from partnership firm	32.24	3.33
Proceeds on sale of non-current investments	41.45	857.97
Amounts paid towards acquisition of Associate	(125.71)	-
Advance towards share application / purchase of shares	(89.03)	(681.12)
Profit on sale of current investment (net)	35.74	3.95
Proceeds on disposal of non-current investments	-	51.28
Dividend income	-	0.04
Interest income	109.37	136.83
Cash used in investing activities	(659.62)	(308.49)
Taxes paid (net of refunds)	(2.56)	(7.68)
Net cash used in investing activities (B)	(662.18)	(316.17)

Consolidated Cash Flow Statement for the eighteen month period ended on March 31, 2014

(Currency: ₹ in Millions)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
C. Cash flow from financing activities		
(Repayment) / proceeds from short-term borrowings (net) (Refer note 1 below)	(4,068.60)	302.95
Repayment of long-term borrowings	(6,946.57)	(6,216.05)
Proceeds from long-term borrowings	11,504.16	6,830.85
Proceeds from issuance of Equity shares pursuant to Rights issue (Refer note 1 below)	5,883.31	-
Rights issue related expenses	(25.92)	-
Proceeds from issue of Preference Shares (Refer note 2 below)	-	2,950.00
Dividend (including dividend tax) paid	-	(0.79)
Payment to minority	(50.31)	(99.41)
Recovered from Reliance Broadcast Network Limited pursuant to demerger of Radio business	6.38	996.14
Finance costs (net)	(4,385.66)	(3,531.40)
Net cash flow from financing activities (C)	1,916.79	1,232.29
Net increase / (decrease) in cash and cash equivalent (A+B+C)	(9.59)	87.30
Cash and cash equivalents as at beginning of the period	569.90	552.18
Cash and cash equivalents disposed on sale of Subsidiaries / Joint venture	-	79.49
Exchange gain / loss on cash and cash equivalents at the beginning of the period	14.00	9.91
Cash and cash equivalents as at end of the period (Refer note 18)	574.31	569.90
	(9.59)	87.30

Note:

- Amounts have been apportioned from loans towards subscription of equity shares of the Company pursuant to rights issue - ₹ 4,500
- 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. LLP

Chartered Accountants

Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants

Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

Partner

Membership No: 046476

Parag D. Mehta

Partner

Membership No.: 113904

Gautam Doshi

Director

Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(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 Limited Company.

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited till May 6, 2014. Reliance MediaWorks is primarily engaged in theatrical exhibition, film production services and television and 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.

These consolidated 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') read with General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of section 133 of the Companies Act, 2013 to the extent applicable. The consolidated 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 August 11, 2013, had extended the financial year of the Company till March 31, 2014, which has been approved by the Registrar of Companies vide its approval dated September 27, 2013. Accordingly, the financial statements of the Company are drawn for eighteen month period ended March 31, 2014.

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 incorporated one subsidiary – Reliance MediaWorks Creative Services Limited.
- Previous period, the Group has sold its investment in one of the joint venture namely Cineplex Private Limited;
- Previous period, the Group has sold its investment in one of the subsidiary namely Sri Ramakrishna Theatres Limited;
- Previous period, the Group has sold its investment in one of the subsidiary namely Rave Entertainment and Food Nepal Private Limited;
- Previous period, the Group has incorporated two subsidiaries – Reliance Media Consultants Private Limited and Reliance MediaVentures Private Limited;

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

1. Significant accounting policies (continued)

- Previous 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.)

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 2014	Ownership Interest 2012
1	Reliance MediaWorks Theatres Limited	India	100%	100%
2	Global MediaWorks (UK) Limited (formerly known as 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	Nil
8	Rave Entertainment and Food Nepal Private Limited^	Nepal	Nil	Nil
9	Reliance MediaWorks Entertainment Services Limited	India	100%	100%
10	Reliance Media Consultant Private Limited	India	100%	100%
11	Reliance MediaVentures Private Limited	India	100%	100%

^Investment sold during the previous 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 2014	Ownership Interest 2012
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%

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

1. Significant accounting policies (continued)

Sr. No	Name of the Subsidiary	Country of Incorporation	Ownership interest 2014	Ownership Interest 2012
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	-	-
18	Reliance MediaWorks Big Cinemas Sdn. Bhd. ^^	Malaysia	-	-
19	Reliance MediaWorks Creative Services Limited	India	100%	-

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

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

^^ - Investment sold during the previous period

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 2014	Ownership Interest in 2012
1	Swanston Multiplex Cinemas Private Limited	India	50%	50%
2	Divyashakti Marketing Private Limited	India	50%	50%
3	Cineplex Private Limited^^	India	Nil	Nil

^^ - Investment sold during the previous period

Associates - A subsidiary of the Parent Company holds 30% interest in GH-Reliance LLC, which is treated as an Associate with effect from October 1, 2012.

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. Significant accounting policies (continued)

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., Global 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.

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.

1. Significant accounting policies (continued)

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 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 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.

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 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.

1. Significant accounting policies (continued)

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.

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. Significant accounting policies (continued)

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 are recognised in the statement of profit and loss of the period.

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

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. 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. 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, 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.

1. Significant accounting policies (continued)

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 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

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

Finance leases – The lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as liabilities for leased assets. The principal component in lease rental in respect of the above is adjusted against liabilities for leased assets and the interest component is recognised as an expense in the year.

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.

	March 31, 2014	September 30, 2012
2. Share capital		
Authorised		
480,000,000 (2012: 480,000,000) equity shares of ₹ 5/-each	2,400.00	2,400.00
20,000,000 (2012: 20,000,000) preference shares of ₹ 5/-each	100.00	100.00
	2,500.00	2,500.00
Issued, subscribed and paid-up capital		
193,208,831 (2012: 46,126,170) equity shares of ₹ 5/- each, fully paid-up	966.04	230.63
2,950,000 (2012: 2,950,000) 10% redeemable non convertible non cumulative preference shares (Preference shares) of ₹ 5/- each, fully paid-up (Refer note 28)	14.75	14.75
(Refer notes (a) to (h) below)	980.79	245.38

a. Reconciliation of shares outstanding at the beginning and at the end of the period

Equity Shares

	March 31, 2014		September 30, 2012	
	Number of shares in millions	₹ in millions	Number of shares in millions	₹ in millions
At the commencement of the period	46.13	230.63	46.13	230.63
Shares issued during the period pursuant to Rights issue	147.08	735.41	-	-
At the end of the period	193.21	966.04	46.13	230.63

2. Share capital (continued)

Preference shares

	March 31, 2014		September 30, 2012	
	Number of shares in millions	₹ in millions	Number of shares in millions	₹ in millions
At the commencement of the period	2.95	14.75	-	-
Share issued during the period	-	-	2.95	14.75
At end of the period	2.95	14.75	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.

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. Equity shares held by the Holding Company

	March 31, 2014		September 30, 2012	
	Number of shares in millions	% holding in the class	Number of shares in millions	% holding in the class
Reliance Land Private Limited	140.68	72.81%	-	-

e. Names of shareholders holding more than 5% of equity share in the Company

Reliance Land Private Limited	140.68	72.81%	20.60	44.66%
Reliance Capital Limited	36.25	18.76%	8.53	18.49%

f. Names of shareholders holding more than 5% of Preference share in the Company

Reliance Infocomm Engineering Private Limited	1.20	40.68%	1.20	40.68%
Reliance Utility Engineers Private Limited	1.75	59.32%	1.75	59.32%

g. During the previous period, 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.

h. During the previous period, 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.

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

3. Reserves and surplus

	March 31, 2014	September 30, 2012
Securities premium reserve		
At the commencement of the period	7,621.46	4,686.21
Add: Premium on issuance of equity shares pursuant to Rights issue	5,147.89	-
Add: Premium on issuance of Preference shares	-	2,935.25
Less: Share issue expenses	25.92	-
At the end of the period	<u>12,743.43</u>	<u>7,621.46</u>
Capital redemption reserve		
At the commencement of the period	120.00	53.42
Transferred from statement of profit and loss	-	63.61
Transferred from general reserve	-	2.97
At the end of the period	<u>120.00</u>	<u>120.00</u>
Capital reserve - I		
At the commencement and at the end of the period	3.39	3.39
Capital reserve - II	582.62	582.62
At the commencement and at the end of the period (created pursuant to provisions of the Scheme of Amalgamation during the year ended March 31, 2009)		
Foreign currency translation reserve		
At the commencement of the period	65.46	(31.49)
Add: Foreign currency translation gain on translation of monetary investment in non-integral operations (net)	(3.55)	96.95
At the end of the period	<u>61.91</u>	<u>65.46</u>
General reserve		
At the commencement of the period	91.19	79.06
Transferred from statement of profit and loss	15.50	15.10
Transferred to capital redemption reserve	-	(2.97)
At the end of the period	<u>106.69</u>	<u>91.19</u>
(Deficit) in Statement of profit and loss		
At the commencement of the period	(14,385.78)	(5,176.02)
Loss for the period, as per Statement of profit and loss	(8,953.52)	(9,104.74)
	<u>(23,339.30)</u>	<u>(14,280.76)</u>
Dividend on preference shares of a subsidiary	-	(4.39)
Dividend tax on dividend on preference shares of a subsidiary	-	(0.71)
Dividend tax on dividend on equity shares of a subsidiary	(10.54)	(6.37)
Reduction in reserves on sale of subsidiaries and joint ventures	-	(14.84)
Transfer to Capital redemption reserve	-	(63.61)
Transfer to General reserve	(15.50)	(15.10)
At the end of the period	<u>(23,365.34)</u>	<u>(14,385.78)</u>
	<u>(9,747.30)</u>	<u>(5,901.66)</u>

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

4. Long-term borrowings

(Refer note 29)

	March 31, 2014	September 30, 2012
Non convertible debentures (secured) (Refer note 28, 29 (i) and (xix))	1,250.00	3,500.00
Non convertible debentures (unsecured) (Refer note 28 and 29 (ix))	-	165.00
Term loans		
- From banks (secured) (Refer note 29 (ii),(iii),(iv),(v), (vi), (vii) (xi) and (xix))	5,953.75	2,017.13
- From banks (unsecured) (Refer note 29 (xii))	-	96.12
- Form others parties (secured) (Refer note 29 (viii))	-	1,750.00
Other loans and advances		
- Form others parties (secured) (Refer note 29 (xiii) and (xiv))	13.77	36.68
- Form others parties (unsecured) (Refer note 29 (xv))	-	1.91
Inter-corporate deposit (unsecured) (Refer note 29 (xvi))	5,500.00	-
Long-term maturities of finance lease obligations (Refer note 29 (x))	1,314.64	-
	14,032.16	7,566.84
Current maturities of long-term debts (Refer note 9)		
Non convertible debentures (secured) (Refer note 28, 29 (i) and (xix))	1,250.00	-
Non convertible debentures (unsecured) (Refer note 28 and 29 (ix))	55.00	220.00
Term loans		
- From banks (secured) (Refer note 29 (ii),(iii),(iv),(v), (vi), (vii) (xi) and (xix))	552.23	2,248.34
Other loans and advances		
- Form others parties (secured) (Refer note 29 (xiii) and (xiv))	16.10	14.15
	1,873.33	2,482.49
5. Other long-term Liabilities		
Lease rent liability as per AS 19 - "Leases"	190.47	350.22
Security deposit / advances from customers	30.56	13.68
	221.03	363.90
6. Long-term provisions		
<u>Provision for employee benefits</u>		
Leave encashment	41.75	51.70
Gratuity	13.91	10.41
(Refer note 9 and 37)	55.66	62.11
7. Short-term borrowings		
(Refer note 30)		
Loans repayable on demand (secured)		
From banks		
- Cash Credit (Refer note 30 (i), (ii) and (iii))	228.46	145.12
Other loans and advances		
- From banks		
- Buyers credit (secured) (Refer note 30 (vi))	-	397.45
- From Others (secured) (Refer note 30 (iv))	1,770.00	-
- From Banks (unsecured) (Refer note 30 (v))	108.97	-
Inter-corporate deposit (unsecured) (Refer note 30 (vii))	4,530.82	10,134.54
	6,638.25	10,677.11

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

8. Other current liabilities

	March 31, 2014	September 30, 2012
Current maturities of long-term debts (Refer note 4)	1,873.33	2,482.49
Interest accrued and due on borrowings	136.38	227.24
Interest accrued but not due on borrowings	129.60	225.75
Unclaimed dividend	0.81	1.05
Advance received from customers	163.91	218.79
Dues for capital expenditure	131.30	219.52
Temporary book overdraft	-	92.49
Unearned income	18.60	-
Lease rent liability	13.96	75.85
Statutory dues	169.26	79.44
Employee benefits payable	68.17	39.21
Others	187.19	64.18
	<u>2,892.51</u>	<u>3,726.01</u>

9. Short-term provisions

Gratuity (Refer note 37)	-	0.18
Leave encashment (Refer note 37)	26.16	19.91
	<u>26.16</u>	<u>20.09</u>

(Currency: ₹ in Millions)

Particulars	Gross block				Accumulate depreciation / amortisation / impairment				Net Block				
	As at October 1, 2012	Additions during the period	Deductions during the period	Exchange differences	Impact of sale of subsidiaries / JV's	As at March 31, 2014	As at October 1, 2012#	Charge for the period	Depreciation on assets sold / discarded	Exchange differences	Impact of sale of subsidiaries / JV's	As at March 31, 2014	As at September 30, 2012
I. Owned Assets													
A. Tangible assets													
Leasehold land	865.67	-	-	-	-	865.67	1.85	-	-	-	-	863.82	863.82
Buildings:													
Leasehold	5,074.95	92.32	68.36	64.41	-	5,163.32	1,217.97	802.34	64.81	36.62	-	3,171.20	3,856.98
Freehold	272.74	-	-	-	-	272.74	141.57	51.64	-	-	-	79.53	131.17
Plant and machinery	4,933.18	187.92	25.26	55.86	-	5,151.70	2,166.29	979.71	14.49	34.96	-	1,985.23	2,766.89
Office Equipment	228.22	10.61	0.34	-	-	238.49	71.42	35.13	0.33	-	-	106.22	156.80
Furniture and fixtures	1,488.30	67.62	166.40	27.52	-	1,417.04	341.60	116.77	0.80	12.66	-	498.83	1,146.70
Vehicles	24.54	-	0.99	0.08	-	23.63	10.18	3.42	0.80	0.04	-	12.84	14.36
Total	12,887.60	358.47	261.35	147.87	-	13,132.59	3,950.88	197.20	84.28	-	-	7,161.05	8,936.72
Previous period	14,004.22	376.07	449.98	156.03	(1,198.74)	12,887.60	2,804.09	1,705.16	192.95	53.79	(419.21)	8,936.72	11,200.13
B. Intangible assets													
Goodwill	527.65	-	-	52.04	-	579.69	252.99	292.39	-	33.63	-	579.01	274.66
Distribution rights	1,666.66	-	-	4.56	-	1,671.22	1,666.66	-	-	4.56	-	1,671.22	-
Negative rights	1,245.24	-	-	-	-	1,245.24	1,245.24	-	-	-	-	1,245.24	-
Computer software	645.77	65.55	2.61	3.84	-	712.55	260.89	124.56	-	37.78	-	423.23	384.88
Internally generated software	457.49	46.63	-	61.39	-	565.51	227.45	212.87	1.32	3.24	-	442.24	230.04
Total	4,542.81	112.18	2.61	121.83	-	4,774.21	3,653.23	629.82	1.32	79.21	-	4,360.94	889.58
Previous period	4,106.33	322.03	4.12	118.57	-	4,542.81	3,225.91	379.29	2.76	50.79	-	3,653.23	880.42
Total Owned Assets	17,430.41	470.65	263.96	269.70	-	17,906.80	7,604.11	198.52	163.49	-	-	7,574.32	9,826.30
Previous period	18,110.55	698.10	454.10	274.60	(1,198.74)	17,430.41	6,030.00	2,084.45	195.71	104.58	(419.21)	9,826.30	12,080.55
II. Leased Assets													
A. Tangible assets													
Plant and machinery	-	588.75	-	-	-	588.75	-	62.47	-	-	-	62.47	-
Office Equipment	-	26.84	-	-	-	26.84	-	5.81	-	-	-	5.81	-
Furniture and fixtures	-	174.41	-	-	-	174.41	-	17.44	-	-	-	17.44	-
Total Leased Assets	-	790.00	-	-	-	790.00	-	85.72	-	-	-	85.72	-
Previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	17,430.41	1,260.65	263.96	269.70	-	18,696.80	7,604.11	198.52	163.49	-	-	8,278.60	9,826.30
Previous period	18,110.55	698.10	454.10	274.60	(1,198.74)	17,430.41	6,030.00	2,084.45	195.71	104.58	(419.21)	9,826.30	12,080.55
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets under development	-	-	-	-	-	-	-	-	-	-	-	-	-

- Includes opening provision for impairment - ₹ 55.17

@ - Includes ₹ 188.46 provided as an exceptional item (Refer note 40)

Notes:

- 1) The amount for discounted cash flows with respect to the finance lease is ₹ 1,314.64
- 2) Leasehold land in excess of 99 years is not depreciated as this is treated as deemed ownership.
- 3) 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.
- 4) Additions to fixed assets / CWIP include the following expenses capitalized

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

10. Tangible and Intangible assets (continued)

Particulars	Eighteen month period ended March 31, 2014	Eighteen months period ended September 30, 2012
Depreciation	0.03	0.16
Finance cost	0.37	55.19
Professional fees	2.22	2.02
Employee benefits expense	14.21	17.01
Rent	9.52	26.83
Other operating expenses	2.59	32.51
Trial period income, netted from fixed assets capitalised	-	(0.05)
	<u>14.73</u>	<u>133.67</u>

11. Non-current Investments

(valued at cost unless stated)

	March 31, 2014	September 30, 2012
(a) Investment in Associates (non-trade, unquoted at cost)		
GH - Reliance LLC	897.94	-
(b) Investment in Government (trade, unquoted as cost)		
<u>Government securities</u>		
National savings certificates (Pledged with State government authorities)	1.41	3.03
(c) Investment in Partnership firm (non-trade, unquoted as cost)		
(i) Gold Adlabs	18.46	50.70
(ii) HPE / Adlabs LP (Investment in limited partnership) Provision for diminution in value of long term investments	199.93 <u>(199.93)</u>	199.93 <u>(199.93)</u>
	18.46	50.70
(d) Investment in mutual funds (Unquoted)		
Osian Art Fund Contemporary [Net asset value: Not Available (2012: ₹ 1.92)] (Number of units 16,000 (2012: 16,000) Provision for diminution in value of long term investments	1.60 <u>(1.60)</u>	1.60 <u>-</u>
	917.81	55.33
(a) Aggregate value of unquoted investments	1,119.34	255.26
Aggregate provision for diminution in value of investments	201.53	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
Investment in Gold Adlabs		
Name of the partner and share in profits (%) and capital of firm		
Reliance MediaWorks Limited	55.00%	55.00%
Goldfield Habitat Private Limited	45.00%	45.00%
Total Capital of the firm	39.17	73.79

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

12. Deferred tax asset

	March 31, 2014	September 30, 2012
Arising on account of timing difference in:		
Provision for leave encashment and gratuity	18.44	25.48
Others*	248.95	326.49
Unabsorbed depreciation allowance and carried forward business loss *	131.39	189.51
	<u>398.78</u>	<u>541.48</u>

Deferred tax liability

Arising on account of timing difference in:		
Depreciation / amortisation (net)	371.37	501.93
Others	21.43	37.51
	<u>392.80</u>	<u>539.44</u>
Net deferred tax asset	<u>5.98</u>	<u>2.04</u>

* 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	5.98	2.04
Deferred tax liability	-	-
Net deferred tax asset / (liability)	<u>5.98</u>	<u>2.04</u>

13. Long-term loans and advances

- Unsecured, considered good		
Capital advances	248.28	90.52
Security deposits	1,287.00	1,387.81
Loans to others	-	27.19
Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of ₹ 184.68 (2012: ₹ 129.24))	208.80	207.20
Advance towards investment (Refer note 28)	-	500.00
Prepaid expenses	98.00	84.31
Advance entertainment tax paid under protest	44.42	67.10
Others	1.71	0.12
	<u>1,888.21</u>	<u>2,364.25</u>
- Unsecured, considered doubtful		
Security deposits	40.51	24.05
Capital advances	19.76	-
Provision for doubtful advances and others	(60.27)	(24.05)
	<u>-</u>	<u>-</u>
	<u>1,888.21</u>	<u>2,364.25</u>

14. Other non-current Assets

Deferred revenue expenditures (Refer note 46)	34.68	86.70
Interest accrued but not due	2.22	2.22
Balance with bank - Fixed deposit accounts with maturity greater than twelve months	5.01	0.84
Balance with bank - Margin money deposit*	-	3.14
	<u>41.91</u>	<u>92.90</u>

*Margin money deposits are under bank lien

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

15. Current Investments

	March 31, 2014	September 30, 2012
(a) Investment in mutual fund		
SCB Liquid Plus Divident Reinvestment Plan	11.44	-
	<u>11.44</u>	<u>-</u>
Aggregate value of unquoted investments	11.44	-

16. Inventories

(valued at lower cost and net realisable value) (Refer note 1.8)

Stores and spares	52.34	42.58
Chemical stock	0.50	3.65
Food and beverages	35.75	34.61
Negative film rolls	2.27	4.55
Content not aired	11.26	56.38
	<u>102.12</u>	<u>141.77</u>

17. Trade receivables

- Unsecured, considered good

Debts outstanding for a period exceeding six months from the date they are due for payments	1,199.62	1,316.27
Other debts	592.16	551.03
	<u>1,791.78</u>	<u>1,867.30</u>

- Unsecured, considered doubtful

Debts outstanding for a period exceeding six months from the date they are due for payments	722.56	242.20
Others debts	-	238.67
	<u>722.56</u>	<u>480.87</u>
Provision for doubtful debts	(722.56)	(480.87)
	<u>-</u>	<u>-</u>
	<u>1,791.78</u>	<u>1,867.30</u>

18. Cash and bank balances

Cash and cash equivalents

Cash on hand	17.31	58.33
Balances with banks		
- in current accounts	466.78	475.54
- in fixed deposit account with original maturity less than three months	89.47	36.03
Cheques on hand	0.75	-
	<u>574.31</u>	<u>569.90</u>

Other bank balances

- Dividend account	0.81	1.05
- in fixed deposit account maturing with in a year	59.74	61.08
- in margin money deposit maturing with in a year*	182.62	487.84
	<u>243.17</u>	<u>549.97</u>
	<u>817.48</u>	<u>1,119.87</u>

*Margin money deposits are under bank lien

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

19. Short-term loans and advances

	March 31, 2014	September 30, 2012
- Unsecured and considered good		
Loans and advances to others	562.50	87.96
Deposits	48.46	18.55
Advance tax, tax deducted at source, advance fringe benefit tax (net of provision for tax of Nil (2012: ₹ 3.74))	37.20	32.70
Advance towards share application	46.03	681.12
Advance towards purchase of shares	43.00	-
Balances with government authorities	56.98	114.35
Prepaid expenses	122.06	98.04
Others*	312.90	263.59
	<u>1,229.13</u>	<u>1,296.31</u>
- Unsecured, considered doubtful		
Loans to others	59.48	39.35
Others*	138.17	108.15
Less: Provision for doubtful advances	(197.65)	(147.50)
	<u>-</u>	<u>-</u>
	<u>1,229.13</u>	<u>1,296.31</u>

*includes advances / deposit to vendors and other receivables

20. Other current assets

Unbilled revenue	149.46	153.14
Interest accrued and due from Reliance Broadcast Network Limited	-	6.38
Interest accrued on fixed deposits and others	7.70	9.29
Deferred revenue expenditures (Refer note 46)	34.68	34.68
Recoverable for sale of investments	-	33.83
Assets held for sale	-	1.50
	<u>191.84</u>	<u>238.82</u>

21. Revenue from operations

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
(a) Theatrical exhibition		
Sale of tickets	5,502.01	6,803.05
Less: Entertainment tax	988.01	1,088.55
	<u>4,514.00</u>	<u>5,714.50</u>
Advertisements / sponsorship revenue	595.29	349.84
Facilities provided at multiplex	259.57	234.52
Food and beverages	1,485.55	1,939.64
Others	390.33	387.97
	<u>7,244.74</u>	<u>8,626.47</u>
(b) Film production services		
Processing / printing of films	1,534.71	2,290.53
Equipment / facility rental income	418.22	366.53
Trading income	20.53	130.43
Others	19.82	15.09
	<u>1,993.28</u>	<u>2,802.58</u>

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

21. Revenue from Operations (continued)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
(c) Film/content production, distribution and related services	888.13	915.09
	10,126.15	12,344.14
Details of revenue from operation		
Sale of services	2,745.07	3,022.29
Sale of products	1,588.62	2,304.29
Sale of ticket	4,514.00	5,714.50
Others	1,278.46	1,303.06
22. Other income		
Dividend income from:		
- Current investments	-	0.04
Interest income from:		
- Banks	46.21	73.34
- Loans, advances and others	61.57	52.23
Gain on sale of current investments	35.74	56.33
Foreign exchange gain on receivables and payables (net)	212.05	3.95
Bad debts recovered / provisions written back	7.65	8.56
Miscellaneous income	19.68	10.10
	382.90	204.55
23. Direct operational expenses		
Distributors share	2,051.72	2,662.59
Electricity, power and water charges	807.02	884.74
Cost of food and beverage sold	456.44	611.01
Chemical consumed	14.31	52.45
Cost of raw films sold	18.15	113.36
Processing charges	14.62	40.92
Print, publicity expenses and producers overflow	24.73	16.37
Show tax, INR charges etc	15.82	31.39
Other direct expenses	83.74	18.04
Cost of production for television content	551.59	499.55
	4,038.14	4,930.42
24. Employee benefits expenses		
Salaries and wages	2,312.88	2,901.16
Contribution to provident and other funds	144.31	179.37
Leave encashment	56.37	37.39
Staff welfare expenses	54.40	53.31
	2,567.96	3,171.23

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

	For the eighteen month period ended March 31, 2014	For the eighteen month period ended September 30, 2012
25. Finance cost (net)		
On term loans and debentures	1,707.87	1,859.47
On finance lease	92.34	-
On other loans	2,224.00	1,584.89
	4,024.21	3,444.36
Interest recovered from Reliance Broadcast Network Limited	-	(164.19)
Interest capitalised	(0.37)	(55.19)
	4,023.84	3,224.98
Finance charges	144.30	153.30
Loss on derivative contracts (net)	-	596.68
Foreign exchange gain / loss on borrowings (net)	30.51	0.18
	4,198.65	3,975.14
26. Other expenses		
Advertisement	190.12	218.21
Bank charges	56.03	90.96
Rent	2,552.87	3,045.51
Rates and taxes	508.75	354.47
Travelling and conveyance	104.96	118.37
Labour charges	270.50	332.89
Insurance	49.51	62.42
Legal and professional fees	406.73	398.76
Loss on sale of assets / discarding of assets (net)	0.30	66.98
Capital work-in-progress written-off	57.92	442.46
Sundry balances written-off	3.60	98.15
Provision for doubtful debts / advances / deposits (net)	259.00	199.31
Bad debts / advance written-off	27.01	101.04
Provision for diminution in the value of investments	1.60	-
Facility maintenance charges	256.87	273.09
Repairs and maintenance		
- Building	18.62	23.19
- Machinery	176.39	239.45
- Others	77.18	87.05
Printing and communication	118.20	145.39
Foreign exchange loss on receivables and paybles (net)	-	34.90
Deferred revenue expenditure written-off	52.02	52.02
Miscellaneous expenses	107.31	188.33
	5,295.49	6,572.95

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

27 Contingent Liabilities

On account of

March 31, 2014 September 30, 2012

Contingent liabilities of the Parent Company

Central excise

Disputed central excise demand pending with the Central Excise and Service Tax Appellate Tribunal

50.46 255.59

Value added tax

Disputed value added tax demand pending for various states

33.56 3.84

Service tax

Disputed Service Tax demand pending with the Central Excise and Service Tax Appellate Tribunal

20.49 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 Appellate Tribunal (ITAT). Previous period 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 the Hon'ble High Court. Previous period the same was pending with Commissioner of Income Tax (Appeals).

178.72 178.72

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

1.29 30.07

In respect of certain multiplexes, the Company is in dispute with the entertainment tax authorities regarding eligibility for availing exemption under the relevant act

113.20 50.96

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

1,422.68 1,284.50

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 contribution 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. Some employees have raised a claim against the Company for amounts due to them in a District Consumer Forum, where they have received favourable judgements, however the Company is confident of reversal of the said judgement in the higher forums, where it has preferred an appeal.

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Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

27 Contingent Liabilities (continued)

On account of	March 31, 2014	September 30, 2012
Claims against Company not acknowledged as debts	871.97	785.98
Guarantees		
Guarantees given to bank for loans / credit facilities given to Others	-	18.30

Contingent liabilities of Subsidiary companies

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 53.69

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

Claims against a Joint Venture not acknowledged as debt

- 0.11

Disputed Income Tax liability of a Joint Venture

0.56 -

Value added tax: The Maharashtra Value Added Tax Act, 2002 lists the Scheduled entry, inter alia, "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 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:

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

28. Commitments

Particulars	March 31, 2014	September 30, 2012
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for fixed assets)	319.26	480.30
Estimated amount of contract remaining to be executed on capital account and not provided for, net of advances (for investments)	-	120.00
Total	319.26	600.30

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 ₹ 590.81 (current period increase of ₹ 442.10) as at the Balance sheet will be paid as premium at the time of redemption.

29. Terms for Long term borrowings

- i. Company had issued 11% 3,500 Secured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 3,500 having face value of ₹ 1,000,000 each on a private placement basis. The said Debentures are listed on National Stock Exchange (NSE) w.e.f. May 7, 2012. The current outstanding for the debentures is ₹ 2,500 (2012: ₹ 3,500). The Debentures are secured by first pari passu charge on the all assets of the Company and some of its Indian subsidiaries, along with corporate guarantee by a Promoter and are repayable in three instalments i.e. March 1, 2014 (₹ 1,000), March 1, 2015 (₹ 1,250) and March 1, 2016 (₹ 1,250).
- ii. Term loan amounting to ₹ 3,960 (2012: Nil) was taken from a bank during the current period. The loan was taken by the Company for a period of seven years from the date of disbursement i.e. August 2013 and repayable in unequal quarterly instalments over the tenor of the loan. The loan is secured by first pari passu charge on the fixed assets and current assets of the Company.
- iii. Term loan amounting to ₹ 2,000 (2012: Nil) was taken from a bank during the current period. The loan was taken by the Company for a period of three years from the date of disbursement i.e. February 2014 and payable at the end of the tenor of the loan. The loan is secured by second pari passu charge on the fixed assets and first pari passu charges on current assets of the Company.
- iv. Term loan amounting to ₹ 406.25 (2012: ₹ 1,031.25) 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 instalments 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.
- v. Term loan amounting to Nil (2012: ₹ 1,333.34) is taken from a syndicate 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 instalment of ₹ 1,333.33 commencing from the date of falling 36 Months after date of disbursement. The loan was secured by first pari passu charge on the fixed assets of the Company.
- vi. Term loan amounting to Nil (2012: ₹ 480) 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 repayable in quarterly instalment of ₹ 40, commencing from March 31, 2012. The loan was secured by first pari passu charge on the fixed assets of the Company.
- vii. Secured term loan amounting to Nil (2012: ₹ 1,000) was 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 equal quarterly instalments 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.
- viii. Secured Term loan amounting to Nil (2012: ₹ 1,750) was taken from a non-banking financial company, was 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.
- ix. Company had issued 12.50% 440 unsecured Redeemable Non Convertible Debentures (Debentures) amounting ₹ 440 having face value of ₹ 1,000,000 each on a private placement basis in lieu of conversion of amounts outstanding for loss on derivative contracts. The current outstanding for the debentures is ₹ 55 (2012: ₹ 385). The debentures are repayable in eight equal quarterly instalments of ₹ 55 each commencing from the date of allotment. The said Debentures were issued in [June 2012] and are listed on National Stock Exchange (NSE) w.e.f. July 26, 2012.
- x. Finance lease obligations are for theatrical equipments taken on a long term lease wherein the Company has an option to purchase the assets at a nominal amount at the end of lease term.
- xi. Term loan amounting to ₹ 139.73 (2012: ₹ 420.88) 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 instalments ranging from ₹ 30 – ₹ 40, 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 and corporate guarantee from the Parent Company.
- xii. Unsecured term loan amounting to Nil (2012: ₹ 96.12) for is taken from a bank during the current period and is repayable 24 months after the date of drawal. The loan is backed by a guarantee of the Parent Company.
- xiii. Loan from other party of ₹ 10.25 (2012: ₹ 6.09) for purchase of fixed assets. The loan is repayable in 40 prorated monthly instalments. This loan is secured by the hypothecation of fixed assets purchased.

(Currency: ₹ in Millions)

29. Terms for Long term borrowings (continued)

- xiv. Loan from other party of ₹ 19.62 (2012: ₹ 44.74) for purchase of fixed asset. The loan is repayable in 12 quarterly various instalments. This loan is secured by the hypothecation of fixed assets purchased and corporate guarantee from the Holding Company.
- xv. Loan from other party of Nil (2012: ₹ 1.91) is borrowed by Subsidiary / joint venture from minority shareholders / venture's.
- xvi. Unsecured Inter corporate deposit of ₹ 5,500 (2012: Nil) taken from Corporate are at interest rate of 13% and repayable in two years from the date of drawl of loan in January 2014.
- xvii. Interest rates on secured loans are ranging from 11 % to 14.75 % and on unsecured loan are ranging from 11.50 % to 15.33 %.
- xviii. The above amount includes :

	March 31, 2014	September 30, 2012
Secured borrowings	9,035.85	9,566.30
Unsecured borrowings	6,869.64	483.03

- xix. Debts guaranteed by a Promoter is ₹ 8,460 (2012: ₹ 3,500)

30. Terms of Short term borrowings

- i. Cash credit of ₹ 54.45 (2012: ₹ 55.46) is secured by pari passu first charge on moveable fixed assets and current assets of the Company, repayable on demand.
- ii. Cash credit of ₹ 66.72 (2012: Nil) is secured by pari passu first charge on moveable fixed assets and current assets of the Company, repayable on demand.
- iii. Cash credit of ₹ 107.29 (2012: ₹ 89.66) 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.
- iv. Secured loan amounting to ₹ 1,770 (2012: ₹ Nil) taken from a non-banking financial company, is repayable twelve months after the date of disbursement and is secured by second charge on all fixed assets and current assets of the Company.
- v. Unsecured loan of ₹108.97 (2012: Nil) is obtained from a bank for tenor of upto 1 year and is also secured by a guarantee given by the Parent Company.
- vi. Buyers credit of Nil (2012: ₹ 397.45) is secured by pari passu first charge on movable fixed assets and current assets of the Company, repayable within a year from the date of drawl.
- vii. Unsecured Inter corporate deposit of ₹ 4,530.82 (2012: ₹10,134.54) taken from Corporate are at interest rate of 8% to 13% per annum and repayable in six months to one year from the date of drawl of loan.
- viii. Interest rates on secured loans are ranging from 12.25 % to 14.50 % and on unsecured loan are ranging from 5.75 % to 14.40 %.
- ix. Interest rates on secured buyer's credit are ranging from 1.10% p.a. to 4.14% .
- x. The above amount includes:

	March 31, 2014	September 30, 2012
Secured borrowings	1,998.46	542.57
Unsecured borrowings	4,639.79	10,134.54

31. Lease disclosure under AS 19 – 'Leases'

A. Operating 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.

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

31. Lease disclosure under AS 19 – 'Leases' (continued)

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

Particulars	Minimum lease payments	
	As at March 31, 2014	As at September 30, 2012
For the Parent Company / Subsidiaries companies		
Amounts due within one year from the Balance sheet date	886.94	1,584.69
Amounts due in the period between one year and five years	3,062.47	5,017.04
Amount due after five years	5,180.42	6,736.36
	9,129.82	13,338.09

Amount payable within lock-in-period is ₹ 3,042.93 (2012: ₹ 7,992.71).

Amount debited to statement of profit and loss for lease rental is ₹ 2,552.87 (2012: ₹ 3,045.51) (excluding amount capitalized or deferred ₹ 9.52 (2012: ₹ 26.83)).

B. Finance leases

The Company is obligated under non-cancellable finance leases primarily for theatrical equipments and fixtures. In these cases the Company has an option for purchasing the assets at the end of the lease term for a nominal price.

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

Particulars	March 31, 2014			September 30, 2012		
	Future minimum lease payments	Present value of future minimum lease payment	Finance charge	Future minimum lease payments	Present value of future minimum lease payment	Finance charge
Amounts due within one year from the balance sheet date	186.00	(21.03)	207.03	-	-	-
Amounts due in the period between one year and five years	1,583.00	1,335.67	247.33	-	-	-
Total	1,769.00	1,314.64	454.36	-	-	-

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

	Film Production Services		Theatrical Exhibition		Television/Film Production and Distribution		Total	
	CP	PP	CP	PP	CP	PP	CP	PP
Revenue								
Operating revenue	2,157.74	2,863.84	7,244.74	8,627.50	888.13	915.09	10,290.61	12,406.43
Other income	-	-	2.65	4.41	5.00	4.15	7.65	8.56
Net revenue	2,157.74	2,863.84	7,247.39	8,631.91	893.13	919.24	10,298.26	12,414.99
Internal segment sales	(164.46)	(83.55)	-	(0.90)	-	-	(164.46)	(84.45)
Total Segment revenue	1,993.28	2,780.29	7,247.39	8,631.01	893.13	919.24	10,133.80	12,330.54
Unallocated revenue							375.25	218.15
Total revenue							10,509.05	12,548.69
Segment Result (profit / (loss) before interest, finance charges and corporate expenses)								
Segment Results	(2,481.00)	(1,383.31)	(2,481.00)	(3,038.08)	125.20	196.58	(4,645.05)	(4,224.82)
Unallocated corporate income							375.25	218.15

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

32. Disclosure of Segment Reporting under AS 17 – 'Segment Reporting' (continued)

	Film Production Services		Theatrical Exhibition		Television/Film Production and Distribution		Total	
	CP	PP	CP	PP	CP	PP	CP	PP
Unallocated corporate expenses							(389.75)	(1,070.94)
(Loss) before interest and finance charges and tax							(4,659.55)	(5,077.61)
Interest and finance charges (net)							(4,198.65)	(3,975.14)
Income tax (including deferred tax)							47.41	(21.25)
Minority interest allocation							47.91	73.24
(Loss) for the period							(8,953.52)	(9,104.74)
Other Information								
Segment assets	6,922.11	7,241.33	6,772.92	8,433.78	1,002.75	1,369.68	14,697.78	17,044.79
Unallocated corporate assets							2,048.35	1,718.23
Total assets							16,746.13	18,763.02
Segment liabilities	605.13	548.43	1,626.53	2,131.07	285.10	307.23	2,516.76	2,986.73
Unallocated corporate liabilities							22,995.88	21,432.58
Total liabilities							25,512.64	24,419.31
Capital Expenditure	356.85	378.65	908.83	248.86	1.11	2.31	1,276.22	629.82
Unallocated corporate expenditure							0.46	5.19
Total capital expenditure							1,276.68	635.01
Depreciation and amortisation and impairment	1,254.92	934.68	1,400.86	1,173.20	5.11	3.86	2,660.89	2,111.74
Unallocated depreciation and amortisation							11.41	21.81
Total depreciation and amortisation							2,672.30	2,133.55

Geographical Segment Disclosure

	India		Americas		Malaysia		Others		Total	
	CP	PP	CP	PP	CP	PP	CP	PP	CP	PP
Segment Revenue	8,144.60	8,952.66	1,921.81	2,063.64	-	942.72	67.39	371.52	10,133.80	12,330.54
Segment Assets	15,207.15	16,229.22	1,450.14	1,923.91	-	-	88.84	609.89	16,746.13	18,763.02
Capital Expenditure	1,159.14	448.58	117.54	72.04	-	40.59	-	73.79	1,276.68	635.01

CP – Eighteen month period ended March 31, 2014

PP – Eighteen month period ended September 30, 2012

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 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.

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

32. Disclosure of Segment Reporting under AS 17 – ‘Segment Reporting’ (continued)

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.

33. Disclosure of Related Party under AS 18

Parties where control exists

(a) Holding Company

- Reliance Land Private Limited (with effect from September 16, 2013)

(b) 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)

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

- Gold Adlabs
- HPE / Adlabs LP
- GH – Reliance LLC (with effect from October 1, 2012)

(d) Joint Ventures

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

	Holding Company		Key Managerial Personnel		Enterprises over which company has significant influence / Associates	
	CP	PP	CP	PP	CP	PP
Issue of equity shares						
Reliance Land Private Limited	3,391.18	-	-	-	-	-
Managerial remuneration						
Kirti Desai	-	-	-	0.56	-	-
Ashish Agarwal	-	-	3.38	2.94	-	-
Madhulika Singh	-	-	-	0.08	-	-
Share of profit from partnership firm						
Gold Adlabs	-	-	-	-	6.23	16.66
Drawing from partnership firm						
Gold Adlabs	-	-	-	-	38.47	19.99
Investment in Associate						
GH – Reliance LLC	-	-	-	-	897.94	-

CP – Eighteen month period ended March 31, 2014

PP – Eighteen month period ended September 30, 2012

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

34. Earnings per share ('EPS')

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
	Net (loss) after tax	(8,953.52)
Weighted average number of equity share outstanding during the period for basic / dilutive EPS	102,376,445	51,250,787
Basic EPS	(87.46)	(177.65)
Dilutive EPS	(87.46)	(177.65)
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.

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

Particulars	Currency	As at March 31, 2014		As at September 30, 2012	
		Amount – foreign currency (Million)	Amount – Indian rupees	Amount – foreign currency (Million)	Amount – Indian rupees
Trade and other receivables	USD	4.54	271.78	18.49	976.27
	GBP	0.79	78.70	2.48	211.73
	EURO	0.03	2.47	-	-
	MYR	-	-	1.51	26.26
	MUR	-	-	17.43	31.25
Trade and other payables	USD	7.22	432.21	11.47	605.62
	GBP	0.33	32.88	0.70	59.76
	EURO	0.05	4.12	0.04	2.72
	MYR	-	-	0.01	0.17
	MUR	0.05	0.10	3.45	6.19
Loans / Buyers credit	USD	3.29	173.71	15.86	837.41
Cash and bank balances	USD	0.77	40.66	3.93	207.50
	GBP	0.02	1.99	0.68	58.05
	EURO	-	-	0.01	0.68

36. 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 March 31, 2014	% of ownership interest as at September 30, 2012
		Swanston Multiplex Cinemas Private Limited	India
Cineplex Private Limited (up to June 3, 2011)	India	Nil	Nil
Divya Shakti Marketing Private Limited	India	50%	50%

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

36. Interest in Joint ventures (continued)

Details of Joint Venture

Particulars	March 31, 2014	September 30, 2012
Balance Sheet		
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	11.15	11.15
(b) Reserves and surplus	(16.45)	(8.99)
Share application money, pending allotment	1.50	-
LIABILITIES		
Non-current liabilities		
(a) Long term borrowings	21.17	21.17
(b) Other long-term liabilities	-	0.05
(c) Long-term provisions	0.08	0.03
Current liabilities		
(a) Trade payables	6.08	7.98
(b) Other current liabilities	6.97	4.75
Total	30.50	36.14
ASSETS		
Non-current assets		
(a) Fixed assets		
Tangible assets	18.15	20.65
(b) Long-term loans and advances	7.08	7.03
Current assets		
(a) Inventories	0.35	0.37
(b) Trade Receivables	2.51	2.34
(c) Cash and cash equivalents	2.21	3.04
(d) Short-term loans and advances	0.20	1.19
(e) Other current assets	-	1.52
Total	30.50	36.14
Statement of Profit and loss		
	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Revenue		
(a) Revenue from operations	28.25	110.98
(b) Other income	0.76	0.87
Total Revenue	29.01	111.85
Expenses		
Direct operation expenses	15.09	52.59
Employee benefits expense	1.23	5.72
Finance cost	-	0.11
Depreciation / amortisation expense	3.07	10.25
Other expenses	17.08	64.25
Total Expenses	36.47	132.92
(Loss) before tax	(7.46)	(21.07)

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

36. Interest in Joint ventures (continued)

	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Tax Expenses		
(1) Current tax	-	1.75
(2) Deferred tax (credit) / charge	-	0.01
(Loss) for the period	(7.46)	(22.83)
OTHER MATTERS		
Contingent Liabilities	10.25	9.80
Movement of the aggregate Shareholders' funds of the Joint ventures:		
Shareholders' funds as at commencement of the period	2.16	42.39
Add: Issue of shares by joint venture	-	12.50
Add: Share of (loss) / profits for the period	(7.46)	(22.83)
Effect of disposal of joint ventures	-	(29.90)
Shareholders' funds as at the end of the period	(5.30)	2.16

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 had decided to provide for diminution in the value of investments amounting to ₹ 82.51 in the previous eighteen month period ended September 30, 2012.

37. Employee benefits

Details of employee benefits for the Group is as follows:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Employers contribution to provident fund and other funds	129.82	119.18

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 period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Other long term employee benefit comprises encashment of leave. The obligation for leave encashment is recognised based on actuarial valuation carried out using Projected Unit Credit Method. Expenses recognised in the Statement of Profit and Loss during the period is ₹ 56.37 (2012: ₹ 37.39).

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

37. Employee benefits (continued)

I. Reconciliation of opening and closing balances of Defined Benefit obligation

Particulars	As at March 31, 2014	As at September 30, 2012
Gratuity		
Defined benefit obligation at the beginning of the period	33.18	33.58
Current service cost	12.09	17.02
Interest cost	4.89	5.31
Actuarial loss / (gain)	1.05	(13.18)
Benefit paid	(20.94)	(9.46)
Past service cost	0.09	(0.09)
Defined benefit obligation at period end	30.36	33.18

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

Particulars	As at March 31, 2014	As at September 30, 2012
Gratuity		
Fair value of plan assets at beginning of period	22.59	30.68
Actuarial gain/ (loss)	0.06	(1.22)
Expected return on plan assets	2.68	3.25
Employer contribution	12.06	-
Benefit paid	(20.94)	(9.17)
Past service cost	-	(0.94)
Fair value of plan assets at period end	16.45	22.59
Actual return on plan assets	2.25	1.89

III. Reconciliation of fair value of assets and obligation

Particulars	Eighteen month period ended September 30, 2012	Eighteen month period ended September 30, 2012
Gratuity		
Fair value of plan assets at end of period	16.45	22.59
Present value of obligation at the end of period	30.36	33.18
Amount recognised in Balance sheet as net liability	13.91	10.59

IV. Expense recognized during the period (Under the head 'Employee benefits expense' – Refer note '24')

Particulars	Eighteen month period ended March 31, 2014	Eighteen month period ended September 30, 2012
Gratuity		
Current service cost	12.07	17.02
Interest Cost	4.89	5.31
Expected return on plan assets	(2.68)	(3.25)
Actuarial loss / (gain)	0.99	(11.96)
Past service cost	0.09	0.85
Net Cost	15.36	7.97

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

37. Employee benefits (continued)

V. Investment details

% invested as at period

	As at March 31, 2014	As at September 30, 2012
Nature of Investment		
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 March 31, 2014	Eighteen month period ended September 30, 2012
	Gratuity (funded) (Indian Assured Lives Mortality) 2006-08	Gratuity (funded)
Mortality Table	Ult	(LIC) 1994-96
Discount rate (per annum)	9.10% to 9.30%	8% to 8.75%
Expected rate of return on plan assets (per annum)	7.50% to 9%	7.50% to 8%
Rate of escalation in salary (per annum)	5% to 7%	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.

38. The Company's net worth has eroded, however, having regard to improved operational performance of Exhibition business, financial support from its promoters, further restructuring exercise being implemented etc, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

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:

I. Current period ended March 31, 2014

a. The Company had entered into an operating lease in 2010 for various assets. During the previous periods, the Company had provided for amounts payable pertaining to certain assets affected due to closure of certain properties covered under the aforesaid lease.

The Company has revised the lease agreement governing the lease terms including period of lease, and modified the lease rental payments to include payment of additional lease rentals, whereby the Company has got an option to purchase all assets covered by the lease at a nominal value. Accordingly, pursuant to the provisions of AS - 19, the Company has reclassified the aforesaid lease as a finance lease and has recorded the assets covered by the lease at present value of future lease rentals. The Company has written off assets in respect of closed properties and recorded a loss on recording of other assets at their fair value. The loss on account of assets written off and reduction in value pursuant to aforesaid valuation, net off reversal of already existing provisions of ₹ 530.03 (including liability accrued for rent straight-lining as per the provisions of AS-19) has been disclosed as an exceptional item of ₹ 5.39.

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

40. Exceptional items includes: (continued)

- b. The Company has undertaken an initiative for rationalisation / improvement of overall Exhibition business, under which the Company is re-negotiating rentals. As part of this initiative, rentals for several properties have been reduced, however in some cases the Company has decided to exit the property. In these cases, ₹ 568.26 pertaining to these properties have been written off / provided to the statement of profit and loss, thereby reducing subsequent cash losses suffered by the Company.
- c. A subsidiary of the Parent Company in Mauritius has provided certain advances and deposits – ₹ 31.85.

II. Previous period ended September 30, 2012

- 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 for such claim along with other charges payable as per the order.

41. Goodwill on consolidation

Particulars	March 31, 2014	September 30, 2012
Opening balance of Goodwill	528.46	895.87
Impact for Subsidiaries sold during the period	-	(319.63)
Impact of exchange differences	1.41	1.48
Written off during the period	(11.97)	-
Impact of impairment for Joint venture	-	(49.26)
	517.90	528.46

- 42. During the previous 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 had decided to write down the value of its goodwill amounting to ₹ 49.26 during the previous period.
- 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 GH – Reliance LLC, a special purpose entity incorporated by Galloping Horse for the purpose of acquisition of these assets of DDMG. The Group has invested an amount of USD 15 million in the venture towards its 30% holding.
- 45. During the previous 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

Reliance MediaWorks Limited

Notes to the consolidated financial statements for the eighteen month period ended March 31, 2014

(Currency: ₹ in Millions)

46. During the year ended March 31, 2011, Reliance MediaWorks Entertainment Services 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 March 31, 2011
Employee benefits 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 (2012: ₹ 52.02) has been written off the Statement of Profit and loss in the current period.

47. Amounts have been re-grouped / re-arranged as necessary to conform to the present period's classification.

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firms' Reg No. : 101248W

For Chaturvedi & Shah

Chartered Accountants

Firms' Reg No. : 101720W

For and on behalf of the Board

Vijay Mathur

Partner

Membership No: 046476

Parag D. Mehta

Partner

Membership No.: 113904

Gautam Doshi

Director

Amit Khanna

Director

Ashish Agarwal

Company Secretary and Manager

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Mumbai
May 30, 2014

Financial information of Subsidiary Companies

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	238.81	313.67	73.86	11.44	857.33	142.80	43.48	99.32	-
2	Reliance MediaWorks Theatres Limited	0.50	149.17	158.58	8.91	18.46	6.23	16.48	3.93	12.55	-
3	Reliance MediaWorks Entertainment Services Limited	9.70	(409.34)	1,412.66	1,812.30	-	313.26	(758.19)	-	(758.19)	-
4	Reliance Media Consultant Private Limited	0.10	(0.08)	0.09	0.07	-	-	(0.06)	-	(0.06)	-
5	Reliance MediaVentures Private Limited	0.10	(0.09)	0.14	0.13	-	-	(0.08)	-	(0.08)	-
6	Global MediaWorks (UK) Limited (formerly known as Reliance MediaWorks (UK) Limited)	0.85	(1,074.30)	196.00	1,269.45	-	67.39	(491.52)	-	(491.52)	-
7	Reliance MediaWorks (USA) Inc.	1.20	(1,139.63)	3,790.62	4,929.05	897.95	50.76	(75.78)	-	(75.78)	-
8	Reliance MediaWorks (Mauritius) Limited	-	(804.25)	913.50	1,717.75	-	-	(129.35)	-	(129.35)	-
9	Reliance MediaWorks (Netherlands) B.V.	1.04	(32.07)	-	31.03	-	-	(8.61)	-	(8.61)	-
10	Reliance MediaWorks Creative Services Limited #	0.50	(0.01)	0.50	0.01	-	-	(0.01)	-	(0.01)	-
11	Big Cinemas Entertainment LLC #	-	(240.04)	0.50	240.54	-	103.30	(107.43)	-	(107.43)	-
12	Big Cinemas Entertainment (DE) LLC #	-	(146.42)	4.64	151.06	-	28.57	(55.64)	-	(55.64)	-
13	Big Cinemas Laurel LLC #	15.71	(51.29)	-	35.58	-	-	-	-	-	-
14	Big Cinemas Falls Church LLC #	5.24	(44.07)	3.32	42.15	-	50.82	(0.87)	-	(0.87)	-
15	Big Cinemas Norwalk LLC #	26.94	(76.00)	0.68	49.74	-	-	-	-	-	-
16	Big Cinemas Galaxy LLC #	183.77	(536.26)	1.26	353.75	-	158.57	(116.37)	-	(116.37)	-
17	Big Cinemas Sahli LLC #	8.37	(395.18)	13.50	400.31	-	144.11	(211.11)	-	(211.11)	-
18	Big Cinemas SAR LLC #	5.40	(26.14)	-	20.74	-	-	(0.04)	-	(0.04)	-
19	Phoenix Big Cinemas Management LLC #	53.37	(27.99)	29.74	4.36	-	191.59	(20.48)	-	(20.48)	-
20	Big Cinemas Phoenix LLC #	113.98	(115.48)	9.76	11.26	-	144.06	(31.18)	-	(31.18)	-
21	Big Cinemas Exhibitions LLC #	20.95	(226.76)	6.75	212.56	-	234.56	(20.30)	-	(20.30)	-
22	Big Cinemas JMC LLC #	29.93	(161.00)	7.97	139.04	-	157.06	(64.32)	-	(64.32)	-
23	Reliance Lowry Digital Imaging Services, Inc. #	0.06	(385.61)	395.64	781.19	-	658.46	(397.99)	-	(397.99)	-
24	Big Pictures USA Inc. #	-	-	-	-	-	-	-	-	-	-
25	Reliance Media & Marketing Communications LLC #	-	(36.21)	8.07	44.28	-	-	-	-	-	-
26	Reliance Media Works VFX Inc. #	0.06	(158.31)	0.18	158.43	-	-	(131.39)	-	(131.39)	-

- Subsidiary under section 4(1)(c) of the Companies Act, 1956

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 - ₹ 59.86, Euro - ₹ 82.34, Great Britain Pound - ₹ 99.62, Mauritian Rupee - ₹ 2.08. The rates used for statement of profit and loss items in the case of US Dollars - ₹ 58.37, Euro - ₹ 77.71, Great Britain Pound - ₹ 92.68, Mauritian Rupee - ₹ 1.98.



MediaWorks

Reliance MediaWorks Limited

Registered Office: Film City Complex, Goregaon (East), Mumbai 400 065
CIN: L29299MH1987PLC045446, Tel: +91 22 39808900 Fax: +91 22 39808985
Website: www.reliancemediaworks.com, E-mail: investor.complaints@relianceada.com

**ATTENDANCE SLIP
ANNUAL GENERAL MEETING**

*DP Id / Client Id		Name and Address of the registered Shareholder
Regd. Folio No.		
No. of Share(s) held		

(* Applicable for investors holding share(s) in electronic form)

I/ We hereby record my/our presence at the **27th Annual General Meeting** of the Members of Reliance MediaWorks Limited held on Saturday, September 27, 2014 at 10.00 A. M. at Registered Office of the Company at Film City Complex, Goregaon (East), Mumbai - 400065.

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

TEAR HERE



MediaWorks

Reliance MediaWorks Limited

Registered Office: Film City Complex, Goregaon (East), Mumbai 400 065
CIN: L29299MH1987PLC045446, Tel: +91 22 39808900 Fax: +91 22 39808985
Website: www.reliancemediaworks.com, E-mail: investor.complaints@relianceada.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s)		
Registered Address		
E-mail Id		
*DP Id / Client Id		Regd. Folio No.

(* Applicable for investors holding share(s) in electronic form)

I / We, being the member(s) of shares of the above named company, hereby appoint:

- (1) Name: Address:
E-mail Id: Signature..... or failing him
- (2) Name: Address:
E-mail Id: Signature..... or failing him
- (3) Name: Address:
E-mail Id: Signature..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **27th Annual General Meeting** of the Company, to be held on Saturday, September 27, 2014 at 10.00 A. M. at Registered Office of the Company at Film City Complex, Goregaon (East), Mumbai - 400065, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Matter of Resolution	For	Against
1.	To consider and adopt: a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon. b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.		
2.	To appoint a Director in place of Shri Amit Khanna (DIN: 00005430) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To appoint Auditors and to fix their remuneration.		

Signed this _____ day of _____, 2014.



Signature of the Shareholder Signature of Proxy holder(s)

Note: This form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

If undelivered please return to :

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, India

Tel. : + 91 22 2594 6970

Fax : + 91 22 2594 6969

Email : rnt.helpdesk@linkintime.co.in