

RELIANCE

MediaWorks

Annual Report 2011-12



Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

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

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

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

Mission: Excellence in Media and Entertainment Services

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

Reliance MediaWorks Limited

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

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

Highlights - at a glance (Standalone)

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

Reliance MediaWorks Limited

Notice

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

Ordinary Business:

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

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

Special Business:

5. Issue of securities to the Qualified Institutional Buyers

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

- "a) RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible

debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not exceed ₹ 500 crore.

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

Notice

- g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Ashish Agarwal
Company Secretary and Manager

Registered Office:
Film City Complex
Goregaon (East)
Mumbai 400 065
November 3, 2012

Notes:

- 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.**
- 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.
- Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
- 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 number and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
- 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.

- The Company's Register of Members and Transfer Books will remain closed from Friday, December 14, 2012 to Monday, December 24, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, Link Intime India Private Limited.
- 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.
- Re-appointment of Directors:

At the ensuing Meeting, Shri Prasoon Joshi and Shri Anil Sekhri, Directors of the Company retires by rotation and being eligible, offers themselves for re-appointment. The details pertaining to Shri Prasoon Joshi and Shri Anil Sekhri required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.

- Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
- Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancemediaworks.com to aid the Company in its constant endeavour to enhance the standards of service to investors.
- An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.

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

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

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

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted by the Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with

Reliance MediaWorks Limited

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

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

In view of the above, the Board may, in one or more tranches, issue and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be.

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

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not exceed ₹ 500 crore. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent if any, to which the proposed securities may be issued.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board in

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

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

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

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

By Order of the Board of Directors

Ashish Agarwal
Company Secretary and Manager

Registered Office:
Film City Complex
Goregaon (East)
Mumbai 400 065
November 3, 2012

Directors' Report

Dear Shareowners,

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

Financial Results

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

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

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

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

Financial Performance

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

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

Dividend

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

Business Operations

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

In the services segment, the Company has successfully completed the first year of operations for the 1st phase of the studio, located at Filmcity, Mumbai, with an overall occupancy of 67 per cent &

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

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

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

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

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

Reliance MediaWorks Limited

Directors' Report

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

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

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

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

Changes in the Authorised Share Capital

(i) Reclassification

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

(ii) Increase

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

Rights Issue

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

Transfer/Sale of Businesses

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

Issue of Securities and Share Capital

(i) Issue of Non-Convertible Debentures

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

(ii) Issue of Redeemable Non Convertible Preference Shares

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

Management Discussion and Analysis

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

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

Subsidiary Companies

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

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

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

Directors

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

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