

ReLIANCE

MediaWorks

Annual Report 2010-11



Dhirubhai H. Ambani

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

Reliance Group – Founder and Visionary

Board Of Directors

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

Company Secretary and Manager

Shri Ashish Agarwal

Auditors

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

Registered Office

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

Registrar and Transfer Agent

Link Intime India Private Limited

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

Contents

Page No.

Notice of Annual General Meeting	2
Directors' Report	7
Management Discussion and Analysis Report	10
Practicing Company Secretary's Certificate on Corporate Governance	15
Corporate Governance Report.....	16
Investor Information	24
Financial Highlights	30
Auditors' Report on Financial Statements	31
Balance Sheet	34
Profit and Loss Account	35
Cash Flow Statement	36
Significant Accounting Policies	38
Schedules forming part of Balance Sheet and Profit and Loss Account	42
Notes to Accounts	50
Auditors' Report on Consolidated Financial Statements.....	63
Consolidated Balance Sheet	64
Consolidated Profit and Loss Account	65
Consolidated Cash Flow Statement	66
Significant Accounting Policies to Consolidated Financial Statements	68
Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account	75
Notes on Consolidated Accounts	82
Financial Information of Subsidiary Companies	92
Attendance Slip and Proxy Form	93

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Link Intime India Private Limited.

24th Annual General Meeting on Thursday, September 29, 2011 at 12.00 noon or soon after conclusion of the AGM of Reliance Broadcast Network Limited convened on the same day, whichever is later, at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065

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

Notice

Notice is hereby given that the 24th Annual General Meeting of the Members of **Reliance MediaWorks Limited** will be held on Thursday, September 29, 2011 at 12.00 noon or soon after conclusion of the Annual General Meeting of Reliance Broadcast Network Limited convened on the same day, whichever is later, at Reliance Energy Management Institute, 19 Aarey Colony, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 065 to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2011, Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sujal Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Amit Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

Special Business:

5. **Issue of equity shares to the Qualified Institutional Buyers**

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

- a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such

conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not exceed ₹ 500 crore.

- b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").
- c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any

Notice

merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/trustees/ agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/ intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/ charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

6. Appointment of Manager

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Ms. Madhulika Singh as the Manager of the Company, for a period commencing from May 28, 2011 to June 30, 2011 on the terms and conditions including remuneration set out in the Agreement entered into between the Company and Ms. Madhulika Singh, which is hereby specifically sanctioned.

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

7. Appointment of Manager

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri Ashish Agarwal as the Manager of the Company for a period of 5 (five) years commencing from July 1, 2011 on the terms and conditions including remuneration set out in the Agreement entered into between the Company and Shri Ashish Agarwal, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration of the said appointment and/or agreement, as may be agreed to between the Board and Shri Ashish Agarwal, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

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

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

By Order of the Board of Directors

Amit Khanna
Director

Registered Office:
Film City Complex
Goregaon (East)
Mumbai 400 065
July 11, 2011

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the meeting and bring their Attendance Slip.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID 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.
6. Relevant documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of Meeting.
7. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Transfer Agents, Link Intime India Private Limited.
8. The Company's Register of Members and the Transfer Books will remain closed from September 21, 2011 to September 29, 2011 (both days inclusive).
9. Non-resident Indian members are requested to inform Link Intime India Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment of Directors: At the ensuing Meeting, Shri Sujal Shah and Shri Amit Khanna, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to Shri Sujal Shah and Shri Amit Khanna required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.reliancemediaworks.com under the section 'Investor Relations'.
12. Pursuant to the provisions of section 205(A) of the Companies Act, 1956, the declared dividend which remained unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the 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 / Registrars and Transfer Agents, Link Intime India Private Limited.
14. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
15. Members are requested to fill in and send the Feedback Form provided in the 'Investor Desk' section on the Company's website www.reliancemediaworks.com to aid the Company in its constant endeavour to enhance the standards of service to investors.
16. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.
17. Green initiative in Corporate Governance: The Ministry of Corporate Affairs (MCA) has vide its circular dated April 29, 2011 stated that service of notice / documents including Annual Report to the members can be made by e-mail. To support this green initiative of the MCA, members who have not yet registered their email addresses are requested to do so (i) in respect of the electronic holdings through their concerned depository participants and (ii) in respect of the physical holdings to Link Intime India Private Limited.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated July 11, 2011.

Item No. 5 Issue of equity shares to the Qualified Institutional Buyers

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

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour

of the Board of Directors ("Board"), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the resolution at Item No. 5 of the accompanying Notice.

In view of the above, the Board may, in one or more tranches, issue and allot equity shares / fully convertible debentures /

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated July 11, 2011.

partly convertible debentures / non convertible debentures with warrants / any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of allotment of the QIP Securities by the Board pursuant to the applications received by the Company.

For the reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

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

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

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to offer and issue the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to offer and issue the QIP Securities to any persons, whether or not they are members of the Company.

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

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

Item No. 6 Appointment of Manager

The Remuneration Committee and the Board of Directors of the Company on May 28, 2011, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Ms. Madhulika Singh as the Manager of the Company for a period of 1 (one) year commencing from May 28, 2011 on the remuneration determined by the Remuneration Committee/ Board of Directors. Ms. Madhulika Singh, aged 28 years, is commerce

and law graduate and member of the Institute of Company Secretaries of India. She has 5 years of experience in corporate secretarial & legal functions.

Ms. Madhulika Singh has resigned from the services of Manager of the Company w.e.f. June 30, 2011. Ms. Madhulika Singh fulfilled the conditions for eligibility contained in Part I of Schedule XIII to the Companies Act, 1956 and the gross remuneration of ₹ 0.81 lakh (Rupees eighty one thousand only) paid to her, during the period of her service as Manager of the Company, was within the limits specified under Schedule XIII of the Companies Act, 1956.

The Agreement entered into between the Company and Ms. Madhulika Singh is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of meeting.

The Board of Directors accordingly recommends the resolution set out at Item no. 6 of the accompanying Notice for the approval of the members.

Ms. Madhulika Singh may be deemed to be concerned or interested in the resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution

Item No. 7 Appointment of Manager

Pursuant to Ms. Madhulika Singh's resignation as Manager of the Company, the Remuneration Committee and the Board of Directors of the Company on July 1, 2011, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Shri Ashish Agarwal as the Manager of the Company for a period of 5 (five) years commencing from July 1, 2011 on the remuneration determined by the Remuneration Committee/ Board of Directors. Shri Ashish Agarwal, aged 37 years, is commerce and law graduate and member of the Institute of Company Secretaries of India. He has over 13 years of experience in corporate secretarial, legal, and managerial functions. He is also appointed as Company Secretary and Compliance Officer of the Company w.e.f. July 1, 2011.

The remuneration payable to and the terms of appointment of Shri Ashish Agarwal as Manager of the Company during the tenure of his appointment will comprise of salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites, being limited to ₹ 24 lakh (Rupees twenty four lakh only) per annum plus discretionary Bonus not exceeding in any year the annual remuneration for that year with an equivalent increment as may be decided by the Remuneration Committee/ Board from time to time .

The perquisites and allowances payable to Shri Ashish Agarwal will include Company owned / Leased Accommodation (furnished or otherwise) or House Rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursements, leave travel concession for self and his family including dependants; medical insurance and such other perquisites and / or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income tax Act, 1961 or any Rules made there-under (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the

Reliance MediaWorks Limited

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated July 11, 2011.

Income tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration.

The terms and conditions set-out for appointment and payment of remuneration herein and/or in the agreement may be altered and varied from time to time by the Board/ Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

The Board/ Remuneration Committee is entitled to revise the salary, allowances and perquisites payable to the Manager of the Company at any time, such that the overall remuneration payable shall not exceed the limits specified in the Schedule XIII to the Companies Act, 1956. In the event of loss or inadequacy of profit in any financial year during the currency of the tenure of Shri Ashish Agarwal, as Manager, the remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

Shri Ashish Agarwal fulfills the conditions for eligibility contained in Part I of Schedule XIII to the Companies Act, 1956. The terms and conditions of appointment and payment of remuneration are set out in the Agreement entered into between the Company and Shri Ashish Agarwal.

Either party may terminate the aforesaid Agreement by giving one month prior notice of termination in writing to the other party.

The Agreement entered into between the Company and Shri Ashish Agarwal is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of meeting.

The Board of Directors accordingly recommends the resolution set out at Item no. 7 of the accompanying Notice for the approval of the members.

Shri Ashish Agarwal, Manager may be deemed to be concerned or interested in the resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

**Amit Khanna
Director**

Registered Office:
Film City Complex
Goregaon (East)
Mumbai 400 065
July 11, 2011

Directors' Report

Dear Shareowners,

Your Directors present the 24th Annual Report and the audited accounts of the Company for the financial year ("FY") ended March 31, 2011.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2011 is summarised below:

(₹ in million)

Particulars	Financial year ended March 31, 2011	Financial year ended March 31, 2010
Gross income		
Film production services	1,461.26	1,122.10
Theatrical exhibition	3,338.02	3,063.90
Film production, distribution and related services	67.64	369.20
Other income	561.82	307.32
Total	5,428.74	4,862.52
Less: Expenditure	5,492.60	4,002.76
Profit before depreciation, interest & tax	(63.86)	859.76
Less: Interest	1,824.57	1,302.47
Less: Depreciation	673.51	608.74
(Loss) before tax	(2,561.94)	(1,051.45)
Tax expenses	0.16	7.75
(Loss) after tax	(2,562.10)	(1,043.70)
Balance brought forward from previous year	(1,287.35)	(243.65)
Total	(3,849.45)	(1,287.35)
Appropriations		
General reserve	-	-
Proposed dividend	-	-
Dividend tax	-	-
Balance carried forward	(3,849.45)	(1,287.35)
Total	(3,849.45)	(1,287.35)

Financial Performance

During the year under review, your Company has earned income of ₹ 5,428.74 million against ₹ 4,862.52 million in the previous year. The overall net loss of the Company was ₹ 2,562.10 million compared to ₹ 1,043.70 million in the previous year. The loss is primarily on account of expenses related to interest and finance charge, scaling up, expansion and stabilization of various businesses.

Dividend

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

Review of Operations

During the year under review, the Company has maintained to maintain its leadership position in the existing business segments, i.e. domestic exhibition, film processing,

organized sector for equipment rental business & television content production.

The Company has expanded the domestic cinema network by adding 5 new cinemas across 3 new cities, taking the total count to 104 cinemas across 80 cities.

In the services segment, the Company has launched the 1st phase of the studio, located at Filmcity, Mumbai, with 3 sound stages, which will support Film, Television and Commercial production.

During the year, the Company has also commenced its BPO operations & has expanded its services offerings for international clients to include VFX and 3D conversion.

In exhibition business total admits have increased from 33.1 million last year to 36.3 million in FY 2011. Total prints processed in the processing lab have increased by 8 per cent to 27253 prints. Total number of movies processed in DI has increased from 46 in FY 2010 to 66 in FY 2011.

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

Redemption of Zero Coupon Foreign Currency Convertible Bonds (FCCBs)

On January 25, 2011, the Company had redeemed all outstanding FCCBs as per the terms and conditions of the issue of 84,000 Zero Coupon Foreign Currency Convertible Bonds on due date.

Management Discussion and Analysis

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

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

Subsidiary Companies

During the year under review, Adlabs Digital Media USA LLC and Adlabs Heritage LLC, ceased to be the subsidiaries of the Company. Sri Ramakrishna Theatre Limited also ceased to be subsidiary of the Company w.e.f. May 27, 2011.

As per the approval granted by the Ministry of Corporate Affairs vide Circular No. 02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the subsidiary companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required by the above circular is disclosed under the heading 'Financial Information of Subsidiary Companies', which forms part of the Annual Report.

The Company will make available hard copies of Annual Accounts of the subsidiary companies and related detailed information to the members of the Company seeking the same.

Directors' Report

The annual accounts of the subsidiary companies will also be kept for inspection by any shareholders at the Registered Office of the Company and that of respective subsidiary companies.

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

Directors

In terms of the provisions of the Companies Act, 1956, Shri Sujal Shah and Shri Amit Khanna, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of Companies in which they hold directorship and / or membership / chairmanships of Committees of the Board, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India, is given in the section of Corporate Governance forming part of this Annual Report.

Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the year under review;
- 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 accounts for the financial year ended March 31, 2011 on a "going concern" basis.

Group

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

Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the financial statements received from subsidiaries,

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

Auditors and Auditors' Report

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

The Company has received letters from M/s. B S R & Co., Chartered Accountants and M/s. Chaturvedi & Shah, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

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

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

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

Corporate Governance

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

A Certificate from the Practicing Company Secretary, conforming compliance with conditions of Corporate