Press Note

PRIME FOCUS LIMITED

Reliance Group and Prime Focus to create the world's largest media services powerhouse

- *Reliance Group entity, Reliance MediaWorks (RMW) and Prime Focus Ltd. (PFL) announce combination of their global Film & Media Services business*
- *RMW – PFL combination to enhance industry leadership in India and across the globe*
- *Combined revenues in excess of INR 1,800 crore (including the recently announced merger of Double Negative with Prime Focus World), and robust order pipeline of ~INR 2,000 crore*
- *State-of-the-art operations in India, Los Angeles, London, Vancouver, Singapore, Beijing etc. and global talent pool of over 5,500 supremely talented and diverse people*
- *Equity infusion of INR 240 crore at INR 52 per share into Prime Focus Ltd. by Reliance MediaWorks and the Promoters of Prime Focus, in equal proportion*
- *Deal proceeds to be used to fund the recent merger of Double Negative, the Academy® Award winning visual effects provider, with Prime Focus World (PFW)*
- *Namit Malhotra to be Executive Chairman and Group CEO for the Prime Focus Group, and will continue to manage operations of Prime Focus*
- *Prime Focus promoters' fully diluted stake to be 33.5% and Reliance MediaWorks' fully diluted stake to be 30.2%*
- *Prime Focus promoters and Reliance MediaWorks to launch an open offer to acquire 26% of the fully diluted equity capital in compliance with SEBI guidelines*

Mumbai, July 2, 2014: In a transformational and industry game-changing move, Reliance Group, one of India's leading business houses, and Prime Focus Ltd. (PFL), a global media and entertainment industry services leader, today announced the combination of the global film & media services business of Reliance MediaWorks' (RMW) with Prime Focus Ltd.

The combination of RMW – PFL and Academy® Award winning Double Negative, led by Matt Holben and Alex Hope, creates the world's largest and the most integrated media services group with over 5500 people present across 20 locations offering visual effects, stereo 3D conversion, animation, and cloud-based digital media solutions that transcend the film, advertising and television industries. The combination brings instant benefits to global clients, with new levels of creativity, technology innovation, truly integrated Digital Media Services, unmatched scale, financial stability and sustainability.

The body of work handled by the new powerhouse includes worldwide blockbusters and critically acclaimed films, such as *The Dark Knight Trilogy*, *Transformers 4*, *Inception, Gravity, Harry Potter*, and *Avatar*, to name a few. Equally within India, the PFL and RMW combination brings integrated services to the Bollywood industry from equipment rental, and shooting stages up to final digital distribution - a true one stop service.

The combined group will also have the world's first hybrid cloud-enabled Media ERP platform. This unique platform virtualizes the content supply chain and helps broadcasters, studios, brands, sports and digital businesses manage their business of content, by driving creative enablement, enhancing ecosystem efficiencies and sustainability, reducing costs and realizing new monetization opportunities.

Namit Malhotra will be the Executive Chairman and Global CEO of Prime Focus Ltd.

"We are hugely excited about the transformational growth opportunity created by the powerful combination of the global film and media services business of Reliance MediaWorks and Prime Focus," said **Amitabh Jhunjhunwala, Group Managing Director, Reliance Group.** "Namit is an enormously passionate leader, who has created and run a highly successful global media services business. We are delighted to have the opportunity to support PFL as the Company moves to the next orbit of growth under Namit's dynamic and 'turbo-charged' leadership", he added.

"This is a very exciting time in the life of Prime Focus", said **Namit Malhotra, Founder, Prime Focus and Executive Chairman & Group CEO, Prime Focus Group.** "From being able to partner the world's finest visual effects provider Double Negative, to having the Reliance Group come on board, to help mobilize our strategy in building the bridge between the West and the East. I am very confident about the benefits this combination brings to all our customers, employees and stakeholders worldwide."

"We are very pleased to combine our global film and media services business with Prime Focus," said **Venkatesh Roddam, CEO, Reliance MediaWorks**. "This is a natural and synergistic combination that will optimize resources, and create enhanced value and new opportunities for all stakeholders, including customers in India and overseas, and our dedicated team of people".

RMW and the promoters of Prime Focus, Naresh and Namit Malhotra, will each infuse fresh equity capital of INR 120 crore into Prime Focus at INR 52 per share, through a preferential allotment, aggregating INR 240 crore. The equity proceeds will be used to fund the recent merger of Double Negative with PFW.

As part of the transaction, the India and overseas operations of RMW's Film and Media Services business, which has shown a significant turnaround towards profitability in the last few quarters, will be combined with PFL through a slump sale. The net consideration will be paid in the form of fresh equity shares of PFL valued at INR 52 per share. Post the preferential allotment and the business combination as above, the fully diluted shareholding of the promoters of PFL will be 33.5%, while RMW will be at 30.2%.

The promoters of PFL and RMW simultaneously also announced the mandatory open offer in Prime Focus, to the extent of 26% of the fully diluted share capital of PFL, at INR 52 per share, in compliance with applicable SEBI rules and regulations.

The combination will result in the immediate extension of Prime Focus' infrastructure across India, UK and North America including inter alia:

- a total of one million sq. ft. of facilities including studio facilities in Film City, Mumbai
- 30% stake in renowned Hollywood VFX house, Digital Domain, widely acclaimed for its award winning VFX work on Titanic and The Curious Case of Benjamin Button etc.
- 100% ownership of Los Angeles-based digital film restoration firm, Lowry Digital, an Oscar winner for Scientific and Technical Achievement in 2012.

EY India was the exclusive Advisor to Reliance MediaWorks for the transaction, and Centrum Capital was the exclusive Advisor to Prime Focus.

The completion of the transaction is subject to certain conditions precedent as is customary, including applicable regulatory and other approvals. Accordingly, there can be no certainty at this stage that the transaction will be consummated as envisaged.

About Prime Focus Limited

Prime Focus Limited (PFL), a global leader in media and entertainment industry services employs over 5000 professionals in 16 cities across 4 continents and 7 time zones. We provide end-to-end creative services like visual effects, stereo 3D conversion, animation, post-production, Digital Intermediate (DI) and equipment rental, and technology solutions including the world's first hybrid cloud-enabled Media ERP technology and cloud media services to Studios, Broadcast, Advertising and Media industries worldwide.

Prime Focus is behind path breaking technologies like CLEAR™ (Hybrid Cloud technology-enabled Media ERP platform), Primetime Emmy® award-winning DAX Digital Dailies® and View-D™ (stereoscopic 2D to 3D conversion). Leveraging our Global Digital Pipeline and pioneering delivery model WorldSourcing® we partner content creators at every stage of the process ensuring creative enablement, work flow efficiencies, cost optimization and new monetization opportunities.

Listed on the BSE and NSE of India, Prime Focus has operations in Bangalore, Beijing, Cape Town, Chandigarh, Delhi, Goa, Hyderabad, Johannesburg, Kolkata, London, Los Angeles, Mumbai, New York, Singapore, Toronto and Vancouver.

For more details **www.primefocusltd.com**

About Reliance Group

Reliance Group is amongst India's leading business houses, with over 230 million customers. The Group has a strong presence across a wide array of high growth consumer-facing businesses of financial services, telecom, energy, power, infrastructure and media and entertainment. The Group has a net worth of over Rs. 85,000 crore, assets of over Rs. 2,00,000 crore, and operating profits of over Rs. 12,000 crore.
For more details **www.relianceada.com**

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