

**FINANCIAL STATEMENT**

**2014-2015**

**RELIANCE MEDIAWORKS**

**(NETHERLANDS) B.V.**

## AUDITOR'S CERTIFICATE

To,  
The Management of  
Reliance MediaWorks Limited  
Mumbai, India

### *Report on the Financial Statements*

We have audited the translation of accompanying financial statements of Reliance Media Works (Netherlands) B.V. ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable (since it is a company registered outside India). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting fraud and other regularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that we are operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Companies Act 2013 to the extent applicable, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Companies Act, 2013 and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. . 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. In doing so we have also placed reliance upon the financial statements audited by AREP Rotterdam B.V, Netherlands and management certified notes and policies.

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

# Chokshi and Co. LLP

## Chartered Accountants

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Mumbai – 400020; India  
Email: chokshiandco@gmail.com

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 on the financial statements.

### *Opinion*

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to the following matters in the Notes to the financial statements:-

1. Note no.13 of the Notes to Accounts to the financial statements which respectively indicate that, the financial statements have been prepared on a going concern basis based on the assumption that the facilities shall not be recalled by providers of finance and that funds shall be made available by the holding Company who has undertaken to provide financial and other support to the Company for the foreseeable future to enable it to continue its operations as the Company's shareholder's worth has been fully eroded as at 31st March 2015. The validity of which depends upon continued availability of debt facilities and funds being made available by the holding Company.

### **For Chokshi & Co. LLP**

Chartered Accountants

Registration Number: 131228W/W100044

### **Kalpen Chokshi**

Partner

Membership No.: 135047

**Place: Mumbai**

**Date: 20th July 2015**

# Reliance MediaWorks (Netherlands) B.V.

## Balance sheet

as at March 31, 2015

	Note	As at March 31, 2015 INR	As at March 31, 2014 INR
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	1,041,300	1,041,300
(b) Reserves and surplus	3	(27,686,305)	(32,071,797)
<b>Non-current liabilities</b>			
(a) Long-term borrowing		-	-
(b) Deferred tax liabilities (net)		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
<b>Current liabilities</b>			
(a) Short-term borrowings	4	24,954,872	28,504,377
(b) Trade payable ( Refer note 16)		920,742	1,593,594
(c) Other current liabilities	5	769,391	932,526
(d) Short-term provisions		-	-
		-	-
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work in progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
<b>Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and bank balances		-	-
(e) Short-term loans and advances		-	-
(f) Other current assets		-	-
		-	-

Significant accounting policies

1

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

As per report on financial statements of even date attached.

For Chokshi & Co LLP  
Chartered Accountants  
Firms' Registration No: 131228W/ W100044

For Reliance MediaWorks Limited

Kalpen Chokshi  
Partner  
Membership No: 135047  
Place : Mumbai  
Date : July 20, 2015

Sandip Dhotre  
Authorised Signatory

Place : Mumbai  
Date : July 20, 2015

# Reliance MediaWorks (Netherlands) B.V.

## Statement of Profit and loss

for the year ended March 31, 2015

	For the year ended March 31, 2015	For the eighteen months ended March 31, 2014
Note	INR	INR
<b>I. Revenue</b>	-	-
<b>II. Other income</b>	-	-
Foreign Exchange Gain	5,575,142	-
<b>III. Total revenue</b>	5,575,142	-
<b>IV. Expenses</b>		
Bank charges	-	12,511
Legal and professional fees	1,189,650	3,619,093
Foreign exchange loss	-	4,980,992
<b>Total expenses</b>	1,189,650	8,612,596
<b>V. (Loss) before exceptional and extra ordinary item and tax (III- IV)</b>	4,385,492	(8,612,596)
<b>VI. Exceptional items</b>	-	-
<b>VII. (Loss) before extra ordinary item and tax (V- IV)</b>	4,385,492	(8,612,596)
<b>VIII. Extraordinary items</b>	-	-
<b>IX. Loss before tax (VII-VIII)</b>	4,385,492	(8,612,596)
<b>X. Tax expenses</b>	-	-
<b>Profit/(Loss) after tax (IX-X)</b>	4,385,492	(8,612,596)
<b>Earning per equity share ( Refer note no.6)</b>		
Basic	24,363.84	(47,847.76)
Diluted	24,363.84	(47,847.76)

Significant accounting policies

1

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

As per report on financial statements of even date attached.

**For Chokshi & Co LLP**  
Chartered Accountants  
Firms' Registration No: 131228W/W100044

**Kalpen Chokshi**  
Partner  
Membership No: 135047  
Place : Mumbai  
Date : July 20, 2015

**For Reliance MediaWorks Limited**

**Sandip Dhotre**  
Authorised Signatory

Place : Mumbai  
Date : July 20, 2015

# Reliance MediaWorks (Netherlands) B.V.

## Cash Flow Statement

for the year ended March 31, 2015

	For the year ended March 31, 2015	For the eighteen months ended March 31, 2014
	INR	INR
<b>A. Cash flow from operating activities</b>		
Net Profit / (loss) before tax	4,385,492	(8,612,596)
Adjustment for:		
Unrealised foreign exchange (gain) / loss	-	-
<b>Operating loss before working capital changes</b>	<u>4,385,492</u>	<u>(8,612,596)</u>
Adjustment for:		
Decrease in trade & other receivables	-	-
(Decrease) in other payable	(835,987)	2,091,813
Adjustment for Foreign Exchange		
<b>Operating loss after working capital changes</b>	<u>3,549,505</u>	<u>(6,520,783)</u>
Taxes paid (net of refunds)	-	-
<b>Net cash used in operating activities (A)</b>	<u><u>3,549,505</u></u>	<u><u>(6,520,783)</u></u>
<b>B. Cash flow from investing activities</b>	<u>-</u>	<u>-</u>
<b>C. Cash flow from financing activities</b>		
Loan from fellow subsidiary	(3,549,505)	6,149,155
Adjustment for foreign exchange	-	-
<b>Net cash flow from financing activities (C)</b>	<u><u>(3,549,505)</u></u>	<u><u>6,149,155</u></u>
<b>Net increase / (decrease) in cash and cash equivalent (A+B+C)</b>	-	(371,628)
Cash and cash equivalents as at beginning of the period	(0)	371,628
Cash and cash equivalents as at end of the period	(0)	(0)

The accompanying notes form an integral part of the financial statements.  
As per report on financial statements of even date attached.

**For Chokshi & Co LLP**  
Chartered Accountants  
Firms' Registration No: 131228W/ W100044

**Kalpen Chokshi**  
Partner  
Membership No: 135047  
Place : Mumbai  
Date : July 20, 2015

**For Reliance MediaWorks Limited**

**Sandip Dhotre**  
Authorised Signatory  
Place : Mumbai  
Date : July 20, 2015

# RELIANCE MEDIAWORKS (NETHERLANDS) B.V

Notesto the financial statements for the year ended March 31, 2015

## Backgrounds

Reliance MediaWorks (Netherlands) B.V., ('the Company') was incorporated on February 8, 2008 and is a wholly owned subsidiary of Reliance MediaWorks Limited. The Company is primarily engaged in the business of holding of investments in group companies.

## Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention on the accrual basis in accordance with the Accounting Standards ('AS') notified in the Companies (Accounting Standard) Rules, 2006 to the extent applicable to the Company.

The Company maintains its books of accounts in Euro (EUR), the local currency in Netherlands. These financial statements have been prepared in EUR and presented in Indian Rupees (Rs.) and EUR. The Management of the Parent Company considers the operations of the Company as being integral to its operations and hence the financial statements have been translated in Indian rupees under the integral method of translation as specified in AS – 11 (Revised) "The Effects of Changes in Foreign Exchange Rates".

## 1. Significant AccountingPolicies

### a) Use of estimates

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

### b) Revenue

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The amount recognized as sales is exclusive of all taxes.

Interest income – Revenue is recognized on a time proportion basis at the rate implicit to the transaction.

### c) Taxation :

**Income-tax** expense comprises current tax expense and deferred income tax computed in accordance with the relevant provisions of the Netherland taxation laws 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 Netherland tax laws. Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized 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 realized 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

# RELIANCE MEDIAWORKS (NETHERLANDS) B.V

## Notesto the financial statements for the year ended March 31, 2015

written down/up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### d) Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the Company recognizes 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.

### e) 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 recognized 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 recognized in the statement of profit and loss.

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.

### f) Foreign currency translation

The 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 Holding Company.

Subsidiaries which are classified as integral: Translation of the local currency financials of integral operations 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 statement of 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.

Subsidiaries which are classified as non-integral: Translation of local currency financials of non-integral 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.



Reliance MediaWorks (Netherlands) B.V.  
Notes to the financial statements (Continued)

as at March 31, 2015

	As at March 31, 2015	As at March 31, 2014
	INR	INR
<b>2 Share capital</b>		
<i>Authorised</i>		
* 900 shares of EUR 100 each	5,206,500	5,206,500
<i>Issued, subscribed and paid-up capital</i>		
* 180 shares of EUR 100 each		
* Face of the share denominated in Euro	1,041,300	1,041,300
	<b>1,041,300</b>	<b>1,041,300</b>

Note 2(a) Reconciliation of the shares outstanding at the beginning and at the end of the period

Particulars	March 31, 2015		March 31, 2014	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Shares issued as at beginning of the period	180	1,041,300	180	1,041,300
Share issued during the period	-	-	-	-
Buyback/ forfeiture/ reduction shares	-	-	-	-
Shares issued as at end of the period	180	1,041,300	180	1,041,300

Note 2(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of EUR 100 per share. Each equity holder entitle to one vote per share. The Company declares and pays dividends in EUR. The dividend proposed by the Board of the Directors is subject to the approval of the shareholders is 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.

Note 2(c) Shares in respect of each class of company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding companies or the ultimate holding company in aggregate.

Particulars	%	As at March 2015		As at March 2014	
		Number of Shares	Amount in Rs.	Number of Shares	Amount in Rs.
Reliance MediaWorks Limited	100	180	10,41,300	180	10,41,300

**Reliance MediaWorks (Netherlands) B.V.**  
**Notes to the financial statements (Continued)**

as at March 31, 2015

	As at March 31, 2015 INR	As at March 31, 2014 INR
<b>3 Reserves and surplus</b>		
<b>Profit &amp; Loss Account</b>		
At the beginning of the period	(32,071,797)	(23,459,201)
Add: Loss/Profit for the period as per statement of profit & loss	4,385,492	(8,612,596)
Less: Appropriations	-	-
<b>Loss at the end of period</b>	<b>(27,686,305)</b>	<b>(32,071,797)</b>
<b>4 Short-term borrowing</b>		
<u>Loans and advance from related parties</u>		
<b>Unsecured</b>		
Loan from Holding company	15,909,534	19,282,857
Loan from fellow subsidiary	9,045,338	9,221,520
	<b>24,954,872</b>	<b>28,504,377</b>
<b>5 Other Current Liabilities</b>		
Accrual and Deferred Income	769,391	932,526
	<b>769,391</b>	<b>932,526</b>

RELIANCE MEDIAWORKS (NETHERLANDS) B.V  
 Notesto the financial statements for the year ended March 31, 2015

NOTES TO THE ACCOUNTS

6. Earnings per share

Earnings per share	March 31, 2015	March 31, 2014
<b>Profit / (Loss)INR</b>	4,385,492	(8,612,596)
Euro	(15,353)	(46,735)
<b>No of equity shares</b>	180	180
<b>Profit / (Loss) per shareINR</b>	24,364	(47,848)
Euro	(85.29)	(259.64)

7. Related party transactions

Parties where control exists

Ultimate Holding Company

- Reliance Land Private Limited

Parent Company

- Reliance MediaWorks Limited

Fellow Subsidiary Companies

- Global MediaWorks (UK) Limited
- Reliance MediaWorks (USA) Inc.
- Reliance MediaWorks (Mauritius) Limited
- Reliance MediaWorks Theatres Limited
- Big Synergy Media Limited
- Reliance MediaWorks Entertainment Services Limited
- Reliance MediaWorks Creative Services Limited (w.e.f. June20, 2013)
- 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.

\*\* These Companies have been dissolved during the current period / previous period