

entertainment in every dimension

ANNUAL REPORT 2009 - 10



■ BOARD OF DIRECTORS

Mr. Shyam Shroff – Chairman
Mr. Shravan Shroff – Managing Director
Mr. Balkrishna Shroff *
Mr. Vishal Nevatia
Mr. Amit Jatia
Ms. Susan Thomas
Mr. Salim Govani
Mr. Pavan Kumar Jain **
Mr. Kishore Biyani **
Mr. Deepak Asher **

* Resigned with effect from 28th February 2010

**Appointed as Additional Director with effect from 28th February 2010

■ COMPANY SECRETARY

Mr. Suratha Satpathy

■ STATUTORY AUDITORS

B S R & Co., Chartered Accountants,
Mumbai

■ BANKERS

Axis Bank Limited
IDBI Bank Limited
Punjab National Bank
Standard Chartered Bank

■ ADVOCATES & SOLICITORS

Naik Paranjpe & Company

■ REGISTERED OFFICE

Fame Adlabs
2nd Floor, Andheri Link Road
Oshiwara, Andheri (West)
Mumbai-400 053
Tel No. : +91 (22) 6640 3636
Fax No. : +91 (22) 6640 3637
Website : www.fame.co.in
www.famecinemas.com

■ REGISTRARS & TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mill Compound
L.B.S.Marg, Bhandup (West)
Mumbai-400 078
Tel No. : +91 (22) 2594 6970
Fax No.: +91 (22) 2594 6969
Email : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in

11th Annual General Meeting

Day : Wednesday
Date : 22nd September 2010
Time : 10.00 am
Venue : Conference Hall of Shree Vagad Visha Oswal
Samaj Mahajanwadi, Plot No.A-6, S.N.(P.T.),
41, Adarsh Nagar, Jogeshwari-Oshiwara Link
Road, Near Lotus Petrol Pump, Jogeshwari (W),
Mumbai-400 102





Fame India Limited

CONTENTS

Notice	04
Directors' Report	07
Management Discussion and Analysis Statement.....	13
Corporate Governance Report.....	16

Standalone Financial Statements-Fame India Limited

Auditors' Report.....	25
Balance Sheet.....	28
Profit and Loss Account.....	29
Cash Flow Statement.....	30
Schedules forming part of the Financial Statements.....	32

Shirngar Films Limited-100% Subsidiary

Directors' Report	60
Compliance Certificate	62
Auditors' Report.....	65
Balance Sheet.....	68
Profit and Loss Account.....	69
Cash Flow Statement.....	70
Schedules forming part of the Financial Statements.....	72

Big pictures Hospitality Services Private Limited-100% Subsidiary

Directors' Report	88
Auditors Report	89
Balance Sheet.....	92
Profit and Loss Account.....	93
Cash Flow Statement.....	94
Schedules forming part of the Financial Statements.....	95

Consolidated Financial Statment-Fame India Limited

Auditors' Report.....	103
Consolidated Balance Sheet.....	104
Consolidated Profit and Loss Account.....	105
Consolidated Cash Flow Statement.....	106
Schedules forming part of the Financial Statements.....	108

NOTICE

NOTICE is hereby given that the eleventh Annual General Meeting of the Members of the Company will be held on Wednesday, the 22nd September, 2010 at 10.00 am at the Conference Hall of Shree Visha Oswal Vikas Samaj, Mahajanwadi, 41, Adarsh Nagar, Jogeshwari- Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai – 400 102 for the purpose of transacting the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010, Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shyam Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Salim Govani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. B S R & Co., Chartered Accountants, Mumbai as Auditors of the Company to hold such office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting on such remuneration plus out of pocket expenses, if any, as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors.

Special Business:

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

“RESOLVED THAT Mr. Pavan Kumar Jain, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office from the conclusion of this meeting pursuant to Section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Pavan Kumar Jain's candidature for the office as Director, be and is hereby appointed as a

Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Deepak Asher, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office from the conclusion of this meeting pursuant to Section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Deepak Asher's candidature for the office as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Kishore Biyani, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office from the conclusion of this meeting pursuant to Section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Kishore Biyani's candidature for the office as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board

S.Satpathy
Company Secretary

Registered Office:

Fame Adlabs, 2nd Floor,
Andheri Link Road,
Oshiwara, Andheri (W),
Mumbai- 400 053.

Place: Mumbai

Date: 29th July 2010

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IF ANY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 2010 to 22nd September, 2010 (both days inclusive);
3. Members are requested to notify change in address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares, to the Share Transfer Agents quoting their folio nos.;
4. Appointment and Re-appointment of Directors - Brief Profile of Directors who are retiring by rotation & proposed for re-appointment and appointment of Directors at the ensuing Annual General Meeting are furnished in the Corporate Governance Section, which forms part of this Annual Report;
5. Shareholders seeking any information with regard to accounts are requested to write to the Compliance Officer at the Registered Office of the Company at least 10 days in advance, so as to keep the information ready at the meeting;
6. Members are requested to bring their Client Id and DP Id for easy identification.
7. Members / Proxies are requested to bring their attendance slip duly filled in and their copy of the Annual Report to the meeting.
8. Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.
9. Members are requested not to carry briefcase, food items inside the meeting hall for security reason.
10. Corporate members intending to send their Authorised Representative(s) to attend the Annual General Meeting are requested to send duly certified copy of the Board Resolution authorizing such representative(s) to attend and vote at the Annual General Meeting.
11. Members are requested to contact and send the correspondence relating to all transfer of shares and other related matters in physical as well as demat categories to the Registrar & Transfer Agent of the Company:

M/s Link Intime India Pvt. Ltd,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel No: +91 (22) 2594 6970
Fax No: +91 (22) 2594 6969
12. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item number 5, 6 and 7 is annexed hereto.

By Order of the Board

S.Satpathy
Company Secretary

Registered Office:
Fame Adlabs, 2nd Floor,
Andheri Link Road,
Oshiwara, Andheri (W),
Mumbai- 400 053.

Place : Mumbai
Date : 29th July 2010

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 5

Mr. Pavan Kumar Jain was appointed as an Additional Director of the Company w. e. f. 28th February, 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company, Mr. Pavan Kumar Jain shall hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Jain as a Director of the Company.

Mr. Pavan Kumar Jain is one of a promoter of INOX Group of Companies and is also the Chairman and Managing Director of INOX Air Products Limited. Mr. Pavan Kumar Jain is a Chemical Engineer from IIT, New Delhi and an Industrialist with over 30 years of experience. Mr. Jain has played a major role in the growth of INOX group of companies.

Keeping in view the vast experience of Mr. Pavan Kumar Jain, your Directors considered it to be in the interest of the Company, in case he is appointed as Director of the Company, liable to retire by rotation as per provisions of the Companies Act, 1956.

None of the Directors of the Company, except Mr. Pavan Kumar Jain is in any way concerned or interested in the resolution.

The Board recommends the resolution set out in Item No.5 of the Notice for your approval.

ITEM NO. 6

Mr. Deepak Asher was appointed as an Additional Director of the Company w. e. f. 28th February, 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company, Mr. Deepak Asher shall hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Asher as a Director of the Company.

Mr. Deepak Asher is a Chartered Accountant & Cost Accountant and graduated in Law. He has been working for M/s Gujarat Fluorochemicals Limited, the flagship company of INOX Group Companies for the past twenty years. Mr. Asher has been credited with the setting up of INOX group entertainment Business under INOX brand. Mr. Asher is also a member of the Entertainment Committee of the Federation of Indian Chambers of Commerce and Industry and is the President of Multiplex Association of India.

Keeping in view the vast experience of Mr. Deepak Asher, your Directors considered it to be in the interest of the

Company, in case he is appointed as Director of the Company, liable to retire by rotation as per provisions of the Companies Act, 1956.

None of the Directors of the Company, except Mr. Deepak Asher is in any way concerned or interested in the resolution.

The Board recommends the resolution set out in Item No.6 of the Notice for your approval.

ITEM NO. 7

Mr. Kishore Biyani was appointed as an Additional Director of the Company w. e. f. 28th February, 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 114 of the Articles of Association of the Company, Mr. Kishore Biyani shall hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Biyani as a Director of the Company.

Mr. Kishore Biyani is a Commerce Graduate and post-graduate diploma in Marketing Management. He is the Chief Executive Officer of Future Group of Companies. Mr. Biyani has over 25 years of experience in the field of manufacturing and retailing. Mr. Biyani has received several awards including E & Y Entrepreneur of the year-2006, CNBC's First Generation Entrepreneur of the year-2006, the most Admired Retail Face of the year of Images Retail Awards-2007 and 2008 and the most admired F & G Retail Visionary of the year-2008 of the Coca-Cola Golden Spoons Awards 2008.

Keeping in view the vast experience of Mr. Kishore Biyani, your Directors considered it to be in the interest of the Company, in case he is appointed as Director of the Company, liable to retire by rotation as per provisions of the Companies Act, 1956.

None of the Directors of the Company, except Mr. Kishore Biyani is in any way concerned or interested in the resolution.

The Board recommends the resolution set out in Item No.7 of the Notice for your approval.

By Order of the Board
S.Satpathy

Company Secretary

Registered Office:

Fame Adlabs, 2nd Floor,
Andheri Link Road,
Oshiwara, Andheri (W),
Mumbai- 400 053.

DIRECTORS' REPORT

To,
 The Members,
Fame India Limited (formerly Shringar Cinemas Ltd.)

Your Directors are pleased to present the **ELEVENTH ANNUAL REPORT** and the **AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
Revenue from Operations and Other Income	15073.43	11643.35
Profit Before Interest, Depreciation and Tax (PBITD)	1761.64	1731.00
Less : Interest	688.54	488.74
Less : Depreciation	1697.59	1161.67
Profit/(Loss) before Tax (PBT)	(624.49)	80.59
Provision for taxation	-	(107.13)
Profit/(Loss) after Tax (PAT)	(624.49)	187.72
Add : Profit brought forward from previous year	995.02	1295.31
Less: Transitional adjustment of foreign exchange (net) pursuant to the adoption of AS 11 notification (refer Schedule 2.9)	-	488.01
Balance carried forward to Balance Sheet	370.53	995.02

During the year under review, your Company has achieved an operational and other income of Rs.15073.43 lacs, with an increase of 29% over the previous year. The Company has incurred a net loss of Rs.624.49 lacs during the year as compared to a net profit of Rs.187.72 lacs in the previous year.

DIVIDEND:

Your Company has registered a loss in the financial year ended 31st March, 2010, consequently the Company is not recommending any dividend.

SUBSIDIARIES:

The Company has two subsidiary companies in which it holds 100% shareholding namely M/s. Shringar Films Limited and M/s. Big Pictures Hospitality Services Pvt. Ltd.

M/s. Shringar Films Limited is mainly into distribution of films and is gradually consolidating its business. M/s. Big Pictures Hospitality Services Pvt. Ltd. is into food court business.

The statement as required under Section 212 of the Companies Act, 1956 in respect of the Company's Subsidiaries and the Annual Accounts of the Subsidiary Companies are annexed to this report.

DIRECTORS:

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Shyam Shroff and Mr. Salim Govani, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Mr. Pavan Kumar Jain, Mr. Deepak Asher and Mr. Kishore Biyani were appointed as Additional Directors of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they shall hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received notices in writing under Section 257 of the Companies Act, 1956 from members proposing the appointment of Mr. Jain, Mr. Asher and Mr. Biyani as Directors of the Company.

Mr. Balkrishna Shroff resigned from the Directorship of the Company with effect from 28th February 2010. The Board places on record its sincere appreciation of the valuable contribution and support extended by Mr. Shroff during his tenure as Director of the Company.

A brief resume of the Directors being proposed to be appointed/re-appointed as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is stated separately in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors make the following statement pursuant to Section 217(2AA) of the Companies Act, 1956:

- (i) That in the preparation of annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) That the Board of Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at 31st March, 2010, and of the loss of the Company for the said financial year;
- (iii) That the Board of Directors have 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;
- (iv) That the Board of Directors have prepared the accounts on a "going concern basis" and on a "accrual basis".

AUDITORS:

M/s B S R & Co., Chartered Accountants, Auditors of the Company will retire from the office of the Auditors at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment, they have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and they have not disqualified under amended section 226(3)(e) of the said Act.

AUDITORS' REPORT:

The notes on accounts referred to in the Auditors' report are self-explanatory and therefore do not call for any further comments.

TRANSFER OF SHARES BY THE PROMOTERS:

On February 3, 2010 Inox Leisure Limited ('Inox') acquired and the Promoters of the Company namely Mr. Shyam Gobindram Shroff, Mr. Balkrishna Gobindram Shroff, and Mr. Shravan Shyam Shroff in their capacity as partners of M/s. South Yarra Holdings, sold 1,50,57,751 equity shares of the Company at a price of Rs. 44 per equity share ("Sale Shares") of par value of Rs. 10 each, constituting 43.28% of the issued and paid up equity share capital of the Company, for consideration of Rs. 66,25,41,044 (Rupees sixty six crores twenty five lacs forty one thousand forty four only) by carrying out block deal on February 3, 2010 on the Bombay Stock Exchange.

As per the requirement of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, Inox made a

Public Announcement and open offer for acquiring additional 20% of the fully diluted equity shares of the Company.

Reliance Media Works Limited has made a competitive bid to the offer made by Inox and SEBI approval for both the above offers are awaited.

SHARE CAPITAL – Employee Stock Options:

During the current financial year, your Company allotted 1,51,770 equity shares of the face value of Rs.10/- each consequent to exercise of stock options by the employees.

Details of the Shares issued under ESOP, as also the disclosure in compliance with clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the annexure to this report.

LISTING FEES:

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai for the Financial Year 2010-11 have been paid.

CORPORATE GOVERNANCE:

In accordance with Clause 49 of the Listing Agreement, your Company has ensured continued compliance of Corporate Governance requirements during the financial year ended 31st March, 2010. Your Company has put strong emphasis on transparency and disclosure to enhance stakeholders' value.

The report on Corporate Governance for the financial year 2009-10 is given as a separate section as "Report on Corporate Governance" and Certificate of Company Secretary in Practice as required under Clause 49 of the Listing Agreement is appended herewith which form part of this Annual Report.

CODE OF ETHICS & CONDUCT FOR PREVENTION OF INSIDER TRADING:

The Securities and Exchange Board of India (Insider Trading Regulations) 1992 and amendments thereto, specifies for a mandatory Code for Corporate Disclosures for all Listed Companies. Based on the requirements under these regulations, Code of Ethics & Conduct for prevention of Insider Trading and Code for Corporate Disclosures has been adopted and implemented by the Company for its Directors and Senior Management Employees.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

Your Company has adequate Internal Control System to ensure safeguarding of assets against unauthorized use and to ensure that all transactions are duly authorized, recorded and reported correctly. The Company has an Internal Audit System carried out periodically.

INVESTMENTS:

A statement showing details of Investments is mentioned as a part of the Annual Accounts of the Company viz. Schedule 9.

FIXED DEPOSITS:

During the year, your Company has neither invited nor accepted/renewed deposits from the public within the

Employed for the whole year

Sr. No.	Name	Designation	Qualification	Age	Date of Joining	Experience (Years)	Gross Salary (Rs. In Lacs)	Previous Employment
1	Shravan Shroff	Managing Director	MBA	40	26-10-1999	13	92.50	-
2	Prasanna D. Manjrekar	VP - Projects and Business Development	M C M	37	30-11-2002	17	41.67	Gherzi Eastern Ltd.
3	Rishi Negi	Chief Operating Officer	MBA	38	01-04-2008	14	37.00	Big Pictures Hospitality Services Pvt. Ltd
4	Arshad Kazi	VP – Technology	BCA, DCT	35	01-11-2001	15	24.51	Star India Pvt. Ltd.

Employed during part of the year – Nil

Sr. No.	Name	Designation	Qualification	Age	Date of Joining	Experience (Years)	Gross Salary (Rs. In Lacs)	Previous Employment
----- NIL -----								

CONSERVATION OF ENERGY:

The nature of your Company's operation does not involve intensive energy consumption. However, your Company constantly endeavors to plan infrastructure investments of a design that result in conservation of energy. Adequate measures and steps have been taken to reduce energy consumption, wherever possible.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Our business is such that there is not much scope for new technology absorption, adaptation and innovation.

However, your Company continues to use the latest technologies for improving the productivity and quality of its services and products, wherever possible.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Foreign Exchange Earned	-	-
Foreign Exchange Used	70.06	389.13

meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956, if any.

PARTICULARS OF EMPLOYEES:

Details of employees whose salary are above the limit prescribed under the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975, as given herein below:

EMPLOYEE RELATIONS:

Employee Relations continued to be cordial throughout the year. The Directors appreciate the efforts put in by the employees at all the levels.

ACKNOWLEDGEMENT:

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Financial Institutions, Customers, Dealers and Suppliers for their valuable support and co-operation.

For and on behalf of the Board

Shyam Shroff
Chairman

Place: Mumbai
Date: 29th July 2010

ANNEXURE TO THE DIRECTORS' REPORT

(Statement pursuant to Section 212 of the Companies Act, 1956)

S.No	Particulars	Name of Companies	
1.	Name of the Subsidiary Company	Shringar Films Ltd	Big Pictures Hospitality Services Pvt. Ltd.
2.	The Financial year of the Subsidiary Company	31 st March 2010	31 st March 2010
3	Shares in the subsidiary held by Fame India Limited		
	a. Number and face value	999,900 fully paid up equity shares of Rs. 10 each	50,000 fully paid up equity share of Rs. 10 each
	b. Extent of holding	100%	100%
4	The net aggregates of Profit/(Loss) of the Subsidiary company so far as it concerns the members of Fame India Limited	NIL	NIL
	a. Dealt with in the accounts of Fame India Limited for the year ended 31 st March 2010	NIL	NIL
	b. Not dealt with in the accounts of Fame India Limited for the year ended 31 st March 2010	19,64,702	(59,824)
5	The net aggregates of Profit/ (Loss) of the previous financial years of the Subsidiary Company so far as it concerns the members of Fame India Limited	NIL	NIL
	a. Dealt with in the accounts of Fame India Limited for the year ended 31 st March 2010	NIL	NIL
	b. Not dealt with in the accounts of Fame India Limited for the year ended 31 st March 2010	1,65,24,302	(97,61,928)
6.	Changes of interest in Fame India Limited in the subsidiary between the end of financial year of subsidiary and Fame India Limited	NIL	NIL
7.	Material changes between the end of financial year of subsidiary and the end of the financial year of Fame India Limited in respect of subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities	NIL	NIL

For and on behalf of the Board

Shyam Shroff
Chairman

Place: Mumbai
Date: 29th July 2010

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as at 31st March 2010

	Particulars	2009-10	
	Options outstanding as at the beginning of the year	-	
a	Options granted during the year	1,128,600	
b	Pricing Formula	Exercise Price shall be the latest available closing market price of the equity shares of the company, prior to the date of grant	
c	Options Vested**	-	
d	Options Exercised**	-	
e	Total no. of shares arising as result of exercise of Options	-	
f	Options lapsed *	65,300	
g	Variation in terms of Options	None	
h	Money realised by exercise of Options (in lakhs)	-	
i	Total number of options in force**	1,063,300	
	** The number of options have been reported as on 31.03.2010		
	* Lapsed Options includes options cancelled/lapsed.		
j	Employee wise details of options granted to:	For the Grant made in 2009-10	
	- Senior Management	Name of the employee	No. of options granted
		Prasanna D Manjrekar	229,000
		Rishi Negi	223,900
		Naushad Shaikh	128,800
		Arshad Kazi	78,900
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Name of the employee	No. of options granted
		Prasanna D Manjrekar	229,000
		Rishi Negi	223,900
		Naushad Shaikh	128,800
		Arshad Kazi	78,900
		N.B.Prasad	58,200
		Deepak Shinde	49,500
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	Nil	Nil
k	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'	(1.79)	

I	Proforma Adjusted Net Income and Earning Per Share	
	Particulars	Rs. in Lacs
	Net Income	
	As Reported	-624.49
	Add: Intrinsic Value Compensation Cost	0.00
	Less: Fair Value Compensation Cost	33.99
	Adjusted Proforma Net Income	-658.48
	Earning Per Share: Basic	
	As Reported	-1.79
	Adjusted Proforma	-1.86
	Earning Per Share: Diluted	
	As Reported	-1.79
	Adjusted Proforma	-1.86
m	Weighted average exercise price of Options granted during the year whose	
	(a) Exercise price equals market price	14.47
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	NA
	Weighted average fair value of options granted during the year whose	
	(a) Exercise price equals market price	9.32
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	NA
n	Description of method and significant assumptions used to estimate the fair value of options	
	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:	
	Variables	Weighted average values for options granted during the year
	Stock Price	14.80
	Volatility	63.21%
	Risk free Rate	6.08%
	Exercise Price	14.47
	Time To Maturity	5.83
	Dividend yield	0.00%
	Stock Price: Closing price on BSE as on the date of grant has been considered for valuing the grants.	
	Volatility: We have considered the historical volatility of the stock till the date of grant to calculate the fair value.	
	Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.	
	Exercise Price: The Exercise Price is the latest available closing market price of the equity shares of the company, prior to the date of grant, for the respective grants.	
	Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.	
	Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceeding the date of the grant. As there is no dividend history, the expected dividend yield is considered to be nil.	

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Media & Entertainment

Indian Media & Entertainment Industry is already showing signs of recovery from the global economic turmoil and is expected to grow at 11.2% in 2010, accelerating from just 1.4% growth in 2009 according to a FICCI KPMG report of 2010. The industry is projected to touch Rs 1,091 billion in 2014 from Rs 587 billion in 2009 growing at an impressive CAGR of 13% on the back of factors like favourable demographics, strong long term fundamentals of the Indian economy, expected rise in advertising to GDP ratio compared to developed economies and increasing media penetration etc.

Filmed Entertainment

Although the Indian Film Industry entertains twice the number of patrons compared to the USA, Indian Cinema trails significantly in monetising on Average Ticket Prices mainly due to substantially lower mix of quality multiplex screens. Even in the current scenario where multiplex screens are below 10% of overall screens in India, the multiplex contribution to Domestic Box Office of overall film industry in India is ~25% whereas for Hindi films, it contributes as high as ~60%. As the industry progresses towards bridging the Demand Vs Supply gap by penetrating wider and wider, the growing trend of technological advancements such as 3D screens and digitisation along with positive regulatory developments are expected to drive the Industry to outperform in the coming times.

The Filmed Entertainment sector is expected to grow at a CAGR 9% over the next 5 years. The sector posted a degrowth of 14% in 2009 primarily attributable to prolonged strike called by United Producers and Distributors' Forum during the summer season.

The report suggests that Domestic Box Office shall continue to be a key driver in the sector with a share comprising close to 74% even 5 years from now.

YEAR AT A GLANCE

Financial year 2009-10 was indeed a tough year for the multiplex industry, facing various issues like strike, swine flu, controversies around 'My Name Is Khan' etc. On the other hand, movies like 'Ajab Prem Ki Gazab Kahani', '2012', 'Avatar', '3 Idiots' etc. that released during the festive season have recreated history by making it one of the highest collecting seasons of all time.

A new landmark was set at FAME by entertaining more than 10 million patrons in a year, for the first time. Further, FAME's 4 properties were ranked amongst top 10 collecting cinemas for the biggest all-time grosser '3 Idiots' and FAME successfully showcased 'Avatar', a new age 3D movie in 7 locations gathering overwhelming response from patrons.

During the year under review, your company expanded its scale of operations in already present cities of

- Mumbai (5 screens with 1,320 seats in Kalyan and 2 additional screens with 634 seats in Ghatkopar),
- Bengaluru (5 screens with 781 seats)
- Pune (3 screens with 1,015 seats at Fun N Shop)

We also launched our maiden multiplex in the city of Baroda (4 screens with 1,116 seats) in Gujarat. A Second property under the 'operating and management' model was also launched in Baroda (3 screens with 994 seats). We discontinued operations of a single screen comprising of 782 seats in Mumbai upon expiry of lease period of 3 years, due to commercial reasons.

Today, FAME operates a total of 95 screens and the milestone of achieving the 100 screen mark doesn't seem to be too far.

Your company received the entertainment tax exemption certificates for two properties in Maharashtra i.e., Ghatkopar in Mumbai and Fun N Shop in Pune effective 22nd January 2010. Further, a final order was received from Government of West Bengal for Fame Southcity certifying the amount eligible to be retained against entertainment tax collected and granting a refund of Rs 5 crore towards the entertainment tax paid earlier.

Fame was one of the founder members to sign the deal to screen Indian Premiere League (IPL) matches 'live' at its selected theatres, with stadium-like experience. Semi finals and finals were also showcased on 3D format which received phenomenal response from patrons. While the exhibition industry has had prior experience in showcasing live matches, we expect that with the advent of 3D based live screening, this could probably set a new journey towards a new era in showcasing such live sports/ entertainment events in movie theatres.

The amendments introduced in the Union Budget 2010 have brought further shocks to both retail and entertainment industries. The activity of 'renting of immovable property' has now been re-clarified to be a taxable service with retrospective effective from 01 June 2007. Few industry players like Home Solutions Retail etc. have obtained interim relief from Honorable Delhi High Court which has held that renting *per se* cannot be a taxable service as there is no value addition attached in the transaction of lease rentals. However, while the matter is highly technical, on prudent basis, your company has made a provision of Rs 4.63 crore towards the potential arrears of Service Tax upto March 2010.

FINANCIAL PERFORMANCE

In view of unstable conditions subsisting in the year under review, your company has reported a Consolidated Net Loss of Rs 6.33 crore as against Net Profit of Rs 3.44 crore in the previous year.

Consolidated Revenue from Operations has reached Rs 175.88 crore in 2009-10 as against Rs 139.95 crore in

2008-09 thereby registering a growth of 26% primarily on the back of launch of additional screens in the current year, full year revenue flowing from properties opened in the last year and overall better realisations per patron.

Despite the challenging times your company went through during the year under review, its worth noting that at standalone level, your company's Adjusted Operational EBITDA (after excluding the rental related service tax provision for comparison purpose) was maintained at 14%.

Growth in Average Ticket Prices (ATP, representing the average admission charges per patron) and Spend Per Head (SPH, representing the average spend per patron on the Food and Beverages) has been quite impressive. While the ATPs have shown an increase of 8% over last year, the growth rate in SPH was 11%.

Occupancy figures during the full year were at 23% as against 25% in the previous year primarily due to strike in the first quarter. However, occupancy figures for 9 months ending 31st March 2010 were at 26%.

With reference to costs, management's strong belief on cost rationalisation has brought robust results during the year. Personnel costs, marketing costs and other operational costs were under control. The positives of these significant cost control measures have helped offset the impact of increased costs such as distributor share (lead by revision in distributor terms) and rentals.

IPO FUNDS UTILISATION

The funds raised by your company from the IPO in April 2005 are being utilised towards funding exhibition growth. The shareholders of the Company, at the Annual General Meeting held on 30th September 2009 have approved vide a special resolution, the utilization of balance unutilized IPO proceeds inter-alia for expansion activities of the Company for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes.

The balance unutilised funds of Rs 11.95 crore which have been temporarily invested in fixed deposits, are expected to be utilised in the near future.

FOREIGN CURRENCY CONVERTIBLE BONDS

Your company is cognizant of FCCB related liability and is in the process of taking all the possible steps towards redemption of the same.

OUTLOOK FOR 2010-11

Management is optimistic about the sustainable business opportunities in the financial year 2010-11 on the back of positive macro economic factors, robust content pipeline and so on.

Having received handover for 9 screens and the fit-out is already underway, your company is expected to launch further new screens in the upcoming year.

OPPORTUNITIES

➤ Vigorous content pipeline:

Robust software lined up for exhibition clearly indicates the ability of multiplexes to drive consumers back into theatres regularly.

➤ Popularity of Hollywood / regional movies:

Demand for Hollywood content is on the upswing on account of quality differentiation (technological experiments including 3D) and the 'same day' release.

Further, growing popularity of local and regional content in few states bring a huge scope for better business at the box office.

➤ Demographic scenario:

Recovery of Indian economy, increase in disposable income at the last mile, lack of affordable outdoor entertainment opportunities, ever-growing younger population etc. is expected to influence the film exhibition business positively.

➤ Revival of Real Estate:

Faster expansion of multiplexes is expected on the back of increased supply of malls and multiplexes lead by resurgence of real estate.

THREATS / RISKS & CONCERNS

➤ Alternate entertainment channels such as DTH, Mobile TV, etc.

Popularity of products being delivered either at doorstep or available on fingertips have increased in recent times. Filmed entertainment not being an exception, for instance Pay-Per-View in DTH, Movie rental schemes, mobile content etc. could potentially negatively influence upon movie goers.

Lack of other economical outdoor entertainment opportunities, use of new technology in films etc. are expected to drive consumers to cinemas regularly. FICCI KPMG report of 2010 suggests that Indian Film Industry is heavily dependent on the Domestic Box Office and shall continue to be so even 5 years from now.

➤ Piracy

Revenue leakage on account of piracy continues to be a great challenge for the film industry.

Film fraternity is collectively working along with the government to curb piracy.

➤ Quality issues in content

Consumers are quality conscious and 'ratings' published on internet sites, newspapers etc. play a key role in driving consumer demand of a particular movie.

With the corporatisation of film industry, bigger stars choosing to act in selected few films etc., production houses are extremely focused on improving the quality of content.

➤ **Excess supply of screens in few trade belts**

Aggressive growth plans of various multiplex chains could potentially lead to oversupply in few trade areas. Fame's management is fully aware of this risk and stays away from such risky trade belts.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Your Company has adequate Internal Control System to ensure safeguarding of assets against unauthorized use and to ensure that all transactions are duly authorized, recorded and reported correctly. The Company has an Internal Audit System carried out periodically.

Distribution Business

Shringar Films Limited, a 100% subsidiary operates the film distribution business under the brand name "SHRINGAR".

During the year SFL distributed movies such as 'My Name is Khan', 'Avatar', 'Fast & Furious-4', 'Transformers 2', 'X-MenWolverine', 'Barah Aana', 'Dashavatar', 'Jai Veeru' etc.

SFL continues to carry on the business on 'revenue sharing' basis as against taking financial risks inherent in the Minimum Guarantee business model of film distribution.

Hospitality Business

Big Picture Hospitality Services Private Limited, a wholly owned subsidiary is into the business of running food-courts. Given the backdrop of corrections in new commercial real estate rentals over the recent past, the Company is re-evaluating the commercial viability of food-court business.

CORPORATE GOVERNANCE REPORT

Introduction

Your Company is committed to ensure good Corporate Governance practice as it builds confidence and trust, which eventually leads to a more stable and sustained resource flows and long term partnership with its investors and other stakeholders. Transparency, accountability and professionalism in all our activities, compliance with the laws and regulations and creating a motivated work force enables effective management of our Company.

The detailed report on implementation by the company, of the Corporate Governance Code as incorporated in clause 49 of the Listing Agreement with the Stock exchanges, is set out below.

I. Company's Philosophy on Corporate Governance:

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholder's value. The Company's philosophy on good corporate governance envisages a combination of business practices that results in enhancement of the value of the company to the shareholders and simultaneously enable the company to fulfill its obligations to other stakeholders such as customers, employees, financiers and to the society at large. The Company firmly believes that such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability.

The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation.

The Company is fully committed to and continues to

follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

II. Board of Directors:

(a) Composition and Category:

The Board of Directors of the Company consists of eminent persons with considerable expertise and experience in business and industry, finance, management etc. The composition of the Board of Directors with reference to number of executive and non executive directors meets the requirement of clause 49 (I) (A) of the Listing Agreement. The number of Non Executive Directors exceeds one-half of the total number of Directors.

The present strength of Board of Directors is nine, whose composition is given below:

One Promoter-Executive Director

One Promoter-Non Executive Director

Five Non-executive-Independent Directors

Two Non-executive-Dependent Directors

Independent Directors do not have any pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in judgment of the Board, may affect independence of the judgment of the Director.

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all companies in which they are Directors.

The Composition of the Board of Directors and also the number of other directorships are as under:

Name of the Director	Category of Directorship	Number of Outside Directorships*	No. of Committees in which Chairman / Member**	
			Member	Chairman
Mr. Shyam Shroff	Non Executive Chairman, Promoter	1	Nil	Nil
Mr. Shravan Shroff	Promoter, Executive Director, designated as Managing Director	1	Nil	Nil
Mr. Vishal Nevatia	Non Executive Independent Director	1	Nil	Nil
Mr. Amit Jatia	Non Executive Independent Director	4	Nil	Nil
Ms. Susan Thomas	Non Executive Independent Director	Nil	Nil	Nil
Mr. Salim Govani	Non Executive Independent Director	2	Nil	Nil
Mr. Kishore Biyani ***	Non Executive Independent Director	12	5	Nil
Mr. Pavan Kumar Jain ***	Non Executive- Non-Independent Director	6	1	3
Mr. Deepak Asher ***	Non Executive- Non-Independent Director	5	3	Nil
Mr. Balkrishna Shroff ***	Promoter, Non Independent Director	1	Nil	Nil

* Outside Directorships includes Directorships in Public Limited Companies and Body Corporates, but does not include Private Limited Companies.

** Only memberships of Audit Committee, Shareholders Grievance Committee are considered.

On February 3, 2010 Inox Leisure Limited ('Inox') acquired and the Promoters of the Company namely Mr. Shyam Gobindram Shroff, Mr. Balkrishna Gobindram Shroff and Mr. Shravan Shyam Shroff in their capacity as partners of M/s. South Yarra Holdings, sold 1,50,57,751 equity shares of the Company at a price of Rs. 44 per equity share ("Sale Shares") of par value of Rs. 10 each, constituting 43.28% of the issued and paid up equity share capital of the Company, for consideration of Rs. 66,25,41,044 (Rupees sixty six crores twenty five lacs forty one thousand forty four only) by carrying out block deal on February 3, 2010 on the Bombay Stock Exchange.

*** Subsequent to acquisition of shares by Inox as detailed above, Mr. Kishore Biyani, Mr. Pavan Kumar Jain and Mr. Deepak Asher were appointed as Additional Director w.e.f. 28th February 2010. Mr. Balkrishna Shroff resigned from the Directorship of the Company w.e.f. 28th February 2010.

(b) Board Procedure:

The Board meets at least once a quarter to review quarterly performance and Financial results. The information as specified in Annexure I to the existing clause 41 of the Listing Agreement is regularly made available to the Board wherever applicable. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every board meeting, on the overall performance of the company.

(c) Attendance of each Director at the Board Meeting and the last Annual General Meeting:

The Company has held at least one meeting in every three months and maximum time gap between any two meetings was not more than four months. During the financial year ended 31st March 2010, 7 (Seven) Board Meetings were held and the same were held on 27th May 2009, 5th June 2009, 29th July 2009, 31st October 2009, 24th November 2009, 30th January 2010 and 28th February 2010.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 30 th September 2009
Mr. Shyam Shroff	06	Yes
Mr. Shravan Shroff	07	Yes
Mr. Vishal Nevatia	04	No
Mr. Amit Jatia	05	No
Mr. Salim Govani	04	Yes
Ms. Susan Thomas	06	Yes
Mr. Balkrishna Shroff *	07	Yes
Mr. Kishore Biyani **	Nil	Nil
Mr. Pavan Kumar Jain **	Nil	Nil
Mr. Deepak Asher **	Nil	Nil

* Resigned with effect from 28th February 2010

** Appointed with effect from 28th February 2010

III. Audit Committee

(a) Broad Terms of Reference

The Audit Committee of the Board of Directors of the Company comprises of Ms. Susan Thomas-Chairperson, Mr. Amit Jatia, Mr. Vishal Nevatia, Mr. Shravan Shroff and Mr. Salim Govani. The Audit Committee, *inter alia*, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The scope of activities of the Audit Committee are in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement. The broad terms of reference include:

1. To review compliance with internal control systems;
2. To review the quarterly, half-yearly, annual financial results of the Company before submission to the Board;
3. To review company's financial reporting process and disclosure of financial information;
4. Recommending the appointment of statutory & internal auditors.

(b) Composition:

The Audit Committee comprises of five directors. The composition of the Audit Committee is as follows:

Names of Members	Category
Ms. Susan Thomas	Chairperson-Independent, Non Executive
Mr. Vishal Nevatia	Independent, Non Executive
Mr. Amit Jatia	Independent, Non Executive
Mr. Shravan Shroff	Non Independent, Executive
Mr. Salim Govani	Independent, Non Executive

(c) Meetings and Attendance:

During the Financial year ended 31st March 2010, 5 (five) audit committee meetings were held on 27th May 2009, 5th June 2009, 29th July 2009, 31st October 2009 and 30th January 2010.

The attendance of Audit Committee meeting is as under:

Names of Members	No. of meetings attended
Ms. Susan Thomas	05
Mr. Vishal Nevatia	03
Mr. Amit Jatia	03
Mr. Shravan Shroff	05
Mr. Salim Govani (Appointed w.e.f. 5 th January 2010)	01

Ms. Susan Thomas, Chairperson of Audit Committee was present at the last Annual General Meeting held on 30th September 2009.

IV. Remuneration Committee :

(a) Broad Terms of Reference

The role of the Remuneration Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director and Senior Executives of the Company.

The Remuneration paid to Managing Directors has been approved by the Board and is within the limits set by the Shareholders at the General Meeting. The non executive directors are not paid any remuneration by way of commission, sitting fees or otherwise.

(b) Composition:

The Remuneration Committee comprises of three directors, all of whom are non executive directors. The composition of the Remuneration Committee is as follows:

Names of Members	Category
Ms. Susan Thomas	Chairperson- Independent, Non Executive
Mr. Vishal Nevatia	Independent, Non Executive
Mr. Amit Jatia	Independent, Non Executive

(c) Remuneration Policy:

The Company while deciding the remuneration package of the senior management members takes into consideration the following points:

1. Employment Scenario
2. Remuneration package of the industry
3. Remuneration package of the material talent of other industries.
4. Performance of company and individual performance

(d) Meetings:

One Remuneration Committee Meeting was held on 29th July 2009.

(e) Remuneration to Executive Director:

The details of remuneration paid to Managing Directors for the year ended 31st March 2010 is as under:

Name of Director	Basic Salary & Other Benefits	Total
Mr. Shravan Shroff	Rs.92,50,000	Rs. 92,50,000

V. Shareholders/ Investor Relation Committee:

The Company constituted a Shareholders/ Investor Relation Committee. The Committee comprises of Mr. Vishal Nevatia, Mr. Amit Jatia and Mr. Shravan Shroff. Mr. Vishal Nevatia is the Chairman of the Shareholders/ Investor Relation Committee. The Committee normally meets as and when required. The committee looks into

redressal of shareholders complaints like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividend etc. The committee also deals with various matters like transfer of shares, issue of duplicate share certificates etc. The committee also oversees the performance of Registrar & Transfer Agents and recommends measures for overall improvement in the quality of investor services.

Details of Shareholders Complaints:

The total number of shareholders complaints received and replied to the satisfaction of the shareholders during the year ended 31st March 2010 was 1 (One). There were no outstanding complaints as on 31st March 2010. Shareholder's complaints and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer:

Mr. Shravan Shroff, Managing Director of the Company was the Compliance Officer for the period 13th May 2008 to 30th October 2009. Mr. Abhishek Mahorey was the Compliance Officer for the period 31st October 2009 to 15th March 2010. Mr. Shravan Shroff, Managing Director was the Compliance officer during the period 16th March 2010 to 5th April 2010 and thereafter with effect from 6th April 2010, Mr. Suratha Satpathy has been appointed as Company Secretary and Compliance officer of the Company.

VI. Subsidiary Companies:

During the financial year under review the company has 2 (two) wholly owned subsidiary viz. Shringar Films Ltd. and Big Pictures Hospitality Services Pvt. Ltd. Out of the two, Shringar Films Ltd. is a material non listed Indian Company within the meaning of Clause 49 III - Explanation 1 to the Listing Agreement (i.e. whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year).

VII. General Body Meetings:

The details of Annual General meeting held in last three years are as under:

AGM	DATE	TIME	VENUE
10 th	30-09-2009	11.00A.M	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102

9 th	27-09-2008	11. 00 A.M	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
8 th	26-09-2007	11. 00 A.M	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102

a) Details of Special resolution passed at any of the three Annual General Meeting:-

- At the Annual General Meeting held on 26th September 2007, one special resolution pertaining to Section 198, 269 and 309 for appointment of Mr. Shravan Shroff as Managing Director and revision to the remuneration paid to him was passed.
- At the Annual General Meeting held on 30th September 2009, two special resolutions pertaining to Section 61 & Section 314 of the Companies Act, 1956; to Consent for revision in utilization of unutilized IPO proceeds and for appointment of Mr. Aditya Shroff as Asst. Vice President – Programming & Corporate Sales of the Company was passed respectively.

b) Postal Ballot / Special Resolutions:

- The Company undertook a Postal Ballot for the purpose of obtaining approval of the Shareholders for Alteration to the Articles of Association, results thereof was declared on 11th December 2009.

Mr. Tushar Shridharani, Practicing Company Secretary was appointed as the scrutinizer for the Postal Ballot process.

The last date of receiving the Postal Ballot forms was till the close of working hours of 7th December 2009. The Scrutinizer submitted his report to the Chairman on 11th December 2009. The voting pattern of the Postal Ballot was as follows:

Sr. No.	Particulars	No. of Postal Ballot Forms
(a)	Total Postal Ballot Forms received	138
(b)	Less: Invalid postal ballot forms	6
(c)	Valid Postal Ballot forms	132

Details of votes cast for and against each item of the postal ballot is as under:

Sr. No.	Particulars	No. of Shares		No. of Postal Ballot forms		% of valid votes cast	
		Denoting Assent	Denoting Dissent	Denoting Assent	Denoting Dissent	For	Against
1	Alteration in the Articles of Association	16495616	17330	126	6	99.89	0.11

The above resolution was carried with requisite majority.

- At the ensuing Annual General Meeting, no resolution is proposed to be passed through postal ballot.

VIII. Disclosures:

There are no materially significant related party transactions made by the company with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

The Company has entered in to transactions with concerns in which some of the Directors are deemed to be concerned/interested. However, these transactions were entered as the ordinary course of the Company's business.

Directors have regularly made full disclosures to the Board of Directors regarding the nature of their interest in such concerns.

Full particulars of the contract entered with such concerns in which Directors are directly or indirectly concerned or interested are recorded in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed in every Meeting of Directors, for the noting and approval by the Board.

Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the Schedule to the Financial Statements.

The Company does not have a formal whistle blower policy. However, the Company follows as an open door policy wherein all the employees are free to express their feedback/suggestions/complaints. The same is further supported by surveys of employees conducted by an independent agency.

There are no instances of non-compliance by the Company nor have any penalties or strictures been imposed by the Stock Exchanges and SEBI on any matter related to capital markets during the last three years.

The Company has adopted Code of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing

Agreement and all the Board Members and Senior Management Personnel have affirmed compliance of the Code of conduct. The Annual Report of the Company contains a declaration to this effect signed by the Managing Director

Necessary Disclosures pertaining to Directors is reflected in the said report at some other place.

IX. Means of Communication:

1. The Board of Directors of the company approves and take on record quarterly, yearly financial results in the proforma prescribed by clause 41 of the Listing Agreement.
2. The approved financial results are forthwith sent to relevant stock exchanges on which the shares of the Company are listed and are published in the leading national English Newspapers. In addition, the same are published in local language (Marathi) newspaper within forty eight hours of approval thereof.
3. The company's financial results are displayed on the Company's website www.fame.co.in.
4. Formal presentations were made to the institutional investors and analysts during the year under review and the same were posted on the Company's website.
5. Generally, all relevant information is placed by the Company on its website viz. www.fame.co.in
6. Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the company.

X. General Shareholder Information:

a) Registered Office:

Fame Adlabs, 2nd Floor, Andheri Link Road, Oshiwara, Andheri (W), Mumbai-400053

b) Annual General Meeting :

Financial Year : 1st April to 31st March
Day, Date & Time : Wednesday, 22nd September 2010 at 10.00 am
Venue : Conference Hall, Shree Visha Oswal Vikas Samaj, Mahajanwadi, 41, Adarsh Nagar, Jogeshwari- Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
Date of Book Closure : 16th September 2010 to 22nd September 2010 (both days inclusive)

c) Reporting of Unaudited/ Audited Financial Results

- i. First Quarter Results :- by 2nd week of August 2010
- ii. Second Quarter Results with Half Yearly Results :- by 2nd week of November 2010

iii. Third Quarter Results :- by 2nd week of February 2011

iv. Fourth Quarter or Audited Results for the year ended 31st March 2011 :- by 30th May 2011

d) Dividend payment date: No Dividend is declared.

e) Listing on Stock Exchanges:

The equity shares of the company are listed on the Bombay Stock Exchange Limited and National Stock Exchange Limited, Mumbai. The annual listing fees as prescribed has been paid to the Stock Exchange for the year 2010-2011.

f) Stock Code:

Bombay Stock Exchange Scrip Code – **532631**

National Stock Exchange Scrip Code - **FAME**

International Securities Identification Number for the company's shares in dematerialized form (ISIN): **INE886G01011**

g) Stock Market Data:

The Monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange and National Stock Exchange were as follows:

Month	Bombay Stock Exchange Limited			National Stock Exchange Limited		
	High (In Rs.)	Low (In Rs.)	No. of shares traded	High (In Rs.)	Low (In Rs.)	No. of shares traded
Apr- 2009	16.10	10.20	1549039	16.00	10.10	1733342
May 2009	18.59	11.75	1152693	18.45	11.85	723940
Jun- 2009	24.75	16.20	1582394	24.90	16.05	1339253
Jul – 2009	20.00	17.50	1221520	20.10	17.60	3153689
Aug 2009	27.15	18.40	1886988	27.60	18.40	4321161
Sep -2009	33.85	23.55	5181725	34.10	23.80	13028450
Oct -2009	41.05	29.65	3690944	41.50	29.80	5596077
Nov-2009	33.40	27.15	517361	32.45	27.15	690917
Dec-2009	31.40	27.25	706733	31.45	27.20	1151708
Jan -2010	46.55	30.50	4219723	46.75	30.20	5625398
Feb-2010	95.25	40.45	21541114	96.60	39.95	7247929
Mar-2010	91.20	81.05	758215	91.15	81.05	841427

h) Registrar and Share Transfer Agents:

M/s. Link Intime India Private Limited
 C-13, Pannalal Silk Mill Compound,
 L.B.S Marg, Bhandup (West)
 Mumbai-400 078
 Tel.:022-25946970, Fax:022-2594 6969
 Email: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in

i) Share Transfer System :

Trading in Company's share on the Stock Exchange takes place in electronic form. However, physical shares lodged for transfer and other related requests are processed by the said Transfer Agent and the same are approved by the Company.

j) Distribution of Shareholdings as on 31st March, 2010:

No. of Equity Shares	No. of Share-holders	% of Total Share-holders	No. of Shares held	% of Share-holding
upto 500	8691	89.9131	1172885	3.3708
501-1000	513	5.3073	432720	1.2436
1001-2000	236	2.4415	376814	1.0829
2001-3000	77	0.7966	198850	0.5715
3001-4000	42	0.4345	153374	0.4408
4001-5000	26	0.2690	124263	0.3571
5001-10000	33	0.3414	251118	0.7217
10001 & above	48	0.4966	32085238	92.2115
Total	9666	100.0000	34795262	100.0000

k) Shareholding Pattern as on 31st March 2010:

Sr. No.	Category	No. of Shares held	% of Share Capital
1.	Promoters	14	0.00
2	Public Financial Institutions, Banks & Insurance Companies	-	-
3	Private Corporate Bodies	30944972	88.93
4	NRIs/FIIs/OCBs	640389	1.84
5	Indian Public & Others	3209887	9.23
	Total	34795262	100.00

l) Dematerialisation Of Shares And Liquidity:

The Company's Equity Shares are included in the list of companies whose scrips have been mandated by SEBI for settlement only in dematerialised form. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), whereby the investors have the option to dematerialize their shares with either of the depositories.

m) Status of Dematerialization as on 31st March, 2010:

Particulars	No. of Shares	% of Total Capital
NSDL	30997843	89.09
CDSL	3795435	10.90
Total Dematerialised	34793278	99.99
Physical	1984	0.01
Grand Total	34795262	100.00

n) Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per bye laws and business rules applicable to NSDL and CDSL.

o) Address For Correspondence:

Members holding shares in physical form are requested to lodge their application for share transfer, transmission and request for changes, if any, in their addresses, bank account and mandate etc. to M/s. Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mill Compound, L.B.S Marg, Bhandup (West), Mumbai-400 078 and for their query on Annual Report all the members should write to the Company at Fame Adlabs, 2nd Floor, Andheri Link Road, Oshiwara, Andheri-W, Mumbai-400 053.

p) Details of uses of Public Funds Obtained:

During April 2005, the Company had its Initial Public Offer (IPO) of 81,50,180 Equity Shares of face value Rs. 10 each at a premium of Rs. 43 per share aggregating to Rs. 4319.50 Lacs.

The object of the issue was mentioned in the prospectus as follows:-

Sr. No.	Intended use of issue proceeds	(Rs. Lacs)
1.	Funding Exhibition Growth	3370.00
2.	Funding distribution growth through Subsidiary	599.50
3.	Expenses towards Underwriting and management fees, selling fees and all other issue related expenses.	350.00
	Total	4319.50

The present status (as on 31st March, 2010) of IPO fund utilization is as follows:-

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2010
1	Funding exhibition growth	3370.00	*1390.56
2	Funding distribution growth through subsidiary	599.50	-
3	Issue expenses	350.00	**441.62
4	Repayment of loans	-	*1292.26
	Total	4319.50	3124.44

Un-utilised IPO proceeds have been temporarily invested in fixed deposits aggregating to Rs ***1195.06 lacs.

* The above utilisation of IPO proceeds is in accordance with 'objects of the issue' read with the interim use of proceeds clause as mentioned in the prospectus.

** The issue expense was higher by Rs 91.62 lacs as compared to the projections in the Prospectus. This is due to increase in lead management fee, underwriting and selling commission, advertising and marketing expenses and legal and professional

charges. The issue expenses incurred were adjusted in the year of issue against the Securities Premium Account

*** The deposits of Rs.1195.06 lacs is under lien against bank over draft facilities availed by the Company. The shareholders of the Company, at their Annual General Meeting held on 30th September 2009 have approved vide a Special Resolution, the utilization of balance unutilized IPO proceeds of Rs.1600.00 lacs inter alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, the Company had utilized Rs.404.94 lacs for repayment of Term Loans taken for its multiplex capital expenses.

XI. COMPLIANCE:

This section of the Report together with the information given under the Management Discussion and Analysis and brief Profile of Directors seeking re-appointment, constitute a detailed Compliance Report on Corporate Governance.

The Company has complied with the mandatory requirements of Corporate Governance.

XII. COMPLIANCE CERTIFICATE OF THE PRACTICING COMPANY SECRETARY

A certificate from A.Y. Sathe & Co., Practicing Company Secretaries, that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of The Listing Agreement is annexed to the Directors Report.

Profile of Directors being re-appointed/appointed at the ensuing Annual General Meeting:

Mr. Shyam Shroff:-

Mr. Shyam Shroff, is an astute businessman with more than four decades of experience in the film distribution business and has a sharp focus on content acquisition. In 1962 with a simple Commerce graduation degree from Mumbai University, he started his career in film financing by helping his father finance films like Dilli Ka Thug, Anmol Moti, Sazaa, Dharma, Night in London, Do Raaste, Aradhana, Anhonee, Apne Rang Hazaar, Heeralaal Pannalaal and many more.

As a quick learner, Mr. Shroff honed his skills and was ready to venture out on his own. So in 1975 he, along with his younger brother, Balkrishna Shroff, formed Shringar Films. The early focus stayed at re-issuing films and releasing them in untapped markets by way of a focused marketing strategy, which proved to be successful. This hardwork has been recognized and awarded. Mr. Shroff received the Best Distributor by Screen Publication in the year 2003. Today, he is widely respected in the film production fraternity for his ability to identify the right products.

Directorship in other Companies:

Shringar Films Limited

Membership/Chairmanship of Board Committees:

Nil.

Mr. Salim Govani:-

Mr. Salim Govani, aged 44 is an investment expert. He graduated from the Sydenham College of Commerce & Economics. Initially worked in family business of Film Distribution and Exhibition and then moved on to start his own Investment Company in 1990.

He had been instrumental in building various companies including the Mount Everest Mineral Water Limited. He is a founder member of EO, Mumbai Chapter.

Directorship in other Companies:

Mount Everest Mineral Water Limited and V.R. Woodart Limited.

Membership/Chairmanship of Board Committees:

Nil.

Mr. Kishore Biyani:

Mr. Kishore Biyani is the Group CEO, Future Group of Companies which includes Pantaloon Retail (India) Limited (of which Mr. Biyani is the Managing Director) and Galaxy Entertainment Corporation Limited. He holds a bachelors degree in commerce from H. R. College and has a post-graduate diploma in marketing management from Institute of Marketing and Management.

He has over 25 years of experience in the field of manufacturing and retailing. He has received several awards including the 'E&Y Entrepreneur of the Year – Services – 2006, the CNBC 'First Generation Entrepreneur of the Year' 2006, the 'Most Admired Retail Face of the Year' of Images Retail Awards, 2007 and 2008 and the 'Most Admired F&G Retail Visionary of the Year 2008' of the Coca-Cola Golden Spoons Awards 2008.

Directorship in other Companies:

Pantaloon Retail (India) Limited, Home Solutions Retail (India) Limited, Galaxy Entertainment Corporation Limited, Jagran Prakashan Limited, Future Capital Holdings Limited, Future Brands Limited, Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Limited, Future Ventures India Limited, Future media (India) Limited, Kumar Urban Development Limited (Formerly Known as Kumar Housing & Land Development Limited), Future Corporate Resources Limited (Formerly Known as PFH Entertainment Limited).

Membership/Chairmanship of Board Committees:

Jagran Prakashan Limited – Member, Audit Committee, Future Capital Holdings Limited – Member, Audit Committee, Member, Investors' Grievance Committee, Future Ventures India Limited – Member, Investors' Grievance Committee, Home Solutions Retail (India) Limited – Member, Audit Committee.

Mr. Pavan Kumar Jain:

Mr. Pavan Kumar Jain is one of the promoters of the Inox Group of Companies. Mr. Jain is a chemical engineer from IIT, New Delhi and an industrialist with over 30 years of experience.

As the Chairman and Managing Director of Inox Air Products Limited for more than twenty years, Mr. Pavan Jain has steered the company's growth from a single plant business to one of the leading domestic players in the industrial gas business. Mr. Jain is also the Chairman of Inox Leisure Limited, Inox Group's entertainment business.

Directorship in other Companies:

Inox Air Products Limited, Inox Leasing and Finance Limited, Gujarat Fluorochemicals Limited, Inox India Limited, Inox Leisure Limited, Vindhyachal Hydro Power Limited.

Membership/Chairmanship of Board Committees:

Gujarat Fluorochemicals Limited – Member, Investors' Grievance Committee, Inox India Limited – Chairman, Audit Committee, Inox Air Products Limited – Chairman, Audit Committee, Inox Leisure Limited – Chairman, Investors' Grievance Committee.

Mr. Deepak Asher:

Mr. Deepak Asher graduated in Commerce and Law, and thereafter took up Chartered Accountancy and Cost Accountancy as professional qualifications. He has been working for Gujarat Fluorochemicals Limited, a part of the US \$ 2 billion Inox Group of Companies, for the past twenty years now. He is the Director & Head (Corporate Finance) of the Group, and heads its strategy and finance functions.

Mr. Deepak Asher has set up the Inox Group's entertainment business. Operated under the Inox brand of multiplexes, this is amongst India's largest, most premium and profitable multiplex brands. Mr. Asher is a member of the Entertainment Committee of the Federation of Indian Chambers of Commerce and Industry, and the President of the Multiplex Association of India.

Directorship in other Companies:

Inox Leasing and Finance Limited, Inox Leisure Limited, Gujarat Fluorochemicals Limited, Inox motion Pictures Limited, Inox Wind Limited.

Membership/Chairmanship of Board Committees:

Inox Leasing and Finance Limited – Member, Audit Committee, Inox Leisure Limited – Member, Audit Committee and Member, Investors' Grievance Committee.

CEO AND CFO CERTIFICATION :

Pursuant to clause 49 of the Listing Agreement, We Shravan Shroff, Managing Director and Naushad Shaikh, Chief Financial Officer of the Company hereby certify to the Board that

- a) The Company has reviewed financial statements and the cash flow statement for the year ended 31st March 2010 & to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and

the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.

- d) We have indicated to the auditors and the Audit Committee.
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Shravan Shroff
Managing Director

Naushad Shaikh
Chief Financial Officer

Date : 29th May 2010
Place : Mumbai

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of Fame India Limited (formerly Shringar Cinemas Limited) has adopted Code of Conduct to be followed by all Members of the Board and Senior Management personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement

with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed Compliance with the Code of Conduct for the year ended 31st March 2010.

For and on behalf of the Board

Place: Mumbai
Date: 29th July 2010

Shravan Shroff
Managing Director

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF THE CORPORATE GOVERNANCE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members,
FAME INDIA LIMITED
Fame Adlabs, 2nd Floor,
Andheri Link Road,
Oshiwara, Andheri (w),
Mumbai – 400 053.

We have examined the compliance of conditions of Corporate Governance by **Fame India Limited**, for the year ended on 31st March 2010 as stipulated in Clause-49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For A. Y. Sathe & Co.
Company Secretaries

Ajit Sathe
Proprietor
CP No. : 738
FCS No: 2899

Place : Mumbai
Date: 29th July, 2010

AUDITORS' REPORT

To the Members of
Fame India Limited

(formerly known as Shringar Cinemas Limited)

We have audited the attached balance sheet of Fame India Limited (formerly known as Shringar Cinemas Limited) ('the Company') as at 31 March 2010 and the related profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) on the basis of written representations received from the directors of the Company as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - ii) in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

ANNEXURE TO THE AUDITORS' REPORT – 31 MARCH 2010

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The management has verified certain fixed assets during the year. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- (ii) (a) The inventory of food and beverages has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted interest-free loans to a firm and to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs 33,231,455 and the year-end gross balance of such loans was Rs 9,328,965.
- (b) In our opinion, the terms and conditions on which the interest-free loans have been granted to a firm and to a wholly owned subsidiary company covered in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interests of the Company. The balance outstanding aggregating to Rs 9,328,965 is provided for as on 31 March 2010.
- (c) The loans granted to a firm and to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act are interest-free and are repayable on mutually agreed terms. According to the information and explanations given to us, the firm has fully repaid the loan and the loan receivable from the wholly owned subsidiary has been adjusted under a contractual arrangement as mutually agreed except for a sum of Rs 9,328,965 which has been considered not recoverable.
- (d) According to the information and explanations given to us, there are no overdue amounts of more than Rupees one lakh in respect of loans granted to the firm and to the subsidiary company listed in the register maintained under Section 301 of the Act.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4(iii)(e), 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and inventories (food and beverage items) and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions, other than the loans referred to in paragraph (iii) (a) above, made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act for any of the products offered or services rendered by the Company.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income-tax, Sales tax, Service tax, Customs duty, Cess and other material statutory dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Wealth tax and Excise duty. There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income-tax, Sales tax, Service tax, Customs duty, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except the following which is under dispute with the income tax authorities.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income tax Act, 1961	Income-tax	Amount not ascertainable	Assessment year 2006-2007	Commissioner Appeals, Income tax.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture-holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding secured debentures during the year.
- (xx) We have verified the end use of money raised during the year ended 31 March 2006 by the public issue as disclosed in Schedule 29 to the financial statements and during year ended 31 March 2007 by the FCCB issue as disclosed in Schedule 30 to the financial statements. The un-utilised amount of the public issue aggregating to Rs 119,505,719 lacs has been temporarily invested in fixed deposits (which are under lien against overdraft facilities and bank guarantees).
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Mumbai
29 May 2010

Vijay Mathur

Partner

Membership No: 046476

BALANCE SHEET AS AT 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	3	347,962,620	347,962,620
Reserves and surplus	4	391,184,010	485,064,476
		739,146,630	833,027,096
Loan funds			
Secured loans	5	603,842,231	466,609,561
Unsecured loans	6	703,030,000	817,600,000
		1,306,872,231	1,284,209,561
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA')		6,437,244	-
Deferred tax liability (net)	7	-	-
		2,052,456,105	2,117,236,657
APPLICATION OF FUNDS			
Fixed assets	8		
Gross block		1,859,141,036	1,540,591,135
Less: Accumulated depreciation / amortisation		438,598,357	270,197,313
Net block		1,420,542,679	1,270,393,822
Capital work-in-progress (including capital advances)		127,429,304	346,789,109
		1,547,971,983	1,617,182,931
Investments	9	213,555,646	222,717,646
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA')		-	2,715,627
Current assets, loans and advances			
Inventories (Food and beverages)		7,037,952	5,170,332
Sundry debtors	10	38,598,840	12,974,551
Cash and bank balances	11	217,303,489	187,548,634
Loans and advances	12	647,221,949	583,757,812
		910,162,230	789,451,329
Less: Current liabilities and provisions			
Current liabilities	13	610,778,248	506,623,588
Provisions	14	8,455,506	8,207,288
		619,233,754	514,830,876
Net current assets		290,928,476	274,620,453
		2,052,456,105	2,117,236,657
Significant accounting policies	2		
Notes to the accounts	21-39		
The accompanying schedules form an integral part of this balance sheet.			
As per our report of even date attached.			

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shravan Shroff

Managing Director

Shyam Shroff

Chairman

Naushad Shaikh

Chief Financial Officer

Mumbai

29 May 2010

Suratha Satpathy

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
Income			
Revenue from operations	15	1,448,854,165	1,096,291,928
Other income	16	58,488,438	68,043,173
		1,507,342,603	1,164,335,101
Expenditure			
Direct costs	17	531,158,113	371,219,789
Personnel costs	18	134,044,214	131,217,723
Other administrative expenses	19	672,413,282	487,439,516
Depreciation / amortisation (<i>refer Schedule 2.4</i>)	8	169,759,088	116,167,194
Interest	20	68,854,230	48,874,242
Amortisation of FCMITDA (<i>refer Schedule 2.10</i>)		(6,437,244)	1,357,813
		1,569,791,683	1,156,276,277
(Loss) / profit for the year before tax		(62,449,080)	8,058,824
Less: Provision for taxation			
-- Current tax		-	-
-- Deferred tax (credit)		-	(13,012,756)
-- Fringe benefits tax		-	2,300,000
Net (loss) / profit after tax		(62,449,080)	18,771,580
Accumulated balance in the profit and loss account brought forward		99,502,089	129,531,216
Less: Transitional adjustment of foreign exchange gain (net) pursuant to the adoption of AS 11 notification (<i>refer Schedule 2.10</i>)		-	(48,800,707)
Balance in profit and loss account carried forward to the balance sheet		37,053,009	99,502,089
Basic earnings per equity share of face value Rs 10 each	27	(1.79)	0.54
Diluted earnings per equity share of face value Rs 10 each	27	(1.79)	0.54
Significant accounting policies	2		
Notes to the accounts	21-39		
The accompanying schedules form an integral part of this profit and loss account.			
As per our report of even date attached.			

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shravan Shroff

Managing Director

Naushad Shaikh

Chief Financial Officer

Mumbai

29 May 2010

Shyam Shroff

Chairman

Suratha Satpathy

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	2010	2009
Cash flow from operating activities		
(Loss)/Profit for the year before tax	(62,449,080)	8,058,824
Adjustments for :		
Depreciation / amortisation	169,759,088	116,167,194
Amortisation of FCMITDA (refer Schedule 2.10)	(6,437,244)	1,357,813
Bad debts	819,311	843,009
Provision for doubtful debts / advances	2,034,446	10,864,625
Advances and receivables written off to profit and loss account	9,462,974	-
Payable written back to profit and loss account	(463,011)	-
Interest expense	68,854,230	48,874,242
Loss on sale of discarded fixed assets, net	1,435,231	350,000
Dividend from non-trade investments	(1,295,831)	(7,824,822)
Interest on National saving certificates ('NSC')	(1,725,245)	(1,562,894)
Interest on fixed deposit	(11,354,691)	(15,603,228)
Interest Income - others	(20,377)	(104,808)
Unrealised foreign exchange gain, net	-	(19,151)
Profit on sale of investments, (net)	-	(27,871)
Operating profit before changes in working capital	168,619,801	161,372,933
Adjustments for :		
Decrease / (increase) in working capital		
Sundry debtors	(28,014,760)	5,490,763
Loans and advances	(39,010,753)	(27,598,247)
Inventories	(1,867,620)	(2,067,078)
Current liabilities (excluding Foreign Currency Convertible Bonds)	87,330,573	54,343,002
Provisions	248,218	2,695,540
Net changes in working capital	18,685,658	32,863,980
Direct taxes paid (including fringe benefits tax)	(6,989,561)	(14,934,366)
Net cash generated from operations	180,315,898	179,302,547
Cash flow from investing activities		
Purchase of fixed assets	(214,289,501)	(512,561,101)
Proceeds from sale of fixed assets	71,319	-
Proceeds from sale of investment in mutual funds	378,857,663	115,138,178
Purchase of investment in mutual funds	(378,016,943)	(56,380,336)
Dividend income reinvested	(840,720)	(8,626,719)
Purchase of NSCs	(838,000)	(470,000)
Investment in the equity share capital of HFPL	-	(50,000)
Share Application money paid to HFPL	-	(2,500,000)
Share Application money paid to SMCPL	(12,500,000)	-
Dividend income received	840,720	8,626,719
Interest income received	10,729,214	20,405,198
Net cash (used in) investing activities	(215,986,248)	(436,418,061)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
Cash flow from financing activities		
Interest paid	(77,974,090)	(43,821,488)
Vehicle loan repaid	-	(19,867)
Term loans from banks taken	250,000,000	390,000,000
Term loans from banks repaid	(180,791,845)	(66,780,414)
Bank overdraft taken/(repaid) during the year (net)	68,091,140	(61,867,420)
Unsecured loans taken	116,600,000	65,000,000
Unsecured loans repaid	(110,500,000)	(45,200,000)
Net cash generated from financing activities	65,425,205	237,310,811
Net increase/(decrease) in cash and cash equivalents	29,754,855	(19,804,703)
Cash and cash equivalents at the beginning of the year	187,548,634	207,336,010
Effect of exchange gain on cash and cash equivalents	-	17,327
Cash and cash equivalents at the end of the year	217,303,489	187,548,634
Cash and cash equivalents at the year end comprise:		
Cash on hand	2,381,245	1,838,342
Balances with Scheduled banks in		
-- Deposit accounts	142,600,331	167,051,562
-- Current accounts	72,321,913	18,577,772
Balances with other banks in		
-- Current accounts	-	80,958
	217,303,489	187,548,634

Cash and cash equivalents includes un-utilised amount of the public issue, which has been temporarily invested in fixed deposits aggregating to Rs 119,505,719 (31 March 2009 : Rs 160,000,000) and an amount pledged against bank guarantees issued and pledged against bank overdraft. Further, the cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks. (refer Schedule 11)

The cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS -3) on Cash flow statement prescribed in the Companies (Accounting Standards) Rules, 2006.

The accompanying schedules form an integral part of this cash flow statement.

As per our report of even date attached.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shravan Shroff

Managing Director

Naushad Shaikh

Chief Financial Officer

Mumbai

29 May 2010

Shyam Shroff

Chairman

Suratha Satpathy

Company Secretary

Schedules to the financial statements as at and for the year ended 31 March 2010

(Currency: Indian Rupees)

1 Background

Fame India Limited (formerly known as Shringar Cinemas Limited) ('FIL' or 'the Company') was incorporated as a private limited company on 26 October 1999. Pursuant to a special resolution passed by the Company at its Extra-ordinary General Meeting held on 19 December 2004, the Company converted itself into a public limited company. On 25 January 2008, the Company changed its name from Shringar Cinemas Limited to Fame India Limited pursuant to the approval from Government of India, Ministry of Corporate Affairs, dated 21 November 2007. The Company's principal activity is exhibition of films in India including owning / managing multiplexes. The Company has plans to grow organically by investing in various multiplex projects.

The Company was a subsidiary of Shringar Films Limited ('SFL') (formerly known as Shringar Films Private Limited ('SFPL')), which held 51% of its equity share capital. SFL is mainly engaged in distribution and programming of films. On 25 March 2004, SFL sold its shareholding in the Company to South-Yarra Holdings ('SYH'), a partnership firm in which two of the Directors are partners. Accordingly, the Company ceased to be a subsidiary company of SFL effective that date.

On 27 March 2004, the Company purchased 999,900 equity shares (i.e. 100% of the paid-up equity share capital) of SFL from its erstwhile shareholders. Consequently, SFL became a 100% subsidiary of the Company.

During the year ended 31 March 2006, the Company issued 8,150,180 equity shares of Rs 10 each at a premium of Rs 43 per share pursuant to its Initial Public Offering ('IPO') on 22 April 2005.

The Company also held 50.01% of the paid-up equity share capital of Swanston Multiplex Cinemas Private Limited ('SMCPL'), which is primarily engaged in managing a multiplex. Pursuant to the shareholders' agreement, the Company on 31 August 2005 transferred 0.01% holding to Reliance MediaWorks Limited (formerly known as Adlabs Films Limited). Consequently, SMCPL ceased to be a subsidiary of the Company effective that date.

On 8 March 2006, the Company purchased 10,000 equity shares (i.e. 100% of the paid-up equity share capital) of Big Pictures Hospitality Services Private Limited ('Big Pictures'). Big Pictures is in the business of management of food courts and malls.

On 3 November 2008, the Company purchased 5,000 equity shares (i.e. 50% of the paid-up equity share capital) of Headstrong Films Private Limited ('HFPL'). HFPL is primarily engaged in production and distribution of films.

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') as notified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

2.2 Going Concern

The accompanying financial statements have been prepared on a going concern basis.

As at 31 March 2010, the Company has term loan of Rs 1,700.81 lacs due for repayment within next twelve months. Further, in accordance with the terms and conditions of the Foreign Currency Convertible Bonds ('FCCBs'), (a) an amount of Rs 579.60 lacs (worth face value of USD 1 million and accrued interest, subject to tax) would become payable to bondholders upon receipt of Reserve Bank of India ('RBI') approval and (b) unless converted into equity shares of the Company prior to 12 April 2011, an amount of Rs 7,483.12 lacs (worth face value of USD 12 million and accrued interest as per the exchange rate as at 31 March 2010, subject to tax) would become payable to bondholders on 22 April 2011.

In view of the contingent nature of financial obligation due to the possibility of conversion of the bonds into equity, the probable outcome of SEBI's approval leading to acquisition of effective control of the Company by a financially sound potential acquirer (*refer Schedule 38*) who could support the financing requirements, before the bonds fall due for redemption, and fall-back plans that the Company management can put in place in the unlikely event of the bonds having to be redeemed by the Company itself, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles ('GAAP') in India requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant trends and circumstances as the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.4 Fixed assets, intangible assets, CWIP and depreciation / amortisation

Fixed assets, intangible assets and CWIP

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. The cost of fixed assets includes freight, duties, taxes (to the extent not recoverable from tax authorities) and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under Capital Work-in-Progress. Capital work-in-progress includes estimates of work completed, as certified by management.

Consequent to the insertion of para 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in Schedule 2.10), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

Depreciation

Depreciation on fixed assets specific to multiplexes is provided pro-rata to the period of use, under the straight line method, at the rates prescribed in Schedule XIV to the Act, except as stated below, which, in management's opinion, reflect the estimated useful economic lives of these fixed assets. Useful lives being followed by the Company that are shorter than those prescribed under Schedule XIV to the Act, are summarised as below:

Particulars	Useful life
Computer software (purchased)	1 year
Furniture and fixtures	10 years
Office equipment	10 years
Air conditioner	10 – 21 years
Theatrical equipment	14 – 15 years

Depreciation on other fixed assets is provided pro-rata to the period of use, using the written down value method at the rates prescribed in Schedule XIV to the Act, which in management's opinion reflect the estimated useful economic lives of those fixed assets.

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100%.

Leasehold improvements are amortised over the lower of the useful life of the asset and the lease term

of the leasehold premises, on a straight-line basis, which represents the period over which the economic benefits of the assets are expected to be consumed by the lessee, as determined at the inception of the lease term.

Assets retired from active use and held for disposal are written down to their estimated realisable value and are classified as 'Assets held for sale'.

2.5 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets' as prescribed in the Companies (Accounting Standards) Rules, 2006, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.6 Investments

Long-term investments are carried at cost. Provision is made when there is a decline, other than temporary, in the carrying value of such investments, determined separately for each investment, and the resultant reduction in the carrying amount is charged to profit and loss account.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

2.7 Revenue recognition

Multiplex operations

The Company enters into weekly arrangements with the distributors for exhibition of films at the multiplexes operated by the Company.

Revenue from theatrical exhibition is recognised

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.7 Revenue recognition (Cont.)

on the date of exhibition of the films and comprises proceeds from sales of tickets, net of taxes (paid / payable) and discounts. As the Company is the primary obligor with respect to exhibition activities, the shares of distributors and the joint-venture investors in these proceeds are disclosed as exhibition costs.

Revenue from food and beverage sales is recognised at the point of sale at the counter.

Revenue from advertisements and sponsorship is recognised on the date of the exhibition of the advertisement / event or over the period of the contract, as applicable.

Revenue from management of multiplexes and from facilities within the multiplexes is recognised on an accrual basis as per the contractual arrangement entered into with the multiplex and facilities providers.

Others

Dividend income is recognised when the unconditional right to receive payment is established.

Income from interest on deposits, loans and interest-bearing securities is recognised on time proportion basis.

2.8 Employee benefits

(a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the profit and loss account in the period in which such services are rendered.

(b) Post-employment benefits

Defined contribution plans

The Company's provident fund contribution paid / payable under the recognised provident fund scheme and employees' state insurance contribution is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at each balance sheet date by an independent actuary, based on the legislations enacted upto the balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Provision for leave encashment obligation is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary using the Projected Unit Credit Method.

The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date.

All actuarial gains and losses arising during the year are recognised immediately in the profit and loss account.

(c) Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligations at the balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date.

2.9 Inventories

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on the First-In, First-Out ('FIFO') basis.

2.10 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange difference arising on foreign currency transactions, between the actual rate of settlement and the rate on the date of the transactions, is charged or credited to profit and loss account.

The Central Government has vide its notification dated 31 March 2009 amended AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.10 Foreign currency transactions (Cont.)

the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011.

As stipulated in the notification, the Company has exercised the option to adopt the following policy irrevocably & retrospectively for accounting periods commencing from 01 April 2007.

Long term monetary assets and liabilities, other than those which form part of the Company's net investment in a non-integral foreign operations, denominated in foreign currency as at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date and the net exchange gain / loss on such conversion, if any is;

- adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets and;
- accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortised over the balance period of long-term monetary asset / liability but not beyond 31 March 2011, in cases other than those falling under (a) above.

As per the transitional provisions, the exchange gain (net of adjustments as mentioned below) aggregating to Rs. 57,048,933 on translation of long term foreign currency monetary items pertaining to year ended 31 March 2008 and previously recognised in the profit and loss account before the exercise of the option has been debited to the profit and loss account during the previous year ended 31 March 2009 with a corresponding deduction of Rs 26,472,599 in the cost of the respective depreciable capital asset to which such exchange gain relates and transfer of Rs 30,576,334 to FCMITDA. Depreciation of Rs 604,142 on the exchange gain capitalised and amortisation of Rs 7,644,084 of FCMITDA for the year ended 31 March 2008 has also been adjusted against profit and loss account during the previous year.

Consequent to this change, foreign exchange gain of Rs 59,332,106 (31 March 2009: foreign exchange loss of Rs 102,613,468) on translation of foreign currency monetary items as at the reporting date and pertaining to the acquisition of depreciable capital assets has been reduced / added to the cost of respective asset and foreign exchange gain of Rs 16,197,890 (31 March 2009: foreign exchange loss

of Rs 27,005,690) has been transferred to FCMITDA (being the foreign exchange loss in excess of those regarded as an adjustment to interest cost). Depreciation credit on foreign exchange differences capitalised aggregates to Rs 1,469,802 (31 March 2009: charge of Rs 4,551,953), amortisation credit of FCMITDA Rs 6,437,244 for the year ended 31 March 2010 (31 March 2009: charge of Rs 1,357,813) and the unamortised credit balance in FCMITDA as at 31 March 2010 is Rs 6,437,244 (31 March 2009: debit balance of Rs 2,715,627).

Had the Company continued to follow the earlier policy, foreign exchange gain would have been higher by Rs 75,530,000 (31 March 2009: foreign exchange loss would have been higher by Rs 129,619,158) and loss for the year would have been lower by Rs 67,319,066 (31 March 2009: profit for the year would have been lower by Rs 123,709,392); depreciation would have been higher by Rs 1,469,802 (31 March 2009: lower by Rs 4,551,953), WDV of fixed assets (including CWIP and capital advances) would have been higher by Rs 16,200,982 (31 March 2009: lower by Rs 72,193,058) and profit and loss balance would have been lower by Rs 7,589,619 (31 March 2009: lower by Rs 74,908,685); amortisation of FCMITDA would have been Rs Nil and balance in FCMITDA would have been Rs Nil.

Other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at the exchange rates prevailing on the balance sheet date and the overall net exchange gain or loss on such conversion, if any, is credited / charged to the profit and loss account. Non monetary assets are recorded at the rates prevailing on the date of the transactions.

2.11 Taxation

Tax expense comprises current tax, deferred tax charge or credit and fringe benefits tax ('FBT').

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax asset is recognised only to the extent

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.11 *Taxation (Cont.)*

there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognised only if there is a virtual certainty of realisation of such asset. Deferred tax asset is reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised.

Fringe benefits tax

Provision for FBT is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income tax Act, 1961. the FBT has been withdrawn by the Finance Act 2009 with effect from 1 April 2009.

2.12 *Leases*

The lease term is the non-cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

Assets taken on finance lease

Assets taken on lease, where the Company acquires substantially all the risk and rewards incidental to the ownership of the assets are classified as finance lease.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating leases are charged-off to the profit and loss account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

2.13 *Earnings per share ('EPS')*

Basic EPS is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

2.14 *Employees' Stock Option Scheme ('ESOS')*

In accordance with the Securities and Exchange Board of India ('SEBI') guidelines, the excess, if any, of the fair value of shares at the date of grant of the options under the ESOS over the exercise price is treated as employee compensation and amortised on a straight-line basis over the vesting period.

2.15 *Provisions and contingencies*

Provisions comprise liabilities of uncertain timing or amount. Provisions and loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recognised when the Company 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.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
3 Share capital		
Authorised		
51,990,000 (31 March 2009: 51,990,000) equity shares of Rs 10 each	519,900,000	519,900,000
10,000 (31 March 2009: 10,000) preference shares of Rs 10 each	100,000	100,000
	520,000,000	520,000,000
Issued, subscribed and paid-up		
<i>Equity shares</i>		
34,795,262 (31 March 2009: 34,795,262) equity shares of Rs 10 each, fully paid-up (refer Schedule 38)	347,952,620	347,952,620
-- 18,833,000 (31 March 2009: 18,833,000) equity shares of Rs 10 each, fully paid-up were issued as bonus shares on 10 July 2004 by utilising balance in securities premium account.		
-- 83,333 (31 March 2009: 83,333) equity shares of face value Rs 10 each were allotted at a premium of Rs 35 per share to India Value Fund Trustee Company Private Limited on 24 December 2004 towards prepayment of interest on monies borrowed pursuant to the terms of the loan agreement dated 9 December 2004.		
-- 35,900 (31 March 2009: 35,900) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Shringar Employee Stock Options Scheme, 2004".		
-- 1,504,999 (31 March 2009: 1,504,999) equity shares of Rs 10 each allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each at an exercise price of Rs 90 per share. (refer Schedule 30).		
-- 1,687,850 (31 March 2009: 1,687,850) equity shares of Rs 10 each allotted against 4,000 Series B Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each at an exercise price of Rs 107 per share. (refer Schedule 30).		
<i>Preference shares</i>		
1,000 (31 March 2009: 1,000) 10% non-cumulative redeemable preference shares of Rs 10 each, fully paid-up.	10,000	10,000
These preference shares are held by Shringar Films Limited, a wholly-owned subsidiary, and are redeemable at par on demand.		
	347,962,620	347,962,620
4 Reserves and surplus		
Securities premium		
At the beginning of the year	385,552,387	454,071,013
Less: Provision for premium on redemption of FCCB	31,431,386	68,518,626
	354,121,001	385,552,387
Profit and loss account	37,053,009	99,502,089
Capital redemption reserve	10,000	10,000
	391,184,010	485,064,476

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
5 Secured loans		
Term loans from banks	510,000,243	440,858,713
Bank overdraft	93,841,988	25,750,848
	603,842,231	466,609,561
<i>The loans are secured as follows:</i>		
<i>Term loans from banks</i>		
-- Secured against existing and future movable fixed assets and current assets of the respective multiplexes operated by the Company and against an equitable mortgage on the immovable property at Anand, Gujarat. The cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks.		
-- Further, three of the directors of the Company have given personal guarantees for the above term loans.		
-- Further, the term loans are secured against liquidity reserve of Company's fixed deposits to the extent of Rs 4,300,000 (31 March 2009: Rs 3,145,000)		
-- Repayable within a year Rs 170,081,302 (31 March 2009: Rs 174,554,900).		
<i>Bank overdraft</i>		
-- Secured against fixed deposits to the extent of Rs 135,000,000 (31 March 2009: Rs 140,000,000) and against an equitable mortgage on the immovable property at Anand, Gujarat.		
-- Further, two of the directors of the Company have given personal guarantees for the above overdraft facilities.		
6 Unsecured loans		
Foreign Currency Convertible Bonds (refer Schedule 30)		
8,000 (31 March 2009: 9,000) Zero-coupon Series A Foreign Currency Convertible Bonds of US \$ 1,000 per bond	361,120,000	458,550,000
4,000 (31 March 2009: 4,000) 0.5% per annum Series B Foreign Currency Convertible Bonds of US \$ 1,000 per bond	180,560,000	203,800,000
-- Repayable within one year Rs Nil (31 March 2009: Rs Nil)		
Inter-corporate deposits from SFL	161,350,000	155,250,000
-- The above loan is repayable over a mutually agreed term, not less than 12 months		
	703,030,000	817,600,000
7 Deferred tax asset / (liability) (net)		
The components of deferred tax balances are as follows:		
<i>Deferred tax asset</i>		
On timing difference arising on account of:		
Provision for doubtful debts and advances	3,156,513	5,930,304
Expenditure allowed on payment basis under Section 43B of the Income-tax Act, 1961	10,310,121	2,789,657
Provision for lease rentals	4,739,331	1,791,126
Unabsorbed depreciation loss	150,692,196	108,690,078
Carry forward losses	32,415,058	44,290,459
Amount deductible under Section 35D of the Income-tax Act, 1961	1,842,472	-
	203,155,691	163,491,624
<i>Deferred tax liability</i>		
On timing difference arising on account of:		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	(22,903,027)	20,093,169
	(22,903,027)	20,093,169
Net deferred tax asset / (liability)*	-	-
* Deferred tax assets have been recognised only to the extent of deferred tax liabilities, as these assets are considered to be virtually certain of realisation.		

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

8 Fixed Assets

Particulars	Gross block			Accumulated depreciation / amortisation				Net block	
	As at 1 April 2009	Additions / adjustments during the year	Deletions / Adjustments during the year	As at 31 March 2010	As at 1 April 2009	Charge for the year	On dispos- als / Adjust- ments during the year	As at 31 March 2010	As at 31 March 2009
Intangible									
Computer software	11,149,279	2,124,200	-	13,273,479	9,386,373	3,399,052	-	488,054	1,762,906
Tangible									
Land (freehold)*	51,275,658	-	2,252,534	49,023,124	-	-	-	49,023,124	51,275,658
Leasehold improvements	797,911,404	215,343,880	15,075,706	998,179,578	141,815,254	97,128,639	189,866	759,425,551	656,096,150
Building	24,432,100	-	1,072,757	23,359,343	790,583	382,538	-	22,186,222	23,641,517
Air conditioners	141,889,480	22,523,075	2,582,150	161,830,405	24,381,183	12,592,585	-	124,856,637	117,508,297
Electrical fittings	32,939,505	7,659,150	11,500	40,587,155	2,305,952	1,889,118	940	36,393,025	30,633,553
Plant and machinery									
-- Theatrical equipments	251,493,105	43,636,787	4,856,182	290,273,710	36,827,834	23,032,792	30,442	230,443,526	214,665,271
Computers	44,379,074	5,334,662	1,886,060	47,827,676	14,891,608	7,969,740	683,629	25,649,957	29,487,466
Furniture and fixtures	157,330,785	48,915,714	2,870,687	203,375,812	29,870,020	20,272,317	264,794	153,498,269	127,460,765
Office equipments	21,170,672	4,129,240	472,072	24,827,840	6,390,954	2,313,204	188,373	16,312,055	14,779,718
Vehicles	6,620,073	-	37,159	6,582,914	3,537,552	779,103	-	2,266,259	3,082,521
Total	1,540,591,135	349,666,708	31,116,807	1,859,141,036	270,197,313	169,759,088	1,358,044	1,420,542,679	1,270,393,822
31 March 2009	929,347,331	614,169,057	2,925,253	1,540,591,135	156,605,372	116,167,194	2,575,253	1,270,393,822	
Capital work in progress (including capital advances)								127,429,304	346,789,109

Notes:

1) Additions during the year includes borrowing cost capitalised Rs 8,482,400 (31 March 2009: Rs 10,334,693).

2) Capital work-in-progress includes pre-operative expenses incurred pending capitalisation;

	2010	2009
-- Architectural and Professional fees	1,007,610	4,706,611
-- Operational expenses	9,078,666	20,797,065
-- Personnel cost	5,571,677	6,200,305
	15,657,953	31,703,981

* Includes Company's share of undivided plot of land in respect of one of its multiplexes.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

		2010	2009
9 Investments			
<i>Non trade, Unquoted</i>			
<i>Long-term, at cost</i>			
<i>Investment in government securities</i>			
426 (31 March 2009: 1,343) units of National Savings Certificates ('NSC') of Rs 10,000 each, 1 (31 March 2009: Nil) unit of Rs 5,000 and 6 (31 March 2009: Nil) units of Rs 500 each.		4,268,000	13,430,000
The investments made are held in the name of one of the Company's director, in trust for the Company and NSCs aggregating to Rs 1,868,000 (31 March 2009: Rs Nil) are provided as security / pledged with the respective district collector as required by the respective State Government multiplex policies.			
<i>Investment in subsidiary companies</i>			
999,900 (31 March 2009: 999,900) equity shares of Rs 10 each fully paid-up of Shringar Films Limited, India.		190,785,336	190,785,336
50,000 (31 March 2009: 50,000) equity shares of Rs 10 each fully paid-up of Big Pictures Hospitality Services Private Limited, India.		500,000	500,000
<i>Investments in joint ventures</i>			
390,000 (31 March 2009: 390,000) equity shares of Rs 10 each fully paid-up of Swanston Multiplex Cinemas Private Limited, India.		15,452,310	15,452,310
5,000 (31 March 2009: 5,000) equity shares of Rs 10 each fully paid-up of Headstrong Films Private Limited, India.		50,000	50,000
Share application money paid to Headstrong Films Private Limited, India, pending allotment.		2,500,000	2,500,000
		213,555,646	222,717,646
Details of Investments purchased and sold / redeemed during the year			
Unit Price	Particulars of investments	Face value	Cost
10	5,900,390.462 units of 32ISD ICICI Prudential Institutional Liquid Plan - Super Institutional - Daily Dividend	59,003,905	59,007,415
10	5,605,468.752 units of 28Q ICICI Prudential Flexible Income Plan Premium -Daily Dividend	56,054,688	59,269,424
100	1,499,832.290 units of 1564 ICICI Prudential Liquid Super Institutional Plan - Daily Dividend	149,983,229	150,016,265
100	1,045,676.069 units of 1524 ICICI Prudential Flexible Income Plan Premium - Daily Dividend	104,567,607	110,564,559
10 Sundry debtors			
<i>(Unsecured)</i>			
Debts outstanding for a period exceeding six months			
Considered good		522,377	-
Considered doubtful		657,767	9,266,396
		1,180,144	9,266,396
Other debts			
Considered good		38,076,463	12,974,551
		39,256,607	22,240,947
Less: Provision for doubtful debts		657,767	9,266,396
		38,598,840	12,974,551

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
11 Cash and bank balances		
Cash in hand	2,381,245	1,838,342
Balances with scheduled banks in		
-- Current accounts	72,321,913	18,577,772
(Includes under escrow mechanism Rs 16,407,784 (31 March 2009: Rs 4,303,858))		
-- Deposit accounts	142,600,331	167,051,562
(Includes Rs 3,275,727 (31 March 2009: Rs 23,727,352) pledged against bank guarantees issued, Rs 135,000,000 (31 March 2009: Rs 140,000,000) pledged against bank overdraft and Rs 4,300,000 (31 March 2009: Rs 3,145,000) liquidity reserves against term loans). (refer Schedule 29)		
Balances with other banks in		
-- Current account with Axis bank	-	80,958
(Maximum amount outstanding Rs 80,958 (31 March 2009: Rs 8,151,235))		
	217,303,489	187,548,634
12 Loans and advances		
(Unsecured)		
Considered good		
Advances to distributors	17,370,708	4,502,821
Deposits		
-- with Toorak Holdings (where two directors of the Company are equal partners)	-	8,280,000
(Maximum amount due during the year: Rs 8,280,000 (31 March 2009: Rs 8,280,000))		
-- others	376,599,011	387,842,683
Advances recoverable in cash or in kind or for value to be received	207,774,934	153,476,694
Advance towards share application money to Swanston Multiplex Cinemas Private Limited	12,500,000	-
Accrued interest on fixed deposits and NSCs	6,499,152	9,748,344
Advance tax and tax deducted at source (net of provision for Income-tax and FBT Rs 25,632,519 (31 March 2009: Rs 25,607,519))	26,478,144	19,907,270
	647,221,949	583,757,812
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	9,328,965	7,952,286
Advances to distributors	228,520	228,520
	656,779,434	591,938,618
Less: Provision for doubtful advances	9,557,485	8,180,806
	647,221,949	583,757,812
<i>Advances to distributors includes:</i>		
-- Advance given to SFL, a wholly-owned subsidiary	-	-
Maximum amount due during the year	89,975	1,148,031
<i>Advances recoverable in cash or in kind or for value to be received include:</i>		
-- due from SMCPL, a company under the same management as defined u/s 370 1(B) of the Act	-	-
Maximum amount due during the year	972,188	304,684
-- due from Big Pictures, a wholly-owned subsidiary	9,328,965	24,456,455
Maximum amount due during the year	24,951,455	26,926,908
-- due from HFPL, a company under the same management as defined u/s 370 1(B) of the Act	2,503	2,503
Maximum amount due during the year	43,976	2,503
<i>Advance towards share application money includes:</i>		
-- Advance towards share application money to SMCPL, a company under the same management as defined u/s 370 (1B) of the Act	12,500,000	-
Maximum amount due during the year	12,500,000	-

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
13 Current liabilities		
Sundry creditors (<i>refer Schedule 35</i>)		
-- Due to distributors	13,095,316	14,063,353
-- Due to joint venture partners	424,945	1,083,795
-- Others	49,613,204	35,506,148
Foreign Currency Convertible Bonds (<i>refer Schedule 30</i>)	45,140,000	-
Retention money	32,752,675	39,971,163
Other dues *	418,191,684	367,729,106
Outstanding liabilities	28,294,046	24,233,008
Deposits received	23,266,378	23,755,703
Income received in advance	-	281,312
	610,778,248	506,623,588
* Other dues include liabilities in respect of salaries, wages and bonus Rs 7,022,023 (31 March 2009: Rs 4,365,945)		
14 Provisions		
Leave encashment (<i>refer Schedule 34</i>)	4,247,099	4,508,214
Gratuity (<i>refer Schedule 34</i>)	4,208,407	3,699,074
	8,455,506	8,207,288
15 Revenue from operations		
<i>Multiplex operations:</i>		
Theatrical exhibition	1,003,939,052	753,814,030
Sale of food and beverages	327,250,791	235,942,807
Advertisement and royalty	105,584,877	91,230,446
Income from management of multiplexes	6,869,716	7,617,107
Income from facilities within the multiplex	5,209,729	7,687,538
	1,448,854,165	1,096,291,928
16 Other income		
Entertainment tax refund (<i>refer Schedules 36</i>)	37,905,813	39,937,203
Interest on fixed deposit	11,354,691	15,603,228
[Tax deducted at source: Rs 1,352,714 (31 March 2009: Rs 3,084,892)]		
Interest on National Saving Certificates	1,725,245	1,562,894
Interest received - Others	20,377	104,808
[Tax deducted at source: Rs Nil (31 March 2009: Rs Nil)]		
Dividend from non-trade investments	1,295,831	7,824,822
Profit on sale of investments	-	27,871
Miscellaneous income	6,186,481	2,982,347
	58,488,438	68,043,173
17 Direct costs		
<i>Exhibition cost</i>		
Distributors' share	413,424,997	281,032,653
Share of joint venture investors (<i>refer Schedule 24</i>)	8,326,976	8,970,720
Other exhibition cost	8,968,650	6,437,215
<i>Food and beverages cost</i>		
Opening stock	5,170,332	3,103,254
Purchases	102,305,110	76,846,279
Less: Closing stock	7,037,952	5,170,332
Cost of goods sold	100,437,490	74,779,201
	531,158,113	371,219,789

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
18 Personnel costs		
Salaries, wages and bonus	120,408,310	92,460,970
Outsourced personnel cost	3,336,129	28,205,467
Contribution to provident and other funds	7,611,461	5,896,419
Staff recruitment expenses	148,924	420,643
Staff welfare	2,539,390	4,234,224
	134,044,214	131,217,723
19 Other administrative expenses		
Rent and charges (refer Schedule 37)	394,545,866	228,018,498
Electricity and water charges	102,296,324	80,508,307
Repairs and maintenance		
-- Plant and machinery	5,766,162	5,184,973
-- Others	34,873,749	22,119,007
Rates and taxes	28,185,545	28,745,166
Professional and consultancy fees	18,068,092	13,020,089
Advertisement and marketing	17,069,532	32,778,994
Travelling and conveyance	10,920,075	10,147,270
Security charges	10,104,458	8,129,180
Communication	7,062,776	6,563,943
Postage, printing and stationery	6,457,322	8,715,156
Insurance	6,193,545	3,611,794
Auditors' remuneration (refer Schedule 26.3)	3,090,078	3,170,612
Bad debts	819,311	843,009
Provision for doubtful debts and advances	2,034,446	10,864,625
Commission / brokerage	1,789,598	34,060
Loss on sale / discard of fixed assets, net	1,435,231	350,000
Call centre charges	508,303	4,654,453
Miscellaneous expenses	21,192,869	19,980,380
	672,413,282	487,439,516
20 Interest		
Term loans	53,631,476	20,246,989
Bank overdraft	2,785,263	5,430,022
Others	12,437,491	23,197,231
	68,854,230	48,874,242

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

21 Segmental information

The business of the Company is divided into two segments, Multiplex operations and others (managing of multiplexes). Segments have been identified taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. Accordingly, the Company has disclosed business segment as the primary segment.

The Company caters only to the domestic market and risks and rewards being similar across the market, there are no reportable Geographic segments.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each segment as also amounts allocable on a reasonable basis.

Income and expenses which are not directly attributable to any business segments are shown as unallocated corporate income / expenses.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

21.1 Segment information for the year ended 31 March 2010

	2010			2009		
	Multiplex operations	Others	Total	Multiplex operations	Others	Total
Revenue						
Revenue from operations	1,441,984,449	6,869,716	1,448,854,165	1,088,674,821	7,617,107	1,096,291,928
Other income	45,837,916	-	45,837,916	44,587,252	-	44,587,252
Total revenue	1,487,822,365	6,869,716	1,494,692,081	1,133,262,073	7,617,107	1,140,879,180
Segment result	21,146,955	6,869,716	28,016,671	61,743,452	7,617,107	69,360,559
Dividend income			1,295,831			7,824,822
Interest income			11,354,691			15,603,228
Unallocated corporate income			-			27,871
Unallocated corporate expense			(34,262,043)			(35,883,414)
Profit before interest and tax			6,405,150			56,933,066
Interest expense			(68,854,230)			(48,874,242)
Income tax expense (including FBT)			-			10,712,756
(Loss) / Profit for the year			(62,449,080)			18,771,580
Other information						
Segmental assets (refer note below)	2,091,178,623	55,528,364	2,146,706,987	2,066,603,444	67,737,865	2,134,341,309
Unallocated corporate assets			498,504,728			520,618,116
Total assets			2,645,211,715			2,654,959,425
Segmental liabilities	382,416,449	7,169,253	389,585,702	346,923,445	7,212,916	354,136,361
Unallocated corporate liabilities			229,648,052			184,645,869
Total liabilities			619,233,754			538,782,230
Capital expenditure			99,190,099			664,204,435
Depreciation / amortisation			169,759,088			116,167,194
Non-cash expenses other than depreciation			2,853,757			13,065,447
Total assets exclude:						
Advance tax and tax deducted at source (including FBT)			26,478,144			21,137,177
Total liabilities exclude:						
Secured loans			603,842,231			466,609,561
Unsecured loans			703,030,000			817,600,000
FCMITDA			6,437,244			(2,715,627)

Note : Segmental assets include interest capitalised till 31 March 2010.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22 Related party transactions

Enterprises which has significant influence over the company

Name of the Party	Nature of Relationship
South Yarra Holdings	Enterprise holding Nil (31 March 2009: 43.28%) of the equity share capital of the Company (refer Schedule 38)

■ Subsidiary companies

1. Shringar Films Limited
2. Big Pictures Hospitality Services Private Limited

Other related parties where transactions have taken place during the year

■ Enterprises over which Directors have significant influence

1. M/s Shringar Films
2. Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCPL')
3. M/s Toorak Holdings

■ Joint venture

1. Swanston Multiplex Cinemas Private Limited (refer Schedule 1)
2. Headstrong Films Private Limited (refer Schedule 1)

■ Key managerial personnel

1. Shravan Shroff – Managing director
2. Rishi Negi – Chief operating officer
3. Aditya Shroff – Asst. Vice President - programming and corporate sales (w.e.f. 1 October 2009)

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22 Related party transactions (Continued) – for the year ended 31 March 2010

Nature of transactions	Subsidiary companies		Joint venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
	SFL	Big Pictures	SMCPL			
Transactions						
Distributors' share	3,829,032	-	-	-	-	3,829,032
Interest expense	10,616,544	-	-	-	731,507^	11,348,051
Director's remuneration (Shravan Shroff)	-	-	-	9,250,000	-	9,250,000
Remuneration paid to Rishi Negi	-	-	-	3,700,000	-	3,700,000
Remuneration paid to Aditya Shroff	-	-	-	600,000	-	600,000
Rent paid (ASMCPL)	-	-	-	-	2,172,453^	2,172,453
Reimbursement of expenses (received)						
- Salaries, wages and bonus	-	-	2,899,890**	-	-	2,899,890
- Rent	-	-	588,246	-	-	588,246
- Printing and stationery	-	-	1,417	-	-	1,417
- Communication expenses	-	-	76,973	-	-	76,973
- Advertising and marketing	267,131	-	288,295	-	-	555,426
- Travelling and conveyance	-	-	-	-	1,393,802+	1,393,802
- Professional and consultancy charges	-	-	102,276***	-	-	102,276
- Repairs and maintenance	-	-	408,434	-	-	408,434
- Insurance	58,143	-	186,585	-	-	244,728
- Other	-	-	101,551	-	27,920+	129,471
Reimbursement of expenses (paid)						
- Property tax	-	-	319,582	-	-	319,582
- Communication expenses	-	-	94,017	-	-	94,017
- Salaries, wages and bonus	-	-	3,138,000	-	-	3,138,000
- Travelling and local conveyance	-	-	-	-	318,562+	318,562
- News paper books periodical	-	-	-	-	5,784+	5,784
- Repairs and maintenance	-	-	53,156	-	-	53,156
- Other expenses	3,097	-	82,890	-	4,571+	90,558
ICD taken	56,600,000	-	-	-	60,000,000^	116,600,000
ICD repaid	50,500,000	-	-	-	60,000,000^	110,500,000
Advances given	-	495,000	-	-	-	495,000
Advance / deposit repaid	-	15,622,490	-	-	8,280,000#	23,902,490
Advance against Share application money paid	-	-	12,500,000	-	-	12,500,000

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22 Related party transactions (Continued) – for the year ended 31 March 2010

Nature of transactions	Subsidiary companies		Joint venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
	SFL	Big Pictures				
Balances						
Loans (credit balance)	161,350,000	-	-	-	-	-
Payables to distributors	123,856	-	-	-	-	-
Creditors (other dues)	-	-	626,573	-	-	-
Advances recoverable in cash or kind	-	9,328,965	2,503*	-	-	-
Provision for doubtful advances	-	9,328,965	-	-	-	-
Advance agst. share application money	-	-	12,500,000	-	-	-

* Pertains to Headstrong Films Private Limited, # Pertains to Toorak Holdings, + pertains to Shringar Films, ^ pertains to Adlabs Shringar Multiplex Cinemas Private Limited, ** Includes Rs.18,400/- for Headstrong Films Private Limited, ***Includes Rs.23,073/- for Headstrong Films Private Limited.

* The above transactions exclude the guarantees given by three of the directors of the Company (refer Schedule 5)

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22. Related party transactions (Continued) – for the year ended 31 March 2009

Nature of transactions	Subsidiary companies		Joint venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
	SFL	Big Pictures	SMCPL			
<u>Transactions</u>						
Distributors' share	7,236,562	-	-	-	-	7,236,562
Interest expense	9,342,574	-	-	-	-	9,342,574
Director's remuneration (Shravan Shroff)	-	-	-	10,000,000	-	10,000,000
Remuneration paid to Rishi Negi	-	-	-	4,000,000	-	-
Rent paid (ASMCPL)	-	-	-	-	1,846,672	1,846,672
Dividend received	-	-	7,500,000	-	-	7,500,000
<u>Reimbursement of expenses (received)</u>						
- Salaries, wages and bonus	46,312	-	4,666,473	-	-	4,712,785
- Rent	-	-	664,272	-	-	664,272
- Staff welfare	-	-	80,392	-	-	80,392
- Printing and stationery	-	-	21,916	-	-	21,916
- Communication expenses	-	-	14,672	-	-	14,672
- Advertising and marketing	12,874	-	962,197	-	-	975,071
- Travelling and conveyance	10,000	-	2,503*	-	-	12,503
- Professional and consultancy charges	-	-	66,639	-	-	66,639
- Repairs and maintenance	-	-	48,836	-	-	48,836
- Other expenses	-	-	195,238	-	-	195,238
<u>Reimbursement of expenses (paid)</u>						
- Property tax	-	-	319,582	-	-	319,582
- Advertisement and marketing	-	-	5,400	-	5,570#	10,970
- Communication expenses	-	-	1,040,330	-	-	1,040,330
- Salaries, wages and bonus	33,876	1,133,866	-	-	-	1,167,742

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22 Related party transactions (Continued) – for the year ended 31 March 2009

Nature of transactions	Subsidiary Companies	Joint Venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
	SFL	Big Pictures	SMCPL		
Reimbursement of expenses (paid) (Continued)					
- Legal and professional fees	-	-	13,835	-	13,835
- Lodging and boarding expenses	-	-	-	29,391 [#]	29,391
- News paper books periodical	-	-	-	4,471 [#]	4,471
- Printing and stationery	150,636	-	32,304	-	182,940
- Print delivery charges	5,000	-	-	-	5,000
- Staff welfare expenses	-	-	-	32,976 [#]	32,976
- Travelling and conveyance	-	-	-	87,580 [#]	87,580
ICD taken	65,000,000	-	-	-	65,000,000
ICD repaid	45,200,000	-	-	-	45,200,000
Advances given	-	12,861,917	-	-	12,861,917
Advance repaid	-	4,865,504	-	-	4,865,504
Investment in equity share capital	-	-	50,000*	-	50,000
Share application money paid	-	-	2,500,000*	-	2,500,000
Balances					
Deposits – Toorak Holdings	-	-	-	8,280,000	
Loans (credit balance)	155,250,000	-	-	-	
Sundry creditors	1,436,849	-	594,581	-	
Provision for doubtful advances	-	7,952,286	-	-	
Advances recoverable in cash or kind	-	24,456,455	2,503*	-	

* Pertains to transactions with HFPL and [#] denotes transactions with Shringar Films

The above transactions exclude the guarantees given by two of the directors of the Company (refer Schedule 5)

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

23 Leases

Operating lease

The Company is obligated under non-cancellable leases for multiplex premises and office premises, which are renewable on a periodic basis at the option of both the lessor and the lessee.

The future minimum lease payments in respect of non-cancellable portion of operating leases together with any further periods for which the Company has the option to continue the lease, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise, for agreements entered into are as follows:

Period	2010	2009
Amount due within one year from the balance sheet date	316,143,583	233,597,714
Amount due in the period between one year and five years	1,325,157,149	1,036,081,796
Amount due after five years	961,360,558	474,976,078
	2,602,661,290	1,744,655,588

The Company has entered into 49 (31 March 2009: 60) lease agreements / Memorandum of Understanding ('MOUs') for multiplex premises at various locations. The lease rentals for these premises accrue from the date of commencement of commercial operations. Accordingly, these leases have been excluded from the above disclosure.

24 Joint venture investors

The Company has entered into joint venture agreements for management of multiplex operations for few multiplexes / single screen theatres. These joint venture investors do not have any control over these operations.

25 Contingent liabilities

Sr no	Particulars	2010	2009
i)	Claims against the Company not acknowledged as debts largely pertaining to projects.	12,452,721	18,553,288
ii)	The Company will be liable to pay the total entertainment tax that is currently exempted for every property that ceases operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State.	514,573,827	390,719,320
iii)	Bank guarantees given and bonds issued to		
	a) Deputy Commissioner of Customs for import of capital goods;	436,119	436,119
	b) Excise and Taxation Officer, Panchkula, Dhanbad and Chandigarh towards guarantee for payment of local sales tax;	500,000	-
	c) Entertainment Tax Officer, Panchkula and Bangalore towards guarantee for payment of entertainment tax and;	6,200,000	2,200,000
	d) Municipal commissioner of Bangalore towards guarantee of lease payments for one of its existing multiplexes.	-	21,000,000
	e) Corporate guarantee issued	1,700,000	1,700,000
iv)	The Company may incur additional cost towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. The Company has paid the whole amount to the respective authorities under protest.	38,983,278	26,006,395
v)	The Honorable High Court of Delhi vide judgment dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India, has held that renting of immovable property by itself is not a service and accordingly the levy of service tax on the activity of renting immovable property is "ultra vires" the Finance Act, 1994. In view of this judgment and expert opinion obtained by the management, the unpaid service tax to the lessors on renting of immovable property pertaining to the period from 1 April 2008 to 31 March 2009 was reversed from the profit and loss account during the year ended 31 March 2009. Further, also refer Schedule 37.	-	11,522,520

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

26 Supplementary information to the profit and loss account

26.1 Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31 March 2010 aggregated to Rs 59,927,955 (31 March 2009: Rs 59,389,253).

26.2 Managerial remuneration

	2010	2009
Salary	9,250,000	10,000,000
	9,250,000	10,000,000

The above does not include gratuity benefit as the provision is determined for the Company as a whole and therefore liability with respect to the directors is not separately available. No leave encashment benefit is available to the directors.

Computation under Section 198 of the Act is not made since no commission is paid to the directors.

26.3 Auditors' remuneration (including service tax)

	2010	2009
Audit fees *	2,812,650	2,834,280
Reimbursement of out-of-pocket expenses	167,128	336,332
Other services	110,300	-
	3,090,078	3,170,612

* Audit fees include service tax amounting to Rs 288,538 (31 March 2009: Rs 300,709)

26.4 Expenditure in foreign currency

	2010	2009
CIF value of capital imports (excluding capital advances)	4,257,654	35,219,098
Professional fees	1,239,866	2,959,421
Interest on FCCB	1,086,835	734,083
Repairs and maintenance	553,932	-
	7,138,287	38,912,602

26.5 Quantitative information of Food and beverage items

Statement of Sales

Sr. No	Particular	Unit	2010		2009	
			Qty	Value Rs.	Qty	Value Rs
1	Packaged food item	Pcs	2,180,041	84,789,520	1,842,603	64,528,938
2	Bottled beverages	Pcs	1,038,663	39,499,742	825,270	30,148,627
3	Non packaged food item	Pcs	2,129,168	118,472,169	1,584,724	80,338,038
4	Non bottled beverages	Pcs	1,772,111	84,489,360	1,480,933	60,927,204
	Total			327,250,791		235,942,807

Statement of Purchases

Sr. No	Particular	Unit	2010		2009	
			Qty	Value Rs.	Qty	Value Rs
1	Packaged food item	Pcs	2,312,931	33,247,116	1,957,397	24,719,030
2	Bottled beverages	Pcs	1,029,165	18,532,585	870,745	13,948,381
3	Non packaged food item	Kgs	357,508	12,980,404	119,828	7,345,207
		Ltrs	44,062	2,879,545	34,300	2,698,479
4	Non bottled beverages	Kgs	23,030	820,420	21,110	681,161
		Ltrs	170,599	22,288,855	121,996	18,351,688
5	Other			11,556,185		9,102,333
	Total			102,305,110		76,846,279

Statement of Opening Stock

Sr. No	Particular	Unit	2010		2009	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	11,476	103,170	6,616	53,794
2	Bottled beverages	Pcs	62,163	646,381	17,101	336,650
3	Non packaged food item	Kg	11,549	920,787	5,384	338,860
		Ltrs	5,425	359,954	2,068	140,083
4	Non bottled beverages	Kg	1,208	53,485	2,199	60,483
		Ltrs	6,768	825,260	6,089	724,617
5	Packing materials			2,261,295		1,448,767
	Total			5,170,332		3,103,254

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

26.5 Quantitative information of Food and beverage items (Continued)

Statement of Closing Stock

Sr. No	Particular	Unit	2010		2009	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	1,053	96,026	11,476	103,170
2	Bottled beverages	Pcs	38,846	790,517	62,163	646,381
3	Non packaged food item	Kg	25,398	1,449,263	11,549	920,787
		Ltrs	6,690	411,204	5,425	359,954
4	Non bottled beverages	Kg	1,317	62,214	1,208	53,485
		Ltrs	9,129	1,104,821	6,768	825,260
5	Packing materials			3,123,907		2,261,295
	Total			7,037,952		5,170,332

Statement of Consumption

Sr. No	Particular	Unit	2010		2009	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	2,323,354	33,254,260	1,952,537	24,669,654
2	Bottled beverages	Pcs	1,052,482	18,388,449	825,683	13,638,650
3	Non packaged food item	Kg	343,659	12,451,928	113,663	6,763,280
		Ltrs	42,797	2,828,295	30,943	2,478,608
4	Non bottled beverages	Kg	22,921	811,691	22,101	688,159
		Ltrs	168,238	22,009,294	121,317	18,251,045
5	Packing material			10,693,573		8,289,805
	Total			100,437,490		74,779,201

Note:

Sales exclude shortages, excesses, damages, etc, if any.

26.6 Information with regards to other matters specified in Part II to Schedule VI to the Companies Act, 1956 is either nil or not applicable for the year to the Company and as such no details are given.

27. Earnings per share

	2010	2009
Net (loss) / profit after tax attributable to equity shareholders (Numerator used for calculation of Basic EPS) (A)	(62,449,080)	18,771,580
Add: Interest paid on FCCB	1,086,835	734,083
Add: Exchange difference considered as interest cost as per para 4(e) of AS – 16 *	-	13,120,842
Add: Amortisation of FCMITDA *	(6,437,244)	1,357,813
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	1,469,802	4,551,953
Adjusted net (loss) / profit after tax attributable to equity shareholders (Numerator used for calculation of Dilutive EPS) (B)	(66,329,687)	38,563,271
Weighted average number of equity shares outstanding during the year – Basic (C)	34,795,262	34,795,262
Add: Weighted average number of equity shares arising out of outstanding stock options and on conversion of FCCB that have dilutive effect on the EPS	6,880,884	6,202,850
Weighted average number of equity shares outstanding during the year – Diluted (D)	41,676,146	40,998,112
Basic earnings per share of face value of Rs 10 each (A)/(C)	(1.79)	0.54
Diluted earnings per share of face value of Rs 10 each (B)/(D)	(1.79)	0.54

* These adjustments have been made net of applicable taxes for the year ended 31 March 2010 and 31 March 2009.

The effects of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share.

The above does not include the impact of change in policy relating to AS-11, which has been given effect to / adjusted against opening reserves – also refer Schedule 2.9.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

28 Employee stock option scheme ('ESOS')

On 21 May 2009, the Company established the 'Employee Stock Option Scheme 2009' ('ESOS' or 'the Plan' or 'the Scheme'). Under the Plan, the Company is authorised to issue not more than 5% of its equity share capital to eligible employees. Employees covered by the Plan are granted an option to purchase the shares of the Company subject to the requirements of vesting. A compensation committee constituted by the Board of Directors of the Company administers the plan.

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price of Rs 14.47 per option. The Scheme provides that these options would vest in tranches over a period of 5 years as follows:

Period within which options will vest unto the participant	% of options that will vest	
	Grant A	Grant B
End of 12 months from the date of grant of options	15	-
End of 24 months from the date of grant of options	15	10
End of 36 months from the date of grant of options	20	25
End of 48 months from the date of grant of options	25	25
End of 60 months from the date of grant of options	25	40

Further, the participants shall exercise the options within a period of 5 years commencing on or after the respective date of vesting of the options.

The terms and conditions of the scheme, as approved by the remuneration committee of the Board of Directors of the Company in its meeting held on 21 May 2009 in pursuance to the approval of the Company at its Annual General Meeting held on 27 September 2006, are in line with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 as amended vide Circular no. SEBI/CFD/DIL/ESOP/5/2009/03/09 dated 3 September 2009 and in accordance with the terms of the resolutions passed by the Company.

Employee stock option activity under the scheme for 2009-10 is as follows;

	2010
Outstanding at the beginning of the year	-
Granted during the year	1,128,600
Forfeited during the year*	(65,300)
Exercised during the year#	-
Outstanding at the end of the year#	1,063,300

* On account of employees leaving the organisation prior to the date of vesting.

On 21 May 2010, a total of 151,770 options vested and were subsequently exercised by the respective employees. The compensation committee has allotted equal number of equity shares in the Company to such employees on 29 May 2010.

29 Initial Public Offering ('IPO')

Vide a special resolution passed at the Extra ordinary General Meeting of the members of the Company held on 23 December 2004, under Section 81(1A) of the Act, and the resolution passed by the board at the meeting held on 21 December 2004, consent was accorded to offer /issue/ allot 8,150,180 equity shares of face value of Rs 10 each at a premium through the 100% book building process through an initial public offering ('IPO'). In this offering, 250,000 shares were reserved for employees of the Company.

Utilisation of IPO proceeds:

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2010
1	Funding exhibition growth	337,000,000	*139,056,274
2	Funding distribution growth through subsidiary	59,950,000	-
3	Issue expenses	35,000,000	**44,161,726
4	Repayment of loans	-	*129,226,281
	Total	431,950,000	312,444,281
Un-utilised IPO proceeds have been temporarily invested in fixed deposits aggregating to Rs *** 119,505,719.			

* The above utilisation of IPO proceeds is in accordance with 'objects of the issue' read with 'interim use of proceeds' clause as mentioned in the prospectus.

**The issue expense was higher by Rs 9,161,726 as compared to the projections in the Prospectus. This is due to increase in lead management fee, underwriting and selling commission, advertising and marketing expenses and legal and professional charges. The issue expenses incurred were adjusted in the year of issue against the Securities Premium Account.

*** The fixed deposits of Rs 119,505,719 is under lien against bank overdraft facilities availed by the Company.

The shareholders of the Company, at their Annual General Meeting held on 30 September 2009 have approved vide a special resolution, the utilisation of balance un-utilised IPO proceeds of Rs 160,000,000 as at that date inter-alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, during the year, the Company has utilised Rs 40,494,281 for repayment of term loans taken for its multiplex capital expenses.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

30 Foreign Currency Convertible Bonds

On 21 April 2006, the Company, pursuant to a resolution of the Board of Directors dated 28 January 2006 and by a resolution of the shareholders dated 8 March 2006, issued

- (i) 12000, Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and
- (ii) 8,000, 0.5% per annum Series B Unsecured Foreign Currency Convertible Bonds ("Series B Bonds") of the face value of US \$ 1000 aggregating to USD 20,000,000 (approximately Rs 901,000,000) due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds"). The Series B Bonds bear interest at the rate of 0.5 per cent per annum which accrues semi-annually in arrears on 31 December and 30 June of each year. Interest will accrue on each interest payment date and on maturity, accrued interest will be paid. The Bonds will unless converted into equity shares of the Company prior to 12 April 2011, mature on 22 April 2011.

The Bonds are convertible at any time on or after 21 May 2006 and prior to 12 April 2011 at the option of the bond holders into newly issued, ordinary equity shares of par value of Rs 10 per share ("Shares"), at an initial conversion price of

- (i) Rs 90 per share for Series A Bonds; and
- (ii) Rs 107 per share for Series B Bonds
(as defined in terms and conditions of the Bonds) at the rate of exchange equal to the US Dollar to Rupees exchange rate as announced by the Reserve Bank of India (the "RBI") on the business day immediately prior to the issue date. The conversion price is subject to adjustment in certain circumstances.

Unless previously converted, redeemed or repurchased and cancelled,

- (i) the Series A Bonds will be redeemed on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and
- (ii) the Series B Bonds will be redeemed on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

During the year ended 31 March 2008: 1,504,999 equity shares of Rs 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US \$ 1,000 each at an exercise price of Rs 90 per share and 1,687,850 equity shares of Rs 10 each were allotted against 4,000 Series B FCCB of US \$ 1,000 each at an exercise price of Rs 107 per share, thus aggregating to a total allotment 3,192,849 equity shares of Rs 10 each of the Company. There has been no conversion of FCCBs during the year ended 31 March 2010 and 31 March 2009.

Exchange gain / loss arising on such conversion have been adjusted against securities premium account. Premium on FCCB amortised and adjusted to the securities premium account upto the date of conversion has been reversed. The bond issue expenses have been adjusted against securities premium as per the provision of Section 78 of the Act.

In accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year (refer Schedule 3), certain bondholders have opted for early redemption aggregating to Rs 57,959,760 (equivalent of USD 1,284,000) (face value of USD 1,000,000 and YTM of USD 284,000, subject to tax), which is subject to approval from Reserve Bank of India.

Utilisation upto 31 March 2010 of the proceeds from the FCCB issue is as under:

Amount in Rs

	2010	2009
Purpose		
a. New cinema complexes	824,324,235	824,243,277
b. Expansion / modernisation of existing cinema complexes	24,561,411	24,561,411
c. FCCB issue expense	24,207,236	24,207,236
Total	873,092,882	873,011,924
Balance unutilised funds have been invested in:		
a. Deposit accounts	Nil	Nil
b. Current accounts		
- in India	Nil	Nil
- outside India	Nil	80,958

The proceeds utilised during the year have been converted at an average exchange rate of Rs 50.94 per US \$ (31 March 2009: Rs 43.65) and the balance outstanding as at 31 March 2009 was translated at the exchange rate of Rs 50.95 per US \$, being the exchange rate as at 31 March 2009.

31 Premium on redemption of Foreign Currency Convertible Bonds (FCCB)

Particulars	2010	2009
Opening balance	138,433,532	69,914,816
Add: Provision for the year*	47,217,343	49,312,695
(Less) / Add: Exchange difference on account of restatement of the outstanding premium payable	(15,786,043)	19,206,021
Closing balance	169,864,832	138,433,532

* Premium payable on redemption of FCCB charged to the securities premium account has been provided pro-rata for the year. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the securities premium account will be suitably adjusted in the respective years.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

- 32 The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculation purposes.

Foreign currency exposure not hedged as at the year end 31 March by a derivative instrument or otherwise are as under;

Particulars	2010		2009	
	In US \$	In INR	In US \$	In INR
Total unutilised funds	-	-	1,589	80,958
Total un-hedged funds				
- bank balance	-	-	1,589	80,958
- total FCCB liability	13,000,000	586,820,000	13,000,000	662,350,000
- YTM on FCCB	3,763,067	169,864,832	2,717,047	138,433,532

33 Interest in joint venture

The Company's interests in Swanston Multiplex Cinemas Private Limited ('SMCPL') and Headstrong Films Private Limited ('HFPL') have been accounted for in accordance with the principles and procedures set out in AS – 27, Financial Reporting of Interests in Joint Ventures specified in the Companies (Accounting Standards) Rules, 2006 (also refer Schedule 1)

The interests in the joint ventures are reported as long-term investments (refer Schedule 9) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in the joint ventures, based on financial information as certified by the Board of Directors of the Joint Venture, is;

	2010	2009
I. ASSETS		
1. Fixed assets	15,302,345	19,492,156
2. Deferred Tax (net)	-	480,565
3. Current assets, loans and advances		
a) Inventories	1,455,534	662,565
b) Sundry debtors	2,145,358	1,902,136
c) Cash and bank balances	8,865,103	9,178,851
d) Loans and advances	19,405,086	6,302,122
II. LIABILITIES		
1. Current liabilities		
a) Liabilities	8,557,133	7,644,919
b) Provisions	39,968	10,150
III. INCOME		
1. Revenue from operations	59,619,015	68,513,656
2. Other income	3,072,454	728,413

IV. EXPENSES		
1. Direct cost	24,665,234	26,803,451
2. Entertainment Tax	8,477,256	-
3. Personnel cost	3,444,068	5,321,615
4. Other expenses	28,756,167	26,220,518
5. Depreciation	5,850,746	5,637,789
6. Provisions for taxation (including deferred taxation and Provision for tax for earlier years written back, net)	(4,215,000)	2,037,993

Contingent Liabilities

- a) SMCPL had received demand orders for payment of entertainment tax collected and not paid to the authorities aggregating Rs 19,810,806. The Bombay High Court passed an Order dated 21 October 2008 in favour of the JV upholding the exemption from payment of entertainment tax available to the JV and also directed the State Government to refund the amount of Rs 2,000,000 deposited by the management. The State Government had preferred a special leave petition ('SLP') before the Supreme Court of India challenging the said Order and the judgment passed by the Bombay High Court. Based on a legal opinion obtained by the JV, the JV had made a provision aggregating to Rs 1,830,864 in the books of accounts in the earlier years in this regards. During the year, the Supreme Court vide its Order dated 27 July 2009, defined the JV's liability at Rs 18,735,375, which amount has since been paid by the JV. The Company has disclosed as contingent liability, its share in the JV aggregating to Rs Nil (31 March 2009: Rs 8,989,971).
- b) The Company has disclosed its share of the contingent liability of SMCPL, being the entertainment tax aggregating to Rs 83,250,668 (31 March 2009: Rs 92,618,356), which the JV would be liable to pay in the event that the multiplex does not continue operations for the period of ten years from 11 June 2002.
- c) The Honorable High Court of Delhi vide judgment dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India, had held that renting of immovable property by itself is not a service and, accordingly, the levy of service tax on the activity of renting immovable property is "ultra vires" the Finance Act, 1994. In view of this judgment, expert opinion obtained by the management and pursuant the amendment made in the Finance Bill 2010 (as further explained in note no 26), the unpaid service tax to the lessors on renting of immovable property pertaining to the period from 1 April 2008 to 31 March 2010 has been charged to the profit and loss account. Accordingly, the Company has shown a sum of Rs Nil (31 March 2009: Rs 898,701), being its share in the service tax element on lease rentals as contingent liability.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

34 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits'

Effective 1 April 2007 the Company adopted Accounting Standard 15 (revised 2005) on 'Employee Benefits'.

General description of significant defined benefit plans

i) Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

ii) Leave Plan

All employees can carry forward and avail / encash on superannuation, death, permanent disablement and resignation subject to maximum accumulation of 60 days.

The Company has classified the various benefits provided to employees as under:

i) Defined Contribution Plans

Amounts contributed to Provident Fund and Employee's State Insurance Corporation aggregating to Rs 7,611,461 (31 March 2009: Rs 5,896,419) recognised as an expense and included in "Personnel costs" (refer Schedule 18) in the profit and loss account.

ii) Defined benefit obligation

	2010		2009	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Change in Benefit Obligation				
Projected benefit obligation at beginning of the year	3,699,074	4,508,214	2,288,978	3,122,770
Current service cost	1,335,589	1,933,421	1,178,491	1,970,983
Interest cost	363,079	440,817	277,398	388,208
Actuarial (gain)/loss due to change in assumptions	(1,135,970)	(1,912,542)	(45,793)	(491,447)
Settlements	(53,365)	(722,810)	-	(482,300)
Projected benefit obligation at end of the year	4,208,407	4,247,099	3,699,074	4,508,214

iii) Reconciliation of present value of defined benefit obligation and fair value of plan assets

	2010		2009	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Projected benefit obligation at end of the year	4,208,407	4,247,099	3,699,074	4,508,214
Ending asset	-	-	-	-
Funded status asset / (liability)	(4,208,407)	(4,247,099)	(3,699,074)	(4,508,214)
Unrecognised part service cost – non vested benefit	-	-	-	-
(Liability) recognised in balance sheet	(4,208,407)	(4,247,099)	(3,699,074)	(4,508,214)

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

34 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits' (*Continued*)

iv) Expenses recognised in the profit and loss account

	2010		2009	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Current service cost	1,335,589	1,933,421	1,178,491	1,970,983
Interest cost	363,079	440,817	277,398	388,208
Expected return on plan asset	-	-	-	-
Net actuarial (gain) / loss to be recognised in year	(1,135,970)	(1,912,542)	(45,793)	(491,447)
Expense recognised in the statement of profit and loss account	562,698	461,695	1,410,096	1,867,744

v) Actuarial assumptions

	Gratuity		Leave liability	
	2010	2009	2010	2009
Discount rate	8.00%	7.25%	8.00%	7.25%
Salary escalation	12.00%	12.00%	12.00%	12.00%

The discounting rate is based on the gross redemption yield on government bonds.

The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

vi) Experience adjustments

	2010	2009	2008
Gratuity (unfunded)			
Present value of defined benefit obligation	4,208,407	3,699,074	2,288,978
Fair value of the plan assets	-	-	-
Deficit in the plan	(4,208,407)	(3,699,074)	(2,288,978)
Actuarial (gain) / loss due to change in assumptions	(246,270)	54,826	(526,926)
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(889,700)	(100,619)	879,013
Plan assets	-	-	-
Leave encashment (unfunded)			
Present value of defined benefit obligation	4,247,099	4,508,214	3,122,770
Fair value of the plan assets	-	-	-
Deficit in the plan	(4,247,099)	(4,508,214)	(3,122,770)
Actuarial (gain) / loss due to change in assumptions	(269,209)	420,653	(1,377,151)
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(1,643,333)	(912,101)	(209,913)
Plan assets	-	-	-

35 Micro, Small and Medium Enterprises

On the basis of the information and records available with the Management, none of the Company's suppliers are covered by The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosures prescribed under the said Act are not applicable.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

- 36** In case of its multiplex at Hilandpark, Kolkata, the Company had received exemption from payment of entertainment tax pursuant to an order dated 20 October 2008 from Government of West Bengal for a period of four years commencing from 2 December 2005 up to a maximum amount as notified in the order. The Company has recouped the amount fully till 19 November 2009 and has commenced paying entertainment tax from that date. In the current year, the Company has recognised an income of Rs 5,141,534 (31 March 2009: Rs 9,331,861) as entertainment tax refund / subsidy with respect to the above multiplex.

Similarly, in case of its multiplex at Southcity, Kolkatta, the Company, has received an order dated 17 December 2009 from the Government of West Bengal granting the retention of entertainment tax collected by way of subsidy upto the maximum of the amount notified in the order commencing from 14 March 2008. The Company is not required to pay entertainment tax in the future till such time as the certified eligible amount is not recouped or up to the end of 4 years from the commencement date whichever is earlier. With respect to the entertainment tax already paid aggregating to Rs 50,289,802 up to the date of order, the Company has filed the necessary application for refund of such taxes paid. In the current year, the Company has recognised an income of Rs 32,764,279 (31 March 2009: Rs 30,605,342) as entertainment tax subsidy with respect to the above multiplex.

- 37** In view of judgement of the Honorable High Court of Delhi dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India and expert opinion obtained by the management, the Company had not provided for service tax on lease rentals for the period up to 28 February 2010. As per the amendment made in the Finance Act 2010 renting of immovable property is defined as taxable service with retrospective effect from 1 June 2007. Accordingly, the Company has accounted for Rs 46,334,870 being service tax on lease rentals for the period up to 31 March 2010 by charging it to the profit and loss account.

- 38** During the year ended 31 March 2010, the Promoters' shareholding, comprising 43.28% of Share Capital of the Company has been transferred to Inox Leisure Limited (INOX), followed by acquisition of additional equity shares of the Company by INOX to the extent of 7.21% from Open Market. However, the said shareholding comprising 15,057,751 (31 March 2009: Nil) equity shares (50.49% of the outstanding equity share capital) is held by INOX in Escrow "SCB a/c South Yarra Holding Inox Escrow a/c" pending completion of the open Offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997. Under the said regulation, INOX has made a public announcement on 6 February 2010 for an 'open offer' for additional 20% of the fully diluted equity shares of the Company. Reliance Media Works Limited has made a competitive bid on 21 February 2010. The matters are presently pending at SEBI for its approval.

39 Prior period comparatives

Previous year's figures have been regrouped / reclassified as necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Shravan Shroff
Managing Director

Shyam Shroff
Chairman

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
29 May 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Currency: Indian Rupees)

I Registration details

 Registration No. State code

 Balance sheet date
II Capital raised during the year (Amount in Rupees thousand)

Public issue	<input type="text" value="-"/>	Rights issue	<input type="text" value="-"/>
Bonus issue	<input type="text" value="-"/>	Private placement	<input type="text" value="-"/>

III Position of mobilisation and deployment of funds (Amount in Rupees thousand)

Total liabilities	<input type="text" value="2,671,689"/>	Total assets	<input type="text" value="2,671,689"/>
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Source of funds

Paid-up capital	<input type="text" value="347,963"/>	Reserves and surplus	<input type="text" value="391,184"/>
Secured loans	<input type="text" value="603,842"/>	Unsecured loans	<input type="text" value="703,030"/>
Deferred tax liability	<input type="text" value="-"/>	FCMITDA	<input type="text" value="6,437"/>

Application of funds

Net fixed assets	<input type="text" value="1,547,972"/>	Investments	<input type="text" value="213,556"/>
Deferred tax asset	<input type="text" value="-"/>	Net current assets	<input type="text" value="290,928"/>
FCMITDA	<input type="text" value="-"/>	Accumulated losses	<input type="text" value="-"/>

IV Performance of the Company (Amount in Rupees thousand)

Turnover/ Other income	Total expenditure
1,507,343	1,569,792
Profit/(Loss) before tax	Profit/(Loss) after tax
(62,449)	(62,449)
Earning per share (Rs.)	Dividend%
Basic – (1.79)	-
Diluted – (1.79)	

V Generic names of principal products of the Company (as per monetary terms)

Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	
Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	
Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	

For and on behalf of the Board of Directors
Shravan Shroff
 Managing Director

Shyam Shroff
 Chairman

Naushad Shaikh
 Chief Financial Officer

Suratha Satpathy
 Company Secretary

 Mumbai
 29 May 2010

DIRECTORS' REPORT

To,
The Members,

Shringar Films Limited

Your Directors are pleased to present the **ELEVENTH ANNUAL REPORT** and the **AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(In Lacs)

Particulars	For the year Ended 31 st March, 2010	For the year Ended 31 st March, 2009
Revenue -		
Theatrical	1774.07	1455.32
TV / Satellite rights	28.11	125.01
Programming revenue	123.28	203.74
Other income	123.48	120.49
Total	2048.94	1904.56
Expenditure-		
Direct and Personnel Cost	1815.95	1597.68
Other Expenses	186.29	56.75
Less: Depreciation	10.78	22.59
Profit / (Loss) before provision for tax	35.92	227.53
Less Provision for Tax		
- Current Tax	-	76.50
- Deferred Tax	16.27	2.03
- Fringe benefits tax	-	0.72
Net Profit / (Loss) after tax	19.65	148.28

DIVIDEND:

With a view to meeting the funds requirements for future expansions from its internal accruals, your Directors do not recommended any dividend for the financial year ended 31st March 2010.

BUSINESS OPERATIONS & OUTLOOK:

The results from operations of the Company, during the year under review was encouraging. During the year, your Company distributed movies, viz., 'My Name is Khan', 'Avatar', 'Fast & Furious-4', 'Transformers 2', 'X-MenWolverine', 'Barah Aaana', 'Dashavatar', 'Jai Veeru' etc.

The Company continues to carry on the business on 'revenue sharing' basis as against taking financial risks inherent in the Minimum Guarantee business model of film distribution.

DIRECTORS:

Mr. Arjun Nichani and Mr. Ashim Samantha retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Mr. Aditya Shroff was appointed as additional Director of the Company. Pursuant to the provisions of Sections 260 of the Companies Act, 1956, he shall hold office upto the date of the ensuing Annual

General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Aditya Shroff as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Directors confirm and state the following in pursuance of provisions of Section 217 (2AA) of the Companies Act, 1956.

- that in the preparation of annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors' have 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 31st March 2010 and of the profit of the Company for the said financial year;
- that the Directors' have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors' have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s B S R & Co, Chartered Accountants, 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 them to the effect that their re-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 re-appointment within the meaning of Section 226 of the said Act.

AUDITORS' REPORT:

The notes on accounts referred to in the Auditors' report are self- explanatory and therefore do not call for any further comments.

SECRETARIAL COMPLIANCE CERTIFICATE:

In compliance of provisions of Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001 the Company has obtained a certificate from a Practicing Company Secretary and is annexed to this report.

PARTICULARS OF EMPLOYEES:

Your Directors place on record their appreciation of the contribution made by the employees at all levels.

Details of employees whose salary are above the limit prescribed under the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975, as given herein below:

Sr. No.	Name	Designation	Age	Date of Joining	Experience (Years)	Gross Salary (Rs.)
1.	Mr. Shyam Shroff	Director	64	19th April 1999	45	30,00,000
2.	Mr. Balkrishna Shroff	Director	61	19th April 1999	43	30,00,000

Employed during part of the year

Sr. No.	Name	Designation	Qualification	Age	Date of Joining	Experience (Years)	Gross Salary (Rs. In Lacs)
NIL							

CONSERVATION OF ENERGY:

As the Company is outside the classification on notified Industries for the said disclosures, the disclosures so not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2009-2010 (Rs. In Lacs)	2008-2009 (Rs. In Lacs)
Foreign Exchange Earned	Nil	22.73
Foreign Exchange Used	Nil	Nil

ACKNOWLEDGEMENT:

The Directors would like to place on record their gratitude to the Shareholders, Bankers, Financials Institutions, Customers, Business Associates and Employees for their assistance and support provided to the Company during the year and look forward to on behalf of the Board.

For and on behalf of the Board

Shyam Shroff
Chairman

Place: Mumbai
Date: 28th July 2010

COMPLIANCE CERTIFICATE**(Under sub-section (1) of Section 383 A of the Companies Act, 1956)**

To
The Members
Shringar Films Limited
2-G, Naaz Cinema Building
Lamington Road
Mumbai – 400 004

I have examined the registers, records, books and papers of Shringar Films Limited ('the Company') as required to be maintained under the Companies Act, 1956 ('the Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 ('financial year'). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers / records stated in Annexure 'A' to this certificate, as per applicable provisions of the Act and rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns under the Act as stated in Annexure – 'B' to this certificate, with the Registrar of Companies under the Act and the rules made thereunder. And no document was required to be filed either with the Regional Director, Central Government, Company Law Board or other authorities under provisions of the Act.
3. The Company is a Public Limited Company and has maintained minimum prescribed paid up capital.
4. The Board of Directors duly met -5- (Five) times on 27th May, 2009, 5th June, 2009, 29th July, 2009, 31st October, 2009 and 30th January, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. During the financial year no Circular Resolution was passed.
5. The Company was not required to close its Register of Members / Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 25th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded and signed in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the year.
8. The Company has not advanced any loans either to its directors or persons or firms or companies referred in Section 295 of the Act.
9. As per the information and explanation given and

records produced for verification the Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the question of obtaining approvals from the Board of Directors, Members or Central Government, as the case may be, does not arise.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was neither allotment nor Transfer / Transmission of securities of the Company during the financial year.
(ii) The Company has neither declared interim nor final dividend during the financial year.
(iii) The Company was not required to pay and post warrants for dividends to any member of the Company as no dividend was declared during the financial year. In view of that provisions of the Act in pursuance of Section 205A (1) relating to transfer of un-claimed / un-paid dividend amount to an 'Un-paid Dividend Account' of the Company are not applicable.
(iv) The provisions of the Act relating to transfer of amount remaining in un-paid Dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained un-claimed or un-paid for a period of seven years to Investor Education and Protection Fund are not applicable in view of none such above mentioned account exists in Company's Books of Accounts.
(v) The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. During the financial year an Additional Director was appointed and there was no instance of an appointment either on account of casual vacancy or alternate director.
15. The appointments of Whole-time Directors have been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole-selling agent.
17. The Company was not required to obtain any

approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such other authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of Preference Shares or Debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The amount borrowed by the Company during the financial year is within the borrowing limit of the Company.
25. The Company has made inter-corporate loans and investments to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose The Company has not given guarantees or provided securities to any other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of its registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to its objects during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to its name during the financial year.
29. The Company has not altered the provisions of the Memorandum with respect to its share capital during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from any of its employees during the financial year.

33. The Company has not constituted its own 'Provident Fund' and in view of that in pursuance of Circular No. F. No. 8/58 (418) /63-PR of the Department of Company Affairs the provisions of Section 418 of the Act are not applicable to the Company.

Tushar Shridharani

Place: Mumbai

Practising Company Secretary

Date: 25th May, 2010

F.C.S. 2690 & C.P No.: 2190

ANNEXURE - A

Annexure to the Compliance Certificate of Shringar Films Limited.

Registers / Records as maintained by the Company –

No.	Particulars
1.	Copies of instruments for creation / modification / satisfaction of charge on assets of the Company and requiring registration. [Section 125 / 135 / 138]
2.	Register of Charges. [Section 143]
3.	Register of Members. [Section 150]
4.	Copies of Annual Returns. [Section 159]
5.	Records of Circular Resolutions. [Section 188]
6.	Minutes Books for minutes of meetings of the Board of the Directors and Members. [Section 193]
7.	Books of Accounts. [Section 209]
8.	Records of Form No. 24 AA. [Section 299(3)(a)]
9.	Register of particulars of contracts or arrangements in which Directors are interested. [Section 301(1)]
10.	Register of names of other companies and firms in which Directors are interested. [Section 301(3)]
11.	Register of Directors, Managing Director, Manager and Company Secretary. [Section 303]
12.	Register of Directors' shareholdings. [Section 307]
13.	Register of Investments, Loans and Guarantee or Security provided. [Section 372 A]
14.	Records pertaining to Directors' Attendance attending their meetings as per Regulation 71 in Schedule-1 (Table 'A') to the Act.
15.	Register of Transfer of shares.
16.	Register of Fixed Assets.

Note: The Company has not maintained the following registers, as there were no entries / transactions or events to be recorded therein or applicability of maintenance thereof is not statutorily compulsory.

No.	Particulars
1.	Registers of investments for shares or securities not held in Company's name. [Section 49]
2.	Register of Securities bought back. [Section 77A]
3.	Register / Records of nominees for members. [Section 109A]
4.	Register of Members' Index. [Section 151]
5.	Register and Index of Debenture holders. [Section 152]
6.	Foreign Registers of Members or Debenture holders. [Section 157]
7.	Register of Proxies. [Section 176]
8.	Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Shares Certificates) Rules, 1960.

9.	Register of destruction of records / documents under Rule 4 of the Companies (Preservation and Disposal of Records) Rules, 1966.
10.	Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.
11.	Register of Share warrants.
12.	Register of sealed documents.
13.	Register / Records of Dividend.
14.	Register / Records of Power of Attorney / Probates / Letters of Administration / Death Certificates / Succession Certificates / Mandate instructions received from members.
<div> <div>Place: Mumbai Date: 25th May, 2010</div> <div>Tushar Shridharani Practising Company Secretary F.C.S. 2690 & C.P No.: 2190</div> </div>	

ANNEXURE - B

Annexure to the Compliance Certificate of Shringar Films Limited.

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2010.

No.	Form No.	Filed under relevant Section of the Act.	Particulars	Date of filing	Whether filed within Prescribed time. Yes / No	If delay in filing whether requisite additional fee paid Yes / N.A.
1.	66	383(A)	Compliance Certificate of a Practising Company Secretary.	20-10-2009	Yes	N.A.
2.	20B	159 (1)	Annual General Meeting held on 26 th September, 2009.	24-11--2009	Yes	N.A.
3.	23AC / ACA	220 (1)	Financial year ended 31 st March, 2009.	19-01-2010	No	Yes
4.	32	303(2)	Resignation of Mr. Aditya Shroff as an Executive Director.	03-03-2010	No	Yes
5.	32	303(2)	Appointment of Director Mr. Aditya Shroff as an Additional Director.	15-04-2010	No	Yes

Place: Mumbai
Date: 25th May, 2010

Tushar Shridharani
Practising Company Secretary
F.C.S. 2690 & C.P No.: 2190

AUDITORS' REPORT

To the Members of

Shringar Films Limited

We have audited the attached Balance sheet of Shringar Films Limited ('the Company') as at 31 March 2010 and the related Profit and loss account and the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) on the basis of written representations received from the directors of the Company as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:
 - i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - ii) in the case of the Profit and loss account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash flow statement, of the cash flows of the Company for the year ended on that date.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai
29 May 2010

ANNEXURE TO THE AUDITORS' REPORT – 31 MARCH 2010

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.
- (c) During the year, the Company has disposed off a major part of its intangible assets as the term for the distribution rights had expired. In our opinion and according to the information and explanations given to us, the aforesaid disposal does not affect the going concern assumption.
- (ii) The Company is a service company, primarily engaged in distribution and programming of films and accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that no suitable alternative sources are available to obtain comparable quotations with respect to distribution rights (intangible assets), there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and with regard to the rendering of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income-tax, Customs duty, Cess and other material statutory dues during the year with the appropriate authorities *except that an amount of Rs 3,961,024 accrued in respect of Maharashtra value added tax has not been deposited (refer Schedule 26)*. As explained to us, the Company did not have any dues on account of Investor Education Protection fund, Employees' State Insurance, Excise duty, Service tax and Wealth-tax.
- There were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Customs duty, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable *except for Rs 3,961,024 payable in respect of Maharashtra value added tax (refer Schedule 26)*.
- (b) According to the information and explanations given to us, there are no dues of Income-tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. *However, the following Customs duty dues have not been deposited by the Company on account of dispute;*

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Customs Valuation Rules, 1988	Custom duty	Amount not ascertainable	2002-2003	Commissioner Appeal, Central Board of Excise and Customs

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

- (xi) The Company did not have any outstanding dues to

any financial institution, banks or debenture-holders during the year.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised

on short term basis have not been used for long term investments by the Company.

- (xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai
29 May 2010

Vijay Mathur
Partner
Membership No: 046476

BALANCE SHEET AS AT 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	9,999,000	9,999,000
Reserves and surplus	4	181,482,861	179,518,159
		191,481,861	189,517,159
		191,481,861	189,517,159
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		29,641,559	297,115,794
Less: Accumulated depreciation / amortisation		27,982,563	294,920,554
Net block		1,658,996	2,195,240
Investments	6	16,630,003	10,000
Deferred tax asset (net)	7	3,439,608	5,067,009
Current assets, loans and advances			
Sundry debtors	8	29,443,991	49,274,077
Cash and bank balances	9	4,775,322	8,290,897
Loans and advances	10	175,869,484	168,554,340
		210,088,797	226,119,314
Less: Current liabilities and provisions			
Current liabilities	11	38,358,440	41,751,052
Provisions	12	1,977,103	2,123,352
		40,335,543	43,874,404
Net current assets		169,753,254	182,244,910
		191,481,861	189,517,159
Significant accounting policies	2		
Notes to the accounts	18-27		
The accompanying schedules form an integral part of this balance sheet.			
As per our report of even date attached.			

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shyam Shroff

Chairman

Mumbai

29 May 2010

Balkrishna Shroff

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
Income			
Revenue from operations	13	192,545,949	178,406,538
Other income	14	12,347,919	12,049,480
		204,893,868	190,456,018
Expenditure			
Direct costs	15	172,348,883	149,575,102
Personnel costs	16	9,246,050	10,193,053
Other administrative expenses	17	18,629,085	5,675,489
Depreciation/ amortisation	5	1,077,747	2,259,111
		201,301,765	167,702,755
Profit for the year before tax		3,592,103	22,753,263
Less : Provision for taxation			
-- Current tax		-	7,650,000
-- Deferred tax charge		1,627,401	202,932
-- Fringe benefits tax		-	72,000
Net profit for the year after tax		1,964,702	14,828,331
Balance in profit and loss account brought forward		16,524,302	1,695,971
Balance in profit and loss account carried forward to the balance sheet		18,489,004	16,524,302
Basic and diluted earnings per equity share of face value Rs 10 each	21	1.96	14.83
Significant accounting policies	2		
Notes to the accounts	18-27		
The accompanying schedules form an integral part of this profit and loss account.			
As per our report of even date attached.			

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shyam Shroff

Chairman

Mumbai

29 May 2010

Balkrishna Shroff

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	2010	2009
A Cash flow from operating activities		
Profit before tax	3,592,103	22,753,263
Adjustments for :		
Depreciation / amortisation	1,077,747	2,259,111
Provision for doubtful debts and advances	(3,528,216)	233,627
Bad debts written off	17,292,750	354,630
Profit on sale of fixed assets	-	(40,915)
Sundry creditor balances written back	(1,305,835)	-
Interest paid - others	27,959	-
Dividend received	(120,003)	-
Interest received on		
-- Inter corporate deposits	(10,616,538)	(9,342,574)
-- Others	-	(19,350)
Operating profit before changes in working capital	6,419,967	16,197,792
Adjustments for :		
(Increase) / decrease in working capital		
Sundry debtors	3,133,966	(15,712,903)
Loans and advances	5,540,400	8,780,961
Current liabilities	(2,086,777)	14,467,232
Provisions	(19,223)	206,766
Net changes in working capital	6,568,366	7,742,056
Direct taxes (paid)	(3,978,943)	(7,721,210)
Cash generated from operations	9,009,390	16,218,638
B Cash flow from investing activities		
Purchase of fixed assets	(541,503)	(1,838,017)
Proceeds from sale of fixed assets	-	175,000
Purchase of investments	(16,620,003)	-
Dividend received	120,003	-
Inter-corporate deposit given	(56,600,000)	(65,000,000)
Inter-corporate deposit given refunded	50,500,000	45,200,000
Tax deducted at source on interest received on Inter corporate deposit ('ICD')	1,745,666	2,117,028
Interest received on Inter corporate deposits	8,870,872	7,225,546
Net cash used in investing activities	(12,524,965)	(12,120,443)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (Cont.)

(Currency: Indian Rupees)

C	Cash flow from financing activities	-	-
	Net (decrease) / increase in cash and cash equivalents	(3,515,575)	4,098,195
	Cash and cash equivalents at the beginning of the year	8,290,897	4,192,702
	Cash and cash equivalents at the end of the year	4,775,322	8,290,897
	Cash and cash equivalents at the year-end comprise:		
	Cash on hand	214,957	141,273
	Balances with scheduled banks in current accounts*	4,560,365	8,149,624
		4,775,322	8,290,897

* Includes Rs 20,000 (31 March 2009: Rs 20,000) in jointly held account with a joint venturer (jointly controlled assets)

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS -3) on Cash Flow Statement prescribed in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shyam Shroff

Chairman

Mumbai

29 May 2010

Balkrishna Shroff

Director

Schedules to the financial statements as at and for the year ended 31 March 2010

(Currency: Indian Rupees)

1 Background

Shringar Films Limited ('SFL' or 'the Company') was incorporated as a private limited company on 19 April 1999. The Company's principal activity is distribution and programming of films in India.

On 27 March 2004, Fame India Limited ('FIL') (formerly Shringar Cinemas Limited ('SCL')) purchased entire shares in the Company from its then existing shareholders. Accordingly, the Company became a 100% subsidiary of FIL as on that date.

Pursuant to a special resolution passed by FIL at its extra-ordinary general meeting held on 19 December 2004, FIL changed its status from a private limited company to a public limited company. Consequently, the Company became a public limited company effective from that date and has completed the relevant Company Law formalities on 5 June 2006.

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ('Indian GAAP'), and comply with the Accounting Standards ('AS') as notified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles ('GAAP') in India requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant trends and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets

Intangible assets

Film rights comprise negative rights and distribution rights.

Negative rights are generally exploited through media such as theatrical exhibition, television/ satellite, cable, etc. The cost of negative rights comprises its purchase price.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost less accumulated amortisation and impairment. Cost is ascertained on specific identification basis where possible. In case multiple films / rights are acquired for a consolidated amount, cost is allocated to each film / right based on managements' best estimates.

Cost of distribution rights comprises original purchase price / minimum guarantee, net of contributions by joint venture investors. In respect of unreleased films, payments towards films rights are classified under capital advances and contributions of joint venture partners are classified under current liabilities, as the amounts are refundable in the event of non-release of the film.

Tangible fixed assets

Tangible fixed assets are stated at the cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. The cost of fixed assets includes freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to the acquisition / construction and installation of the respective fixed assets upto the time the assets are ready for their intended use.

2.4 Depreciation and amortisation

Intangible assets

Cost of film rights (including negative rights) is amortised in the ratio that gross revenues for the period bear to the total estimated gross revenues. Total estimated gross revenues represent useful life of the film rights and are determined by the management based on the expected pattern of income flow. If estimates of total revenues and other events or changes in circumstances indicate that a right has a fair value that is less than its unamortised cost, a loss is recognised for the excess of the unamortised cost over the film right's fair value.

Tangible fixed assets

Depreciation on tangible fixed assets is provided pro-rata to the period of use, under the written down value method, at the rates prescribed in Schedule XIV to the Act, which in management's opinion reflect the estimated useful economic lives of those fixed assets.

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100%.

Leasehold improvements are amortised over the lower of the useful life of the asset and the lease term of the leasehold premises, on a straight-line basis, which

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.4 Depreciation and amortisation (Cont.)

represent the period over which the economic benefits of the assets are expected to be consumed by the lessee as determined at the inception of the lease term.

Assets retired from active use and held for disposal are written down to their estimated realisable value and are classified as 'Assets held for sale'.

2.5 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets' as prescribed in the Companies (Accounting Standards) Rules, 2006, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.6 Investments

Long-term investments are carried at cost. Provision is made when there is a decline, other than temporary, in the carrying amounts of such investments, determined separately for each investment, and the resultant reduction in the carrying amount is charged to profit and loss account.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

2.7 Revenue recognition

Revenue from theatrical exploitation of film rights comprising proceeds from sales of tickets, net of taxes

and exhibitor's share, is recognised on the date of exhibition of the film. As the Company is the primary obligor in respect of the distribution activity, the shares of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents / sub-distributors are included in revenues from theatrical exploitation and are correspondingly disclosed as direct cost.

Revenue from non-theatrical exploitation of film rights is recognised on the date of availability of these rights to the licensee.

Programming

The Company has entered into contracts with theatre owners for programming film exhibition at these theatres for a contracted period. The Company also enters into weekly arrangements with distributors for exhibition of films in these theatres.

Revenue from programming is recognised on the date of exhibition of the films and comprises proceeds from sale of tickets, net of taxes and theatre-owner's share. As the Company is the primary obligor with respect to the programming activities, the share of distributors and joint venture investors (joint control does not exist in any of the joint ventures) in these proceeds are disclosed as programming costs.

Others

Dividend income is recognised when the unconditional right to receive payment is established.

Income from interest on deposits, loans and interest-bearing securities is recognised on time proportion basis.

2.8 Leases

The lease term is the non-cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

Assets taken on finance lease

Assets taken on lease, where the Company acquires substantially all the risk and rewards incidental to the ownership of the assets are classified as finance lease.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating leases are charged-off to the profit and loss account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.9 Employee benefits

(a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is charged to the profit and loss account in the period in which such services are rendered.

(b) Post-employment benefits

Defined contribution plans

The Company's provident fund contribution paid / payable under the recognised provident fund scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at each balance sheet date by an independent actuary, based on the legislations enacted up to the balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Provision for leave encashment obligation is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary using the Projected Unit Credit Method.

The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date.

All actuarial gains and losses arising during the year are recognised immediately in the profit and loss account.

(c) Other long-term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligations at the balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined the benefit plan are based on the market yields on government bonds as at the balance sheet date.

2.10 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange difference arising on foreign currency transactions between the actual rate of settlement and the rate on the date of the transactions is charged or credited to profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates prevailing on the balance sheet date and the overall net exchange gain or loss on such conversion, if any, is credited / charged to the profit and loss account. Non monetary assets are recorded at the rates prevailing on the date of the transactions.

2.11 Taxation

Tax expense comprises current tax, deferred tax charge or credit and fringe benefits tax ('FBT').

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax asset is recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognised only if there

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.11 Taxation (Cont.)

is a virtual certainty of realisation of such assets. Deferred tax asset is reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised.

Fringe benefits tax

Provision for FBT is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961. The FBT has been withdrawn by the Finance Act 2009 with effect from 1 April 2009.

2.12 Earnings per share ('EPS')

Basic EPS is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

2.13 Jointly controlled assets and Joint venture investors

Jointly controlled assets comprise film rights in respect of which both financial and operating control is exercised jointly with another venturer. The Company recognises its share of jointly controlled assets, any

liability and expenses that it incurs and share of jointly incurred liabilities, and only its share of income and expenses related to the venture.

The Company accepts joint venture investments for distribution and exploitation of theatrical rights in respect of certain films and such joint venture investors do not have any control in the operations of those films.

2.14 Provisions and contingencies

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

(Currency : Indian Rupees)

	2010	2009
3 Share capital		
Authorised		
2,000,000 (31 March 2009: 2,000,000) equity shares of Rs 10 each	20,000,000	20,000,000
Issued, subscribed and paid-up		
999,900 (31 March 2009: 999,900) equity shares of Rs 10 each, fully paid-up	9,999,000	9,999,000
All of the above, 999,900 (31 March 2009: 999,900) equity shares of Rs 10 each are held by FIL (formerly SCL) and its nominees.		
4 Reserves and surplus		
Securities premium	162,993,857	162,993,857
Profit and loss account	18,489,004	16,524,302
	181,482,861	179,518,159

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

5. Fixed assets

Particulars	Gross block			Accumulated depreciation / amortisation				Net block	
	As at 1 April 2009	Addi- tions during the year	Deletions during the year	As at 31 March 2010	As at 1 April 2009	Charge for the year	On disposals / adjustments during the year	As at 31 March 2010	As at 31 March 2009
<i>Intangible assets</i>									
Negative rights	266,225	-	-	266,225	166,225	-	-	100,000	-
Distribution rights*	291,597,186	-	268,015,739	23,581,447	290,821,838	755,828	268,015,738	19,519	875,348
	291,863,411	-	268,015,739	23,847,672	290,988,063	755,828	268,015,738	119,519	875,348
<i>Tangible assets</i>									
Leasehold improvements	152,813	-	-	152,813	112,686	7,263	-	32,864	40,127
Furniture and fixtures	1,632,893	-	-	1,632,893	1,189,540	80,247	-	363,106	443,353
Office equipment	1,343,100	92,262	-	1,435,362	849,282	77,785	-	508,295	493,818
Computers	2,123,577	449,242	-	2,572,819	1,780,983	156,624	-	635,212	342,594
	5,252,383	541,504	-	5,793,887	3,932,491	321,919	-	1,539,477	1,319,892
Total	297,115,794	541,504	268,015,739	29,641,559	294,920,554	1,077,747	268,015,738	1,658,996	2,195,240
31 March 2009	295,833,943	1,838,018	556,167	297,115,794	293,083,525	2,259,111	422,082	2,195,240	

* The gross block at 31 March 2010 is net off share of joint venture investors aggregating Rs 1,090,478 (31 March 2009: Rs 194,330,723).

Note :

The amortisation charge for the year Rs 755,828 (31 March 2009: Rs 731,094) pertains to accelerated depreciation on film distribution right since management is of opinion that the carrying value of certain rights is higher than the expected receipt from their sale.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
6 Investments		
Unquoted		
Long term - at cost		
Non trade, at cost		
1,000 (31 March 2009:1,000) 10% Non-cumulative redeemable preference shares of Rs 10 each, fully paid-up in FIL (formerly SCL)	10,000	10,000
Mutual Fund	16,620,003	-
105,735 units (31 March 2009: Nil) of ICICI Prudential Flexible Income Plan Premium - Daily Dividend		
[Net Asset Value as on 31 March 2010 Rs 16,620,003 (31 March 2009: N.A.)]		
	16,630,003	10,000
7 Deferred tax asset / (liability) (net)		
The components of deferred tax balances are as follows:		
<i>Deferred tax asset</i>		
On timing difference arising on account of:		
Provision for doubtful debts and advances	757,757	2,032,773
Expenditure allowed on payment basis under Section 43B of the Income-Tax Act, 1961	405,277	452,339
Amounts written off in books but disallowed as per Income Tax Act, 1961	961,577	1,227,685
Provision for VAT	1,223,956	1,346,352
Others	26,743	-
Difference between book depreciation and depreciation under the Income Tax Act, 1961	64,298	94,816
	3,439,608	5,153,965
<i>Deferred tax liability</i>		
On timing difference arising on account of:		
Intangible assets carried forward in the books but written off under rule 9B of Income Tax Act, 1961	-	86,956
	-	86,956
Net deferred tax asset / (liability)	3,439,608	5,067,009
8 Sundry debtors		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months		
Considered good	5,520,203	14,661,390
Considered doubtful	793,203	1,389,834
	6,313,406	16,051,224
Other debts		
Considered good	23,923,788	34,612,687
	30,237,194	50,663,911
Less: Provision for doubtful debts	793,203	1,389,834
	29,443,991	49,274,077
Note :		
Debtors include:		
- due from FIL, holding company	123,855	1,436,850
- due from Swanston Multiplex Cinemas Private Limited ('SMCPL'), a company under same management as defined under section 370 (1B) of the Companies Act, 1956.	-	234,327

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
9 Cash and bank balances		
Cash on hand	214,957	141,273
Balances with scheduled banks in		
- Current accounts *	4,560,365	8,149,624
	4,775,322	8,290,897
* includes Rs 20,000 (31 March 2009: Rs 20,000) in a jointly held account with a joint venturer (jointly controlled assets) (refer Schedule 2.13)		
10 Loans and advances		
(Unsecured)		
Considered good		
Advances to producers		
-- towards released films	2,416,158	5,493,563
Deposits	2,027,218	2,027,218
Inter-corporate deposits	161,350,000	155,250,000
Advances recoverable in cash or in kind or for value to be received	3,787,117	1,170,412
Advance tax and tax deducted at source	6,288,991	4,613,147
(Net of provision for tax and FBT Rs 8,612,864 (31 March 2009: Rs 1,475,864))		
	175,869,484	168,554,340
Considered doubtful		
Advances to producers towards released films	1,659,083	4,590,669
	177,528,567	173,145,009
Less: Provision for doubtful advances	1,659,083	4,590,669
	175,869,484	168,554,340
Note:		
<i>Deposits include :</i>		
-- Deposit with Shringar Films ('SF') a partnership firm where majority of directors of the Company are partners	1,967,500	1,967,500
Maximum amount due during the year	1,967,500	1,967,500
<i>Advances recoverable in cash or in kind or for value to be received includes:</i>		
-- due from FIL, holding company	-	-
Maximum amount due during the year	8,548,817	6,197,841
-- due from SF, a firm in which majority of directors of the Company are partners	-	-
Maximum amount due during the year	362,414	200
Inter corporate deposits have been placed with FIL, holding company	161,350,000	155,250,000
Maximum amount due during the year	173,850,000	159,250,000

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

	2010	2009
11 Current liabilities		
Sundry creditors (<i>refer schedule 25</i>)		
-- Due to producers	10,687,615	16,866,691
-- Due to joint venture investors	1,806,932	2,010,521
-- Due to exhibitors	11,445,351	2,173,227
-- Others	9,482,439	11,849,599
Other dues	4,636,792	6,945,848
Outstanding liabilities	299,311	1,905,166
	38,358,440	41,751,052
12 Provisions		
Taxation (net of advance tax Rs 2,144,373 (31 March 2009: Rs 9,679,347))	655,627	770,653
Fringe benefits tax (net of advance FBT paid of Rs 144,300 (31 March 2009: Rs 254,354))	9,899	21,899
<i>Gratuity (refer Schedule 24)</i>	1,036,369	1,086,776
Leave encashment (<i>refer Schedule 24</i>)	275,208	244,024
	1,977,103	2,123,352

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

	2010	2009
13 Revenue from operations		
Theatrical distribution	177,406,862	145,532,059
Sale of TV / satellite rights	2,811,210	12,500,737
Programming revenue	12,327,877	20,373,742
	192,545,949	178,406,538
14 Other income		
Dividend from non-trade investments	120,003	-
Interest on:		
- Inter-corporate deposits	10,616,538	9,342,574
(Tax deducted at source Rs 1,745,666 (31 March 2009: Rs 2,117,028))		
Profit on sale of fixed assets (net)	-	40,915
Sundry balances written back	1,305,835	2,245,761
Miscellaneous income	305,543	420,230
	12,347,919	12,049,480
15 Direct costs		
Theatrical distribution		
Producers' share	161,156,784	131,034,537
Joint venture investor's share	50,536	991,152
Agents' commission	1,057,337	659,236
Programing cost		
Distributors' share	10,056,246	16,843,707
Supervision, print and publicity expenses	27,980	46,470
	172,348,883	149,575,102
16 Personnel costs		
Salaries, wages and bonus	8,992,845	9,993,489
Contribution to provident and other funds	158,067	141,116
Staff welfare	95,138	58,448
	9,246,050	10,193,053
17 Other administrative expenses		
Rent	1,283,895	291,534
Repairs and maintenance - others	426,030	199,542
Insurance	85,606	-
Rates and taxes	59,310	25,483
Travelling and conveyance	335,462	341,348
Communication	356,978	406,558
Advertisement and marketing	8,820	237,141
Printing and stationery	119,243	154,919
Professional and consultancy fees	1,091,369	1,106,149
Bad debts written-off (net of provision for doubtful debts/advances of earlier years reversed)	13,581,579	354,630
Provision for doubtful debts / advances	182,955	233,627
Auditors' remuneration (Refer to schedule 19.1)	330,900	330,900
Electricity	302,226	336,325
Commission and brokerage	278,803	1,352,267
Miscellaneous expenses	185,909	305,066
	18,629,085	5,675,489

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

18 Contingent liabilities

The Company has received a show cause cum demand notice dated 5 December 2005 for custom duty payable by them on import of cinematographic films under Rule 2 (2), Rule 7 (A) and Rule 9 (2) of the Customs Valuation Rule 1988. Nothing has been deposited with the authorities as the amount is not quantified by the authorities. However, on 28 September 2006, SFL has filed an appeal against the Commissioner's Order to the Appellate Tribunal under Section 129 A of The Customs Act, 1962 and the same is pending hearing.

19 Supplementary information to the profit and loss account

19.1 Auditors' remuneration (including service tax, as applicable)

	2010	2009
Audit fees *	330,900	330,900
	330,900	330,900

* Audit fees include service tax amounting to Rs 30,900 (31 March 2009: Rs 30,900)

19.2 Earnings in foreign exchange

	2010	2009
Sale of Satellite rights	-	2,273,400
	-	2,273,400

19.3 Managerial remuneration

	2010	2009
Salaries	6,600,000	7,200,000
	6,600,000	7,000,000

Computation under Section 198 of the Act is not made since no commission is paid to the directors.

The above does not include gratuity as the provision for the same is determined for the Company as a whole and therefore liability with respect to the directors is not separately available. No leave encashment benefit is available to the directors.

19.4 Information with regards to other matters specified in Part II of Schedule VI to the Companies Act, 1956 is either nil or not applicable for the year to the Company and as such no details are given.

20 Leases

Operating lease

The Company is obligated under non-cancellable lease agreements which are renewable on a periodic basis at the option of the lessee. Amount debited to the profit and loss account on account of lease rentals is Rs 1,283,895 (31 March 2009: Rs 291,534).

The future minimum lease payments in respect of

non-cancellable operating leases for agreements entered into are as follows:

Period	2010	2009
Amount due within one year from the date of the balance sheet date	2,832,000	-
Amount due in the period between one year and five years	-	-

21 Earnings per share ('EPS')

	2010	2009
Number of shares at the beginning and end of the year	999,900	999,900
Weighted average number of equity shares outstanding during the year – Basic and diluted (A)	999,900	999,900
Net profit after tax attributable to equity shareholders (B)	1,964,702	14,828,331
Basic and diluted earnings per share of face value of Rs 10 each (B)/(A)	1.96	14.83

22 Segment information

The business of the Company is divided into two segments, film distribution and others which comprises of programming arrangements. Segments have been identified taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. Accordingly, the Company has disclosed business segment as the primary segment.

As part of the management's strategy to achieve increased focus on the programming business, the programming arrangements were transferred from FIL to the Company with effect from 1 July 2007.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each segment as also amounts allocable on a reasonable basis.

Income and expenses which are not directly attributable to any business segment are shown as unallocated corporate income / expenses.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

22 Segment information (cont.)

22.1 Segment information for the year ended 31 March 2010

	2010			2009		
	Film Distribution	Others	Total	Film Distribution	Others	Total
Revenue						
Revenue	180,218,072	12,327,877	192,545,949	158,032,796	20,373,742	178,406,538
Other income	1,520,377	91,000	1,611,377	2,665,991	-	2,665,991
Total revenue	181,738,449	12,418,877	194,157,326	160,698,787	20,373,742	181,072,529
Segment result	(7,135,081)	1,952,319	(5,182,762)	10,450,455	3,359,639	13,810,094
Dividend income			120,003			-
Interest income			10,616,538			9,342,572
Unallocated corporate income			-			40,915
Unallocated corporate expense			(1,961,677)			(440,318)
Profit before interest and tax			3,592,103			22,753,263
Income tax expense (including FBT and deferred tax)			1,627,401			7,924,932
Profit for the year			1,964,702			14,828,331
Other information						
Segmental assets	31,335,877	5,284,710	36,620,587	55,312,255	4,848,256	60,160,511
Unallocated corporate assets			185,468,218			163,550,869
Total assets			222,088,805			223,711,407
Segmental liabilities	36,923,262	2,746,755	39,670,017	38,389,791	4,692,061	43,081,852
Unallocated corporate liabilities			-			-
Total liabilities			39,670,017			43,081,852
Capital expenditure			541,504			1,838,018
Depreciation			1,077,747			2,259,111
Non-cash expenses other than depreciation			13,764,534			588,257
Total assets exclude:						
Advance tax and tax deducted at source			6,288,991			4,613,147
Deferred tax asset			3,439,608			5,067,009
Total liabilities exclude:						
Fringe benefits tax			9,899			21,899
Provision for tax			655,627			770,653

23 Related party transactions

Parties where control exists

Name of the party	Nature of relationship
Fame India Limited (formerly Shringar Cinemas Limited)	Holding Company (holds 100% of the equity share capital as at 31 March 2010 and 31 March 2009)

Other related parties where transactions have taken place during the year

■ Key Managerial Personnel and their relatives

1. Balkrishna Shroff - Director
2. Shyam Shroff - Director
3. Aditya Shroff - Director

■ Enterprise under common control

1. Swanston Multiplex Cinemas Private Limited ('SMCPL')

■ Enterprises over which key managerial personnel have significant influence

1. M/s Shringar Films (SF)
2. M/s Issardas Naommal (IN)
3. South Yaara Holdings (South Yaara)

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

23 Related party transactions (*Continued*) - for the year ended 31 March 2010

Nature of Transactions	Holding Company	Enterprises under common control	Key managerial personnel and their relatives	Enterprises in which Whole Time Directors can exercise significant influence	Total
<i>Transactions</i>					
Theatrical distribution	3,829,032	282,903	-	-	4,111,935
Interest on ICD	10,616,538	-	-	-	10,616,538
Royalty paid (Issardas)	-	-	-	-	-
Remuneration to directors					
- Shyam Shroff	-	-	3,000,000	-	3,000,000
- Balkrishna Shroff	-	-	3,000,000	-	3,000,000
- Aditya Shroff	-	-	600,000	-	600,000
<i>Reimbursement of expenses (received)</i>					
- Travelling and conveyance	3,097	-	-	-	3,097
<i>Reimbursement of expenses (paid)</i>					
- Advertisement and marketing	267,131	-	-	-	267,131
- Insurance	58,143	-	-	-	58,143
- Rent (SF)	-	-	-	1,083,840	1,083,840
- Communication (SF)	-	-	-	46,781	46,781
ICD given	56,600,000	-	-	-	56,600,000
ICD refund received during the year	50,500,000	-	-	-	50,500,000
<i>Balances</i>					
Sundry debtors	123,855	-	-	-	-
Deposits (SF)	-	-	-	1,967,500	-
Inter corporate deposit (ICD)	161,350,000	-	-	-	-

Note1: Preference share capital held in holding Company has been disclosed under "Investment" (refer Schedule 6). Balance in jointly held bank account has been disclosed under "Cash and bank balance" (refer Schedule 9).

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

23 Related party transactions – for the year ended 31 March 2009

Nature of Transactions	Holding Company	Enterprises under common control	Key managerial personnel and their relatives	Enterprises in which Whole Time Directors can exercise significant influence	Total
<i>Transactions</i>					
Theatrical distribution	7,236,562	813,619	-	-	8,050,181
Interest on ICD	9,342,574	-	-	-	9,342,574
Royalty paid (Issardas)	-	-	-	338,462	338,462
Remuneration to directors					
- Shyam Shroff	-	-	3,000,000	-	3,000,000
- Balkrishna Shroff	-	-	3,000,000	-	3,000,000
- Aditya Shroff	-	-	1,200,000	-	1,200,000
<i>Reimbursement of expenses (received)</i>					
- Salary	33,876	-	-	-	33,876
- Miscellaneous expenses	5,000	-	-	-	5,000
- Advertisement and marketing					
- FIL	150,636	-	-	-	150,636
- SF	-	-	-	200	200
<i>Reimbursement of expenses (paid)</i>					
- Salary	46,312	-	-	-	46,312
- Traveling and conveyance	10,000	-	-	-	10,000
- Advertisement and marketing	12,874	-	-	-	12,874
- Communication	-	-	-	111,127	111,127
- Producer's share					
- FIL	324,765	-	-	-	324,765
- SMCPL	-	290,646	-	-	290,646
ICD given	65,000,000	-	-	-	65,000,000
ICD refund received during the year	45,200,000	-	-	-	45,200,000
<i>Balances</i>					
Debtor balances	1,436,850	234,327	-	-	
Deposits (SF)	-	-	-	1,967,500	
Inter corporate deposit (ICD)	155,250,000	-	-	-	
Note1: Preference share capital held in holding Company has been disclosed under "Investment" (refer Schedule 6). Balance in jointly held bank account has been disclosed under "Cash and bank balance" (refer Schedule 9).					

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

24 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits'

Effective 1 April 2007, the Company adopted Accounting Standard 15 (revised 2005) on 'Employee Benefits'.

General description of significant defined benefit plans

i) Gratuity plan

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

ii) Leave plan

All employees can carry forward and encash unavailed leave on superannuation, death, permanent disablement or resignation subject to a maximum accumulation of 60 days.

The Company has classified the various benefits provided to employees as under:

a) Defined Contribution Plans

Amounts contributed to Provident Fund aggregating to Rs 158,067 (31 March 2009: Rs 141,116) have been recognised as an expense and included in "Personnel costs" (refer Schedule 16) in the profit and loss account.

b) Defined Benefit Obligation

	2010		2009	
	Gratuity (Unfunded)	Leave liability (Unfunded)	Gratuity (Unfunded)	Leave liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Change in benefit obligation				
Projected benefit obligation at beginning of the year	1,086,776	244,024	944,520	179,514
Current service cost	48,765	62,187	51,030	48,662
Interest cost	90,843	24,497	79,644	18,254
Actuarial (gain)/ loss due to change in assumptions	(190,015)	(55,500)	11,582	(2,406)
Settlements	-	-	-	-
Projected benefit obligation at end of the year	1,036,369	275,208	1,086,776	244,024

c) Reconciliation of present value of Defined benefit obligation and fair value of plan assets

	2010		2009	
	Gratuity (Unfunded)	Leave liability (Unfunded)	Gratuity (Unfunded)	Leave liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Projected benefit obligation at end of the year	1,036,369	275,208	1,086,776	244,024
Ending asset	-	-	-	-
Funded status asset / (liability)	(1,036,369)	(275,208)	(1,086,776)	(244,024)
Unrecognised part service cost – non vested benefit	-	-	-	-
(Liability) recognised in balance sheet	(1,036,369)	(275,208)	(1,086,776)	(244,024)

d) Expenses recognised in the profit and loss account

	2010		2009	
	Gratuity (Unfunded)	Leave liability (Unfunded)	Gratuity (Unfunded)	Leave liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Current service cost	48,765	62,187	51,030	48,662
Interest cost	90,843	24,497	79,644	18,254
Expected return on plan asset	-	-	-	-
Net actuarial (gain) / loss to be recognised in year	(190,015)	(55,500)	11,582	(2,406)
Expense recognised in the statement of profit and loss account	(50,407)	31,184	142,256	64,510

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

24 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits' (Cont.)

e) Experience adjustments

Gratuity (unfunded)	2010	2009	2008
Present value of defined benefit obligation	1,036,369	1,086,776	944,520
Fair value of the plan assets	-	-	-
Deficit in the plan	(1,036,369)	(1,086,776)	(944,520)
Actuarial (gain) / loss due to change in assumptions	(11,510)	44,983	46,914
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(178,505)	56,565	(209,117)
Plan assets	-	-	-

Leave encashment (unfunded)	2010	2009	2008
Present value of defined benefit obligation	275,208	244,024	179,514
Fair value of the plan assets	-	-	-
Deficit in the plan	(275,208)	(244,024)	(179,514)
Actuarial (gain) / loss due to change in assumptions	(6,346)	46,903	(14,797)
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(49,154)	(49,309)	(60,308)
Plan assets	-	-	-

f) Actuarial assumptions

	Gratuity		Leave liability	
	2010	2009	2010	2009
Discount rate	8.25%	8.00%	8.25%	8.00%
Salary escalation	10.00%	10.00%	10.00%	10.00%

- a) The discounting rate is based on the gross redemption yield on government bonds.
- b) The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also taken into account. Again a long-term view as to the trend in salary increase rates is taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

25 Micro, Small and Medium Enterprises

On the basis of the information and records available with the Management, none of the Company's suppliers are covered by The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosures prescribed under the said Act are not applicable.

- 26 In terms of the provisions of the Maharashtra Value Added Tax Act, 2002 ('MVAT'), 'Copy right' was included in the scheduled list of taxable items with effect from 1 April 2005. Pursuant to this enactment and on the basis of the Cinematographic Exhibitors' Association of India's request for administrative relief with respect to the levy of MVAT, the Government granted relief for the period upto 31 March 2005 subject to companies obtaining registration under MVAT on or before 30 September 2005 which was further extended till 30 April 2007 vide resolution dated 29 March 2007.

The Company, in compliance with the said clause has obtained a MVAT registration certificate dated 14 March 2007. However, based on the trade circular issued by Commissioner of Sales Tax dated 6 April 2007, the Company has made a provision of Rs 3,961,024 in the books of accounts. The same has not been deposited pending resolution of the representation made by the industry to the Government.

27 Prior period comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Shyam Shroff
Chairman

Balkrishna Shroff
Director

Mumbai
29 May 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Currency: Indian Rupees)

I Registration details

Registration No.	119506	State code	11
Balance sheet date	31	03	2010

II Capital raised during the year (Amount in Rupees thousand)

Public issue	Rights issue
-	-
Bonus issue	Private placement
-	-

III Position of mobilisation and deployment of funds (Amount in Rupees thousand)

Total liabilities	Total assets
231,817	231,817
Source of funds	
Paid-up capital	Reserves and surplus
9,999	181,483
Secured loans	Deferred tax liability
-	-
Application of funds	
Net fixed assets	Investments
1,659	16,630
Deferred tax asset	Net current assets
3,440	169,753
Accumulated losses	
-	

IV Performance of the Company (Amount in Rupees thousand)

Turnover / other income	Total expenditure
204,894	201,302
(Loss)/ profit before tax	(Loss)/ profit after tax
3,592	1,965
Earnings per share (Rs.)	Dividend%
1.96	-

V Generic names of principal products of the Company (as per monetary terms)

Item code No (ITC Code)	N.A.
Product description	
Item code No (ITC Code)	N.A.
Product description	
Item code No (ITC Code)	N.A.
Product description	

For and on behalf of the Board of Directors

Shyam Shroff
Chairman

Balkrishna Shroff
Director

Mumbai
29 May 2010

DIRECTORS' REPORT

To,

The Members of,

BIG PICTURES HOSPITALITY SERVICES PRIVATE LIMITED, MUMBAI.

Your Directors are pleased to present the **SIXTH ANNUAL REPORT** and the **AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31 March, 2010.

FINANCIAL RESULTS:

The Company, due to an adverse impact during the Financial Year ended 31st March 2010, did not venture into any business activity. Accordingly no revenues were generated; however there were expenditure on account of other expenses (*refer Schedule 9*) to the tune of Rs. 0.60 lacs which resulted in a loss of Rs. 0.60 Lacs during the financial year under review.

DIVIDEND:

Your Directors regret their inability to declare dividend for the year under review.

BUSINESS OPERATIONS & OUTLOOK:

With the corrections in new commercial real estate rentals over the recent past, the Company is re-evaluating the commercial viability of food-court business and is very much optimistic about its future.

DIRECTORS:

Mr. Shyam Shroff retires from the Board by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Directors confirm and state the following in pursuance of provisions of Section 217 (2AA) of the Companies Act, 1956-

- a) That in the preparation of Annual Accounts for the year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That the Board of Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at 31st March 2010, and of the loss of the Company for the said Financial Year;
- c) That the Board of Directors have 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;

- d) That the Board of Directors have prepared the annual accounts on a "going concern basis" and on a "actual basis."

AUDITORS:

M/s. RPR & Associates, Chartered Accountants, Auditors of the Company will retire at the ensuing Annual General Meeting and is eligible for the re-appointment. He has furnished a certificate of his eligibility for re-appointment u/s.224 (1B) of the Companies Act, 1956 and he is not disqualified under amended section 226(3) (e) of the said Act.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review there were no foreign exchange earnings or outgo.

RESEARCH AND DEVELOPMENT:

The Company has not engaged itself in any Research and Development activities during the year under review.

CONSERVATION OF ENERGY:

As the Company is outside the classification on notified industries for the said disclosures, the disclosures do not apply to the Company.

PARTICULARS OF EMPLOYEES:

During the year ended 31st March 2010, there were no employees in respect of whom the particulars are required to be disclosed with reference to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as given herein below:

ACKNOWLEDGEMENT:

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Financial Institutions, Customers, Dealers and Suppliers for their valuable support and co-operation.

For and on Behalf of the Board

Place: Mumbai
 Date: 28th July 2010

Shyam Shroff
Chairman

AUDITOR'S REPORT

To the Members of

Big Pictures Hospitality Services Private Limited, Mumbai.

I have audited the attached Balance Sheet of **Big Pictures Hospitality Services Private Limited**, as at 31st March, 2010 the related Profit and Loss Account and the related Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion and according to the information and explanations given to me, the provisions of Companies (Auditor's Report) Order, 2003 issued by the Department of Companies Affairs, in terms of section 227 (4A) of the Companies Act, 1956 are applicable to the company. Hence this report includes a statement on the matters specified in paragraph 4 of the said order.

Further to my comments above, I report that :

- (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
- (ii) In my opinion, proper books of accounts as required by law have been kept by the company so far as appears from my examination of those books;
- (iii) The Balance Sheet and Profit and Loss Account and

the Cash flow statement dealt with by this report are in agreement with the books of account;

- (iv) In my opinion, the Balance Sheet and Profit and Loss Account and the Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, 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 31st March, 2010; and
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

RPR & Associates
Chartered Accountants
Regn. No. (F.R.N.) 127242W

CA. R. Prasad Rao
Proprietor
Membership No. 40749

Mumbai
25 May 2010

ANNEXURE TO AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph I of the Auditor's Report to the members of **Big Pictures Hospitality Services Private Limited** (The Company') on the financial statements for the year ended 31st March, 2010, I report that:

- (i) The company does not have fixed assets hence clause (i) is not applicable
- (ii) (a) There are no inventories during the year, hence there is nothing to report.
- (iii) (a) According to the information and explanations given to me, the company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act, except due and payable Rs 9,328,965 (31 March 2009 Rs 24,456,455) in 'Account Current' to Fame India Limited (Formerly Shringar Cinemas Limited), holding Company.
- (b) Since there are no Loans to / from companies, firms or other parties covered in the register maintained under section 301 of the Act the question of the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, being prima facie prejudicial to the interest of the company, does not arise.
- (c) Since there are no Loans to / from companies, firms or other parties covered in the register maintained under section 301 of the Act, the question of regular payment and taking reasonable steps for recovery of the principal amount and interest, does not arise.
- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of my audit, we have not observed any continuing failure to correct major weaknesses in internal control;
- (v) In my opinion and according to the information and explanations given to me, during this year, there are no transactions to be entered into the register maintained under Section 301 of the Act. apart from advance received from the holding Company that has been adjusted under a contractual arrangement as mutually agreed except a sum of Rs 9,328,965.
- (vi) In my opinion and according to the information and explanations given to me, the company has not accepted deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 58 A and 58 AA of the Act and the rules framed there under, is not applicable.
- (vii) In my opinion, Internal audit is not applicable to the company as per the conditions laid under this clause.
- (viii) The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for any of the services rendered by the Company.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth Tax and other statutory dues, wherever applicable to it. As explained to me, the Company did not have any dues on account of Investor Education and Protection Fund, Employees State Insurance, Custom Duty, Excise Duty and cess.
- (b) According to the information and explanations given to me, there are no significant dues in respect of sales tax, income tax, custom duty, wealth tax, excise duty and cess that have not been deposited on account of any dispute.
- (x) The accumulated losses at the end of the financial year are more than fifty per cent of its net worth and the company has incurred cash loss in current year and in the year immediately preceding the current financial year.
- (xi) According to the information and explanations given to me, the company has no dues to financial institution or bank or debenture holders.
- (xii) According to the information and explanations given to me, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/ nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to me, the company is not dealing or trading in shares, securities, debentures and other investments hence this clause is not applicable.
- (xv) According to the information and explanations given to me, since the company has not given any guarantee for

loans taken by others from bank or financial institutions, this clause does not apply to the Company.

(xvi) According to the information and explanations given to me, there are no term loans hence this clause does not apply to the Company.

(xvii) According to the information and explanations given to me, the Company has not raised any funds on short-term basis, hence this clause does not apply to the Company.

(xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act and therefore, the question of the price at which shares have been issued being not prejudicial to the interest of the company, does not arise.

(xix) The Company has not issued any debentures during the year, hence this clause does not apply to the Company.

(xx) The Company has not raised money, by public issues and hence this clause does not apply to the Company.

(xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the year.

RPR & Associates
Chartered Accountants
Regn No. (F.R.N.) 127242W

CA. R. Prasad Rao
Proprietor
Membership No. 40749

Mumbai
25 May 2010

BALANCE SHEET AS AT 31 MARCH 2010

	Schedule	2010	2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block		-	-
Less: Accumulated depreciation/amortisation		-	-
Net block		-	-
Capital work - in - progress		-	5,323,619
			<u>5,323,619</u>
Current assets loans and advances			
Cash & bank balances	4	51,332	265,743
Loans & advances	5	-	11,150,652
		<u>51,332</u>	<u>11,416,395</u>
Current liabilities and provisions			
Current liabilities	6	9,373,085	26,000,450
Provisions	7	-	1,492
		<u>9,373,085</u>	<u>26,001,942</u>
Net Current Assets		(9,321,753)	(14,585,547)
Profit & loss Account		9,821,753	9,761,928
Total		<u>500,000</u>	<u>500,000</u>
Significant accounting policies	2		
Notes to accounts	13 - 21		
The accompanying schedules form an integral part of this balance sheet.			

As per our report of even date attached.

RPR & Associates

Chartered Accountants

Regn. No. (F.R.N.) 127242W

For and on behalf of the Board Directors

CA. R. Prasad Rao

Proprietor

Membership No. 40749

Mumbai

25 May 2010

Shravan Shroff

Director

Mumbai

25 May 2010

Shyam Shroff

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Schedule	2010	2009
Income			
Other income	8	-	6,000
		-	6,000
Expenditure			
Other expenses	9	59,824	3,034,207
		59,824	3,034,207
(Loss) for the year before tax		(59,824)	(3,028,207)
Less : Provision for taxation		-	-
Net (Loss) for the year after tax		(59,824)	(3,028,207)
Accumulated balance brought forward		(9,761,928)	(6,733,721)
Accumulated balance carried forward		(9,821,753)	(9,761,928)
Basic and diluted earnings per equity share of face value of Rs 10 each	15	(1.20)	(60.56)
Significant accounting policies	2		
Notes to accounts	10 - 18		
The accompanying schedules form an integral part of this profit and loss account.			

As per our report of even date attached.

RPR & Associates

Chartered Accountants

Regn. No. (F.R.N.) 127242W

For and on behalf of the Board Directors

CA. R. Prasad Rao

Proprietor

Membership No. 40749

Mumbai

25 May 2010

Shravan Shroff

Director

Mumbai

25 May 2010

Shyam Shroff

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	2010	2009
Cash flow from operating activities		
Profit/ (Loss) before tax	(59,824)	(3,028,207)
Adjustments		
Fixed Asset written off	-	364,608
Provision for Doubtful advances	-	2,605,000
Sundry balances written back	(1,234)	(6,000)
Operating (loss)/ profit before changes in working capital	(61,058)	(64,599)
Adjustments for :		
Increase/(decrease) in working capital		
Loans and advances	(138,962)	(6,907,097)
Current liabilities	(12,898)	7,185,397
Provisions	-	(162,917)
Net changes in working capital	(151,860)	115,383
Direct taxes/ FBT paid	(1,492)	-
Cash generated from/ (used in) operations	(214,411)	50,784
Cash flow from investing activities	-	-
Net cash (used in) /generated from investing activities	-	-
Cash flow from financing activities	-	-
Net cash (used in)/ generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(214,411)	50,784
Cash and cash equivalents at the beginning of the year	265,743	214,959
Cash and cash equivalents at the end of the year	51,332	265,743
Cash and cash equivalents at the year end comprise:		
Balances with Scheduled banks in		
- Current accounts	51,332	265,743
	51,332	265,743

As per our report of even date attached.

RPR & Associates

Chartered Accountants

Regn. No. (F.R.N.) 127242W

For and on behalf of the Board Directors

CA. R. Prasad Rao

Proprietor

Membership No. 40749

Mumbai

25 May 2010

Shravan Shroff

Director

Mumbai

25 May 2010

Shyam Shroff

Director

Schedules to the financial statements as at and for the year ended 31 March 2010

(Currency: Indian Rupees)

1 Background

Big Pictures Hospitality Services Private Limited ('BPHSPL' or 'the Company') was incorporated as a private limited company on 9th September, 2004 under the name of Oxford Multiplex Cinemas Private Limited. The name of the company was changed to Big Pictures Hospitality Services Private Limited w.e.f. 29th March, 2006. The Company's principal activity is operating Food Courts and Restaurants.

On 8th March, 2006 Fame India Ltd. (FIL) (formerly known as Shringar Cinemas Limited – (SCL)) acquired 10,000 equity shares of the company from its primary shareholders by which the Company became a wholly owned subsidiary of FIL. Further on 16th March, 2006 FIL acquired 39,994 equity shares of Rs.10/- each at par. The aggregate shares held by FIL at the end of the year is 49,994 equity shares and 6 equity shares of Rs.10/- each Thro' its nominee shareholders.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ('Indian GAAP'), and comply with the Accounting Standards ('AS') as specified in the Companies (Accounting Standard) Rules, 2006, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles ('Indian GAAP') in India requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and reported amounts of revenue and expenses for the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets and depreciation

Fixed assets are stated at the cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. The cost of fixed assets includes freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to the acquisition / construction and installation of the respective fixed assets upto the time the assets are ready for their intended use. Borrowing costs directly attributable to acquisition

or construction of qualifying fixed assets are capitalised.

Depreciation on fixed assets relating to the Food Courts and Restaurants is provided pro-rata to the period of use, using the straight line method, at the rates prescribed in Schedule XIV to the Act, except as stated below, which, in management's opinion, reflect the estimated useful economic lives of fixed assets.

Useful lives being followed by the Company that are shorter than those prescribed under Schedule XIV to the Companies Act, 1956 are summarised as below:

Particulars	Useful life
Furniture and fixtures	10 years

Depreciation on other fixed assets is provided pro-rata to the period of use, using the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956, which in management's opinion reflects the estimated useful economic lives of those fixed assets.

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100%.

Assets retired from active use and held for disposal are written down to their estimated realisable value and are classified as 'Assets held for sale'.

2.4 Impairment

In accordance with AS 28 on 'Impairment of Assets' as specified in the Companies (Accounting Standard) Rule, 2006, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belong exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

(Currency: Indian Rupees)

2.5 Revenue recognition

Food Court operations

The Company enters into conducting agreements with various vendors to run Food Court business.

The revenue recognised on monthly accrual basis is of fixed amount plus share of net sales or net profit, as per contractual agreements.

The revenue from food & beverage sales is recognised at the point of sales at the counter.

Revenue from advertisements and sponsorship is recognised on the date of exhibition of the advertisement /event or over the period of contract as applicable.

2.6 Retirement benefits

(a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees during the current year is recognized during the current year.

(b) Post-employment benefits

Defined contribution plans:

The Company's contribution towards the defined contribution plans is recognised as an expense in the profit and loss account during the period in which the employee renders the related service

Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. These benefits are discounted to determine its present value, and the fair value of any plan assets is deducted there from.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation

under defined benefit plan, are based on the medium to long term risk free rates.

Actuarial gains and losses are recognized immediately in the profit and loss account.

(c) Other Long-term employment benefits:

Compensated absences (including leave encashment) which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the medium to long term risk free rates.

2.7 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit.

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred tax

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 and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax asset is recognized 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 asset is recognized only if there is a virtual certainty of realization of such asset. Deferred tax asset is reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realized.

2.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on the First-in, First-out ('FIFO') basis.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

2.9 Leases

Assets taken on lease, where the company acquires substantially the entire risk and rewards incidental to the ownership are classified as finance lease, else operating lease.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating lease are charged off to the profit and loss account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

2.10 Earnings per share ('EPS')

Basic EPS is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number

(Currency: Indian Rupees)

of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive. The dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

2.11 Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

	2010	2009
3 Share capital		
Authorised		
50,000 Equity share of Rs.10 Each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up		
Equity shares		
50,000 (31 March 2009: 50,000) equity shares of Rs 10 each, fully paid-up	500,000	500,000
As on 31st March 2010, of above 49,994 (31st March 2009: 49,994) equity shares of Rs.10/- each are held by FIL and 6 (31st March, 2009: 6) equity shares of Rs.10/- each are held by FIL Thro' its nominees.		
	<u>500,000</u>	<u>500,000</u>
4 Cash & bank balances		
Balances with scheduled banks in:		
- Current account	51,332	265,743
	<u>51,332</u>	<u>265,743</u>
5 Loan & advances		
Advance receivable in cash or in kind or for value to be received	-	10,838,278
Deposits	-	2,917,374
	-	13,755,652
Less : Considered Doubtful	-	2,605,000
	-	<u>11,150,652</u>
6 Current liabilities		
Sundry creditors	9,328,965	24,717,082
Retention money	-	927,794
Deposit received	-	306,000
Other current liabilities	44,120	45,354
Other dues*	-	4,220
	<u>9,373,085</u>	<u>26,000,450</u>
* Other dues include liabilities in respect of salaries, wages and bonus Rs Nil (31 March 2009: Rs Nil)		
As represented by the management, there are no dues to small scale industrial undertakings as defined under clause (j) of Section 3 of Industries (Development and Regulation) Act, 1951 as at 31 March 2010 (Also refer Schedule 22)		
Sundry creditors include :		
- Payable to FIL, holding company	9,328,965	24,456,455
Maximum outstanding during the year	<u>24,951,445</u>	<u>24,456,455</u>
7 Provisions		
Fringe benefit tax	-	1,492
	-	<u>1,492</u>
8 Other income		
Miscellaneous income	-	6,000
	-	<u>6,000</u>
9 Other expenses		
Printing & stationery	-	4,534
Auditors remuneration (refer to shedule 14.1)	42,886	44,950
Provision for Doubtful advances	-	2,605,000
Loss on discarded assets	-	364,608
Bank Charges	16,938	15,115
	<u>59,824</u>	<u>3,034,207</u>

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

10 Segmental information

The Company is engaged in Food Courts and restaurants in India, which is considered by management as the only reportable business segment as required by AS 17 on Segment reporting. Further, there being no export sales, there are no reportable geographical segments.

11 Related party transactions

Enterprise which can exercise significant influence over the company

Name of the Party	Nature of Relationship
Fame India Limited (formerly Shringar Cinemas limited)	Enterprise holding 100% of the equity share capital as at 31 March 2010.

Other related parties where transactions have taken place during the period

Key Managerial Personnel and their relatives

1. Shravan Shroff –Director
2. Shyam Shroff –Director

Related party transactions – for the year ended 31 March

Nature of transactions	2010		2009	
	Holding Enterprise	Key Managerial Personnel and their relatives	Holding Enterprise	Key Managerial Personnel and their relatives
<i>Reimbursement of expenses (paid)</i>				
Salary	-		1,133,866	
Loans Taken	495,000	-	12,861,917	-
Loans Repaid	15,622,490	-	5,999,370	-
<i>Closing Balance</i>				
- Credit Balance- FIL- Holding Co.	9,328,965	-	24,456,455	-

12 Leases

Operating lease

The Company has entered into a lease agreement for the operation of Food Courts. The lease rentals for these premises accrue from the date of commencement of commercial operations.

13 Deferred Tax

Deferred tax asset (net)	2010	2009
The components of deferred tax balances are as follows:		
<i>Deferred tax asset</i>		
On timing difference arising on account of:		
Provision for doubtful advances	-	885,440
Unabsorbed business loss	2,095,836	2,305,420
Unabsorbed depreciation	123,962	136,358
	2,238,284	3,327,217
<i>Deferred tax liability</i>		
On timing difference arising on account of:		
Difference between book depreciation and depreciation under the Income tax Act, 1961	-	-
Net deferred tax assets*	Nil	Nil

* Deferred tax asset is recognized only to the extent of deferred tax liability, as this amount is considered to be virtually certain of realization. The remaining deferred tax asset is not recognized, as it is not considered to be virtually certain of realization.

14 Supplementary information to the profit and loss account

14.1 Auditors' remuneration (inclusive of service tax)

	2010	2009
Audit fees	42,886	44,950
	42,886	44,950

14.2 Managerial Remuneration

	2010	2009
	Nil-	Nil
	-	-

14.3 Information with regard to other matters specified in Part II of Schedule VI to the Companies Act, 1956, is either nil or not applicable to the Company for the year and as such no details are given.

Schedules to the financial statements as at and for the year ended 31 March 2010 (Contd.)

15. Earnings per share

	2010	2009
Net profit after tax attributable to shareholders (Numerator used for calculation of Basic EPS) (A)	(59,824)	(3,028,207)
Weighted average number of equity shares outstanding during the year – Basic (B)	50,000	50,000
Basic earnings per share of face value of Rs 10 each (A)/(B)	(1.20)	(60.56)

16. Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits'

During the year there were no employees, hence the disclosure contemplated in Accounting Standard 15 is not applicable.

17. Micro, Small and Medium Enterprises

On the basis of the information and records available with the Management, none of the Company's suppliers are covered by The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosures prescribed under the said Act are not applicable.

18. Prior period comparatives

Previous year's figures have been regrouped / reclassified as necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Shravan Shroff

Director

Shyam Shroff

Director

Mumbai

25 May 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Currency: Indian Rupees)

I Registration details

Registration No. State code

Balance sheet date

II Capital raised during the year (Amount in Rupees thousand)

Public issue	<input type="text" value="-"/>	Rights issue	<input type="text" value="-"/>
Bonus issue	<input type="text" value="-"/>	Private placement	<input type="text" value="-"/>

III Position of mobilisation and deployment of funds (Amount in Rupees thousand)

Total liabilities	<input type="text" value="9,873"/>	Total assets	<input type="text" value="9,873"/>
Source of funds			
Paid-up capital	<input type="text" value="500"/>	Reserves and surplus	<input type="text" value="-"/>
Secured loans	<input type="text" value="-"/>	Unsecured loans	<input type="text" value="-"/>
Deferred tax liability	<input type="text" value="-"/>		
Application of funds			
Net fixed assets	<input type="text" value="-"/>	Investments	<input type="text" value="-"/>
Net current assets	<input type="text" value="(9322)"/>	Misc. Expenses	<input type="text" value="-"/>
Accumulated losses	<input type="text" value="9822"/>		

IV Performance of the Company (Amount in Rupees thousand)

Turnover/ Other income	<input type="text" value="0"/>	Total expenditure	<input type="text" value="60"/>
Profit/(Loss) before tax	<input type="text" value="(60)"/>	Profit/(Loss) after tax	<input type="text" value="(60)"/>
Earning per share (Rs.)	<input type="text" value="(1.20)"/>	Dividend%	<input type="text" value="-"/>

V Generic names of principal products of the Company (as per monetary terms)

Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	
Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	
Item code No (ITC Code)	<input type="text" value="N.A."/>
Product description	

For and on behalf of the Board of Directors

Shravan Shroff
 Director
 Mumbai
 25 May 2010

Shyam Shroff
 Director

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AUDITORS' REPORT

To the Members of

Fame India Limited

(formerly known as Shringar Cinemas Limited)

We have audited the attached consolidated balance sheet of Fame India Limited (formerly known as Shringar Cinemas Limited) ('FIL' or 'the Company' or 'the Parent Company') and its subsidiaries and joint ventures (as per the list appearing in Schedule 1 to the consolidated financial statements) (collectively referred to as the 'Group') as at 31 March 2010 and the related consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of a subsidiary, Big Pictures Hospitality Services Private Limited and a joint venture, Headstrong Films Private Limited, which reflect the Group's share of total assets of Rs 5,397,452 as at 31 March 2010 (31 March 2009: 19,279,556) and the Group's share of total revenue of Rs NIL (31 March 2009: Rs 6,000) and net cash outflow amounting to Rs 845,585 (31 March 2009: cash inflow Rs 2,037,905) as considered in the consolidated financial statements. These financial

statements and other financial information of the subsidiary and the joint venture have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect to the said subsidiary and joint venture, is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 27 'Financial Reporting of Interests in Joint Ventures' as notified in the Companies (Accounting Standards) Rules, 2006 and on the basis of separate audited financial statements of the Company and its subsidiaries and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the separate audit reports on individual audited financial statements of the subsidiary and joint venture, the consolidated 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;

- i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2010;
- ii) in the case of the consolidated profit and loss account, of the results of operations of the Group for the year ended on that date; and
- iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	347,952,620	347,952,620
Reserves and surplus	4	445,697,318	540,471,728
		793,649,938	888,424,348
Loan funds			
Secured loans	5	603,842,231	466,609,561
Unsecured loans	6	541,680,000	662,350,000
		1,145,522,231	1,128,959,561
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA')		6,437,244	-
		1,945,609,413	2,017,383,909
APPLICATION OF FUNDS			
Goodwill on consolidation		46,729,824	46,729,824
Fixed assets			
	7		
Gross block		1,942,805,321	1,891,867,881
Less: Accumulated depreciation / amortisation		505,798,399	600,395,266
Net block		1,437,006,922	1,291,472,615
Capital work-in-progress (including capital advances)		127,429,306	352,112,729
		1,564,436,228	1,643,585,344
Investments	8	20,888,003	13,430,000
Deferred tax asset (net)	9	3,439,608	5,547,574
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA') (refer Schedule 2.15)		-	2,715,627
Current assets, loans and advances			
Inventories	10	8,493,485	5,832,898
Sundry debtors	11	70,172,633	62,596,751
Cash and bank balances	12	230,995,246	205,284,125
Loans and advances	13	668,336,060	597,716,305
		977,997,424	871,430,079
Less: Current liabilities and provisions			
Current liabilities	14	657,409,097	555,712,257
Provisions	15	10,472,577	10,342,282
		667,881,674	566,054,539
Net current assets		310,115,750	305,375,540
		1,945,609,413	2,017,383,909
Significant accounting policies			
	2		
Notes to the accounts			
	22 - 39		
The accompanying schedules form an integral part of this consolidated balance sheet.			
As per our report of even date attached.			

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shravan Shroff

Managing Director

Shyam Shroff

Chairman

Naushad Shaikh

Chief Financial Officer

Mumbai

29 May 2010

Suratha Satpathy

Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	<i>Schedule</i>	2010	2009
Income			
Revenue from operations	16	1,697,048,645	1,335,568,750
Other income	17	61,723,273	63,962,927
		1,758,771,918	1,399,531,677
Expenditure			
Direct costs	18	724,201,746	539,954,971
Entertainment tax		8,477,256	-
Personnel costs	19	145,165,332	146,732,392
Other administrative expenses	20	718,453,721	514,376,529
Depreciation / amortisation (<i>refer Schedule 2.8</i>)	8	176,576,079	123,952,594
Interest	21	58,265,651	39,551,018
Amortisation of FCMITDA (<i>refer Schedule 2.15</i>)		(6,437,244)	1,357,813
		1,824,702,541	1,365,925,317
(Loss) / profit for the year before tax		(65,930,623)	33,606,360
Less: Provision for taxation			
-- Current tax		382,338	10,159,125
-- Previous year tax (release) / charge		(5,077,903)	-
-- Deferred tax (release) / charge		2,107,966	(13,413,962)
-- Fringe benefits tax		-	2,505,005
Net (loss) / profit for the year after tax		(63,343,024)	34,356,192
Accumulated balance in the profit and loss account brought forward		142,893,963	158,935,313
Less: Transitional adjustment of foreign exchange gain (net) pursuant to the adoption of AS 11 notification (<i>refer Schedule 2.15</i>)		-	(48,800,707)
Available for appropriation		79,550,939	144,490,798
Appropriations			
Transferred to general reserve		-	322,210
Tax on dividend (paid by joint venture)		-	1,274,625
Balance in profit and loss account carried forward to the balance sheet		79,550,939	142,893,963
Basic earnings per equity share of face value Rs 10 each	27	(1.79)	0.99
Diluted earnings per equity share of face value Rs 10 each	27	(1.79)	0.99
Significant accounting policies	2		
Notes to the accounts	22 - 39		

The accompanying schedules form an integral part of this consolidated profit and loss account.

As per our report of even date attached.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

29 May 2010

For and on behalf of the Board of Directors

Shravan Shroff

Managing Director

Shyam Shroff

Chairman

Naushad Shaikh

Chief Financial Officer

Suratha Satpathy

Company Secretary

Mumbai

29 May 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Currency: Indian Rupees)

	2010	2009
Cash flow from operating activities		
(Loss) / profit for the year before tax	(65,930,623)	33,606,360
Adjustments for :		
Depreciation / amortisation	176,576,079	123,952,594
Amortisation of FCMITDA (refer Schedule 2.15)	(6,437,244)	1,357,813
Bad debts	18,698,410	2,068,799
Provision for doubtful debts / advances	(2,870,449)	5,750,966
Interest expense	58,265,651	39,531,668
Loss on sale / discard of fixed assets (net)	1,960,679	719,064
Dividend from non-trade investments	(1,415,834)	(545,336)
Interest on National Savings Certificates (NSC)	(1,725,245)	(1,562,894)
Interest received - others	(20,377)	(124,158)
Interest on fixed deposit	(11,698,064)	(15,846,725)
Sundry creditors balance written back	(1,770,081)	(6,000)
Advances and receivables w/off to Misc Expenses/Income	9,462,974	-
Unrealised foreign exchange gain (net)	-	(19,151)
Profit on sale of investments (net)	-	(27,871)
Operating profit before changes in working capital	173,095,876	188,855,129
Adjustments for :		
Decrease / (increase) in working capital		
Sundry debtors	(27,248,822)	(5,871,040)
Loans and advances	(56,103,203)	(25,061,875)
Inventories	(2,660,588)	(2,620,753)
Current liabilities	103,153,497	66,373,645
Provisions	258,813	5,348,552
Net changes in working capital	17,399,697	38,168,529
Direct taxes paid (including fringe benefits tax)	(11,789,525)	(25,547,269)
Net cash generated from operations	178,706,048	201,476,389
Cash flow from investing activities		
Purchase of fixed assets	(217,550,412)	(515,104,719)
Proceeds from sale of fixed assets	80,996	175,000
Proceeds from sale of investments	378,857,663	121,000,227
Purchase of investments	(394,516,943)	(64,682,233)
Dividend income reinvested	(960,623)	(545,336)
Purchase of NSC	(838,000)	(470,000)
Dividend received	960,723	1,347,233
Interest received	11,030,026	20,664,952
Net cash (used in) investing activities	(222,936,670)	(437,614,876)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (Cont.)

(Currency: Indian Rupees)

	2010	2009
Cash flow from financing activities		
Interest paid	(67,357,552)	(34,478,914)
Dividend distribution tax paid	-	(1,274,625)
Vehicle loan repaid	-	(19,867)
Term loans obtained from banks	250,000,000	390,000,000
Term loans from banks repaid	(180,791,845)	(66,780,414)
Bank overdraft disbursed during the year (net)	68,091,140	(61,867,420)
Net cash generated from / (used in) financing activities	69,941,743	225,578,760
Net (decrease) in cash and cash equivalents	25,711,121	(10,559,727)
Cash and cash equivalents at the beginning of the year	205,284,125	215,826,525
Effect of exchange gain on cash and cash equivalents	-	17,327
Cash and cash equivalents at the end of the year	230,995,246	205,284,125
Cash and cash equivalents at the year end comprise:		
Cash on hand	2,724,403	2,173,055
Balances with scheduled banks in		
-- Deposit accounts	147,463,491	173,283,683
-- Current accounts*	80,807,352	29,746,429
Balances with other banks in		
-- Current accounts	-	80,958
	230,995,246	205,284,125

Cash and cash equivalents includes un-utilised amount of the public issue, which has been temporarily invested in fixed deposits aggregating to Rs 119,505,719 and an amount pledged against bank guarantees issued and pledged against bank overdraft. Further, the cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks.

* includes Rs 20,000 (31 March 2009: Rs 20,000) in a jointly held account with a joint venturer (jointly controlled assets).

The cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS -3) on Cash flow statement prescribed in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur

Partner

Membership No: 046476

Shravan Shroff

Managing Director

Shyam Shroff

Chairman

Naushad Shaikh

Chief Financial Officer

Mumbai

29 May 2010

Suratha Satpathy

Company Secretary

Mumbai

29 May 2010

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010

(Currency: Indian Rupees)

1. Background

Fame India Limited (formerly known as Shringar Cinemas Limited) ('FIL' or the Company, or 'the Parent Company') was incorporated as a private limited company on 26 October 1999. Pursuant to a special resolution passed by the Parent Company at its Extra-ordinary General Meeting held on 19 December 2004, the Company converted itself into a public limited company. On 25 January 2008, the Parent Company changed its name from Shringar Cinemas Limited to Fame India Limited pursuant to the approval from Government of India, Ministry of Corporate Affairs, dated 21 November 2007. The Parent Company's principal activity is exhibition of films in India including owning / managing multiplexes. The Parent Company has plans to grow organically by investing in various multiplex projects.

The Parent Company was a subsidiary of Shringar Films Limited ('SFL') (formerly known as Shringar Films Private Limited ('SFPL')), which held 51% of its equity share capital. SFL is mainly engaged in distribution and programming of films. On 25 March 2004, SFL sold its shareholding in the Parent Company to South-Yarra Holdings ('SYH'), a partnership firm in which two of the Directors are partners. Accordingly, the Parent Company ceased to be a subsidiary company of SFL effective that date.

On 27 March 2004, the Parent Company purchased 999,900 equity shares (i.e. 100% of the paid-up equity share capital) of SFL from its erstwhile shareholders. Consequently, SFL became a 100% subsidiary of the Parent Company.

During the year ended 31 March 2006, the Parent Company issued 8,150,180 equity shares of Rs 10 each at a premium of Rs 43 per share pursuant to its Initial Public Offering ('IPO') on 22 April 2005.

The Parent Company also held 50.01% of the paid-up equity share capital of Swanston Multiplex Cinemas Private Limited ('SMCPL'), which is primarily engaged in exhibition of films in India including managing a multiplex. Pursuant to the shareholders' agreement, the Company on 31 August 2005 transferred 0.01% holding to Reliance MediaWorks Limited (formerly known as Adlabs Films Limited). Consequently, SMCPL ceased to be a subsidiary of the Parent Company effective that date.

On 8 March 2006, the Parent Company purchased 10,000 equity shares (i.e. 100% of the paid-up equity share capital) of Big Pictures Hospitality Services Private Limited ('Big Pictures'). Big Pictures is in the business of management of food courts and malls.

On 3 November 2008, the Parent Company purchased 5,000 equity shares (i.e. 50% of the paid-up equity share capital) of Headstrong Films Private Limited

('HFPL'). HFPL is primarily engaged in production and distribution of films.

The consolidated financial statements include the financial statements of FIL and its subsidiaries and joint ventures (collectively referred to as 'the Group'). The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarised below:

Name of the subsidiary	Country of incorporation	% share-holding	Period
SFL	India	100.00	From 27 March 2004
Big Pictures	India	100.00	From 8 March 2006

The joint ventures considered in these consolidated financial statements along with the period covered is summarised below:

Name of the venture	Country of incorporation	% share-holding	Period
SMCPL	India	50.00	From 1 September 2005
HFPL	India	50.00	From 3 November 2008

2 Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards ('AS') as notified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

2.2 Going Concern

The accompanying Consolidated financial statements have been prepared on a going concern basis.

As at 31 March 2010, the parent Company has term loan of Rs 1,700.81 lacs due for repayment within next twelve months. Further, in accordance with the terms and conditions of the Foreign Currency Convertible Bonds ('FCCBs'), (a) an amount of Rs 579.60 lacs (worth face value of USD 1 million and accrued interest, subject to tax) would become payable to bondholders upon receipt of Reserve Bank of India ('RBI') approval and (b) unless converted into equity shares of the Company prior to 12 April 2011, an amount of Rs 7,483.12 lacs (worth face value of USD 12 million and accrued interest as per the exchange rate as at 31 March 2010, subject to tax) would become payable to bondholders on 22 April 2011.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.2 **Going Concern (Cont.)**

In view of the contingent nature of financial obligation due to the possibility of conversion of the bonds into equity, the probable outcome of SEBI's approval leading to acquisition of effective control of the Parent Company by a financially sound potential acquirer (*refer Schedule 38*) who could support the financing requirements, before the bonds fall due for redemption, and fall-back plans that the Parent Company's management can put in place in the unlikely event of the bonds having to be redeemed by the Parent Company itself, the Parent Company continues to adopt the going concern basis in preparing the Consolidated financial statements.

2.3 **Principles of consolidation**

The Consolidated financial statements are prepared in accordance with AS 21 - 'Consolidated Financial Statements' and AS 27 - 'Financial Reporting of Interest in Joint Ventures' as prescribed in the Companies (Accounting Standard) Rules, 2006. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. The Consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its independent financial statements. The Consolidated financial statements have been consolidated on the following basis:

Subsidiaries

The excess of cost to the Parent Company of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the financial statement as goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per financial statements of the subsidiaries as on the date of investment.

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the reserve as per the balance sheet of the Parent Company and its share in the post-acquisition increase / decrease in the relevant reserve / accumulated losses of its subsidiaries.

Joint venture entities

Interests in entities in which the Parent Company or any of its subsidiaries has joint control with one or more co venturers, are reported using proportionate consolidation method i.e. share of the assets, liabilities, income and expenses of the jointly controlled entity are shown as separate items in the consolidated financial statements. Most of the procedures for doing so are similar to the procedures for the consolidation of investments in subsidiaries.

2.4 **Use of estimates**

The preparation of Consolidated financial statements in accordance with generally accepted accounting principles ('GAAP') in India requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant trends and circumstances as on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.5 **Goodwill on consolidation**

The excess of cost to the Parent Company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the date, on which investment was made, has been recognised as goodwill in the consolidated financial statement. Goodwill is reviewed for decline other than temporary, whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

2.6 **Revenue recognition**

Multiplex operations

The Group enters into weekly arrangements with the distributors for exhibition of films at the multiplexes operated by the Company.

Revenue from theatrical exhibition is recognised on the date of exhibition of the films and comprises proceeds from sales of tickets, net of taxes (paid / payable) and discounts. As the Company is the primary obligor with respect to exhibition activities, the share of distributors and the joint-venture investors in these proceeds are disclosed as exhibition costs. Revenue from food and beverage sales is recognised at the point of sale at the counter. Revenue from advertisements and sponsorship is recognised on the date of the exhibition of the advertisement / event or over the period of the contract, as applicable.

Revenue from management of multiplexes and from facilities within the multiplexes is recognised on an

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.6 Revenue recognition (Cont.)

accrual basis as per the contractual arrangement entered into with the multiplex and facilities providers.

Distribution

Revenue from theatrical exploitation of film rights comprising proceeds from sales of tickets, net of taxes and exhibitor's share, is recognised on the date of exhibition of the film. As the Group is the primary obligor in respect of the distribution activity, the share of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents / sub-distributors are included in revenues from theatrical exploitation and are correspondingly disclosed as direct cost.

Revenue from non-theatrical exploitation of film rights is recognised on the date of availability of these rights to the licensee.

Programming

The Group enters into contracts with theatre owners for programming film exhibition at these theatres for a contracted period. The Group also enters into weekly arrangements with distributors for exhibition of films in these theatres.

Revenue from programming is recognised on the date of exhibition of the films and comprises proceeds from sale of tickets, net of taxes and theatre-owner's share. As the Group is the primary obligor with respect to the programming activities, the share of distributors and joint venture investors (joint control does not exist in any of the joint ventures) in these proceeds are disclosed as programming costs.

Food court operations

The Group enters into conducting agreements with various vendors to run Food Court business.

The revenue recognised on monthly accrual basis is of fixed amount plus share of net sales or net profit, as per contractual agreements.

Film production operations

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from theatrical exploitation of film rights comprising proceeds from sales of tickets, net of taxes and exhibitor's share, is recognised on the date of exhibition of the film. As the Group is the primary obligor in respect of the distribution activity, the shares of producers, joint venture investors (other than those in jointly controlled assets) and sub-agents / sub-distributors are included in revenues from theatrical exploitation and are correspondingly disclosed as direct cost.

Revenue from non-theatrical exploitation of film rights is recognised on the date of availability of these rights to the licensee.

Others

Dividend income is recognised when the unconditional right to receive payment is established.

Income from interest on deposits, loans and interest-bearing securities is recognised on time proportion basis.

2.7 Fixed assets

Intangible assets

Film rights comprise negative rights and distribution rights.

Negative rights are generally exploited through media such as theatrical exhibition, television / satellite, cable etc. The cost of negative rights comprises its purchase price.

Distribution rights in films are for a contractually specified mode of exploitation, period and territory and are stated at cost less accumulated amortisation and impairment. Cost is ascertained on specific identification basis where possible. In case multiple films / rights are acquired for a consolidated amount, cost is allocated to each film / right based on managements' best estimates.

Cost of distribution rights comprises original purchase price / minimum guarantee, net of contributions by joint venture investors. In respect of unreleased films, payments towards films rights are classified under capital advances and contributions of joint venture partners are classified under current liabilities, as the amounts are refundable in the event of non-release of the film.

Computer software is accounted at the cost of acquisition.

Tangible fixed assets and CWIP

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. The cost of fixed assets includes freight, duties, taxes (to the extent not recoverable from tax authorities) and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under Capital Work-in-Progress. Capital Work-in-Progress includes estimates of work completed, as certified by management.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.7 Fixed assets (Cont.)

Consequent to the insertion of para 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in Schedule 2.15), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

2.8 Depreciation and amortisation

Intangible assets

Cost of film rights (including negative rights) is amortised in the ratio that gross revenues for the period bear to the total estimated gross revenues. Total estimated gross revenues represent useful life of the film rights and are determined by the management based on the expected pattern of income flow. If estimates of total revenues and other events or changes in circumstances indicate that a right has a fair value that is less than its unamortised cost, a loss is recognised for the excess of the unamortised cost over the film right's fair value.

Cost of computer software is amortised over one year period, being the useful life of such software as estimated by the management.

Tangible fixed assets

Depreciation on fixed assets specific to multiplexes is provided pro-rata to the period of use, under the straight line method, at the rates prescribed in Schedule XIV to the Act, except as stated below, which, in management's opinion, reflect the estimated useful economic lives of these fixed assets.

Useful lives being followed by the Company that are shorter than those prescribed under Schedule XIV to the Act, are summarised as below:

Particulars	Useful life
Furniture and fixtures	10 years
Office equipment	10 years
Air conditioner	10 – 21 years
Theatrical equipment	14 – 15 years

Depreciation on other fixed assets is provided pro-rata to the period of use, using the written down value method at the rates prescribed in Schedule XIV to the Act, which in management's opinion reflect the estimated useful economic lives of those fixed assets.

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100%.

Leasehold improvements are amortised over the lower of the useful life of the asset and the lease term

of the leasehold premises, on a straight-line basis, which represents the period over which the economic benefits of the assets are expected to be consumed by the lessee, as determined at the inception of the lease term.

Assets retired from active use and held for disposal are written down to their estimated realisable value and are classified as 'Assets held for sale'.

2.9 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets' as prescribed in the Companies (Accounting Standards) Rules, 2006, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the profit and loss account or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.10 Investments

Long-term investments are carried at cost. Provision is made when there is a decline, other than temporary, in the carrying value of such investments, determined separately for each investment, and the resultant reduction in the carrying amount is charged to profit and loss account.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

2.11 Jointly controlled assets and joint venture investors

Jointly controlled assets comprise film rights in respect of which both financial and operating control is exercised jointly with another venturer. The Company recognises its share of jointly controlled assets, any liability and expenses that it incurs and

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.11 Jointly controlled assets and joint venture investors (Cont.)

share of jointly incurred liabilities, and only its share of income and expenses related to the venture.

The Company accepts joint venture investments for distribution and exploitation of theatrical rights in respect of certain films and such joint venture investors do not have any control in the operations of those films.

2.12 Inventories

Food and beverages

Inventories of food and beverages are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on the First-In, First-Out ('FIFO') basis.

Production of movies

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on the average cost basis.

2.13 Leases

The lease term is the non-cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

Assets taken on finance lease

Assets taken on lease, where the Company acquires substantially all the risk and rewards incidental to the ownership of the assets are classified as finance lease.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating leases are charged-off to the profit and loss account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

2.14 Employee benefits

(a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the

services rendered by employees is charged to the profit and loss account in the period in which such services are rendered.

(b) Post-employment benefits

Defined contribution plans

The Group's provident fund contribution paid / payable under the recognised provident fund scheme and employees' state insurance contribution is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. These benefits are discounted to determine its present value, and the fair value of any plan assets is deducted therefrom.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at each balance sheet date by an independent actuary, based on the legislation enacted up to the balance sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to one additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Provision for leave encashment obligation is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary using the Projected Unit Credit Method.

The obligations are measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date.

All actuarial gains and losses arising during the year are recognised immediately in the profit and loss account.

(c) Other long-term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligations at the balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.15 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange difference arising on foreign currency transactions, between the actual rate of settlement and the rate on the date of the transactions, is charged or credited to profit and loss account.

The Central Government has vide its notification dated 31 March 2009 amended AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011.

As stipulated in the notification, the Company has exercised the option to adopt the following policy irrevocably and retrospectively for accounting periods commencing from 01 April 2007.

Long term monetary assets and liabilities, other than those which form part of the Company's net investment in a non-integral foreign operations, denominated in foreign currency as at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date and the net exchange gain / loss on such conversion, if any is;

- a) adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets and;
- b) accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortised over the balance period of long-term monetary asset/liability but not beyond 31 March 2011, in cases other than those falling under (a) above.

As per the transitional provisions, the exchange gain (net of adjustments as mentioned below) aggregating to Rs 57,048,933 on translation of long term foreign currency monetary items pertaining to year ended 31 March 2008 and previously recognised in the profit and loss account before the exercise of the option has been debited to the profit and loss account during the previous year ended 31 March 2009 with a corresponding deduction of Rs 26,472,599 in the cost of the respective depreciable capital asset to which such exchange gain relates and transfer of Rs 30,576,334 to FCMITDA. Depreciation of Rs 604,142 on the exchange gain capitalised and amortisation of Rs 7,644,084 of FCMITDA for the year ended 31 March 2008 has also been adjusted against profit and loss account during the previous year.

Consequent to this change, foreign exchange gain of Rs 59,332,106 (31 March 2009: foreign exchange loss of Rs 102,613,468) on translation of foreign currency monetary items as at the reporting date and pertaining to the acquisition of depreciable capital assets has been reduced / added to the cost of the respective asset and foreign exchange gain of Rs 16,197,890 (31 March 2009: foreign exchange loss of Rs 27,005,690) has been transferred to FCMITDA (being the foreign exchange loss in excess of those regarded as an adjustment to interest cost). Depreciation credit on foreign exchange differences capitalised aggregates to Rs 1,469,802 (31 March 2009: charge of Rs 4,551,953), amortisation credit of FCMITDA Rs 6,437,244 for the year ended 31 March 2010 (31 March 2009: charge of Rs 1,357,813) and the unamortised credit balance in FCMITDA as at 31 March 2010 is Rs 6,437,244 (31 March 2009: debit balance of Rs 2,715,627).

Had the Company continued to follow the earlier policy, foreign exchange gain would have been higher by Rs 75,530,000 (31 March 2009: foreign exchange loss would have been higher by Rs 129,619,158) and loss for the year would have been lower by Rs 67,319,066 (31 March 2009: profit for the year would have been lower by Rs 123,709,392); depreciation would have been higher by Rs 1,469,802 (31 March 2009: lower by Rs 4,551,953), WDV of fixed assets (including CWIP and capital advances) would have been higher by Rs 16,200,982 (31 March 2009: lower by Rs 72,193,058) and profit and loss balance would have been lower by Rs 7,589,619 (31 March 2009: lower by Rs 74,908,685); amortisation of FCMITDA would have been Rs Nil and balance in FCMITDA would have been Rs Nil.

Other monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at the exchange rates prevailing on the balance sheet date and the overall net exchange gain or loss on such conversion, if any, is credited / charged to the profit and loss account. Non monetary assets are recorded at the rates prevailing on the date of the transactions.

2.16 Taxation

Tax expense comprises current tax, deferred tax charge or credit and fringe benefits tax ('FBT').

Current tax

Provision for current tax is recognised in accordance with the provisions of the Income tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

2.16 Taxation (Cont.)*Deferred tax*

Deferred tax liability or asset is recognised for timing differences between the profits or losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities and the corresponding deferred tax credit or charge are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax asset is recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognised only if there is a virtual certainty of realisation of such asset. Deferred tax asset is reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised.

Fringe benefits tax

Provision for FBT is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income tax Act, 1961. The FBT has been withdrawn by the Finance Act 2009 with effect from 1 April 2009.

2.17 Earnings per share ('EPS')

Basic EPS is computed by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding

during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

2.18 Employees' Stock Option Scheme ('ESOS')

In accordance with the Security and Exchange Board of India ('SEBI') guidelines, the excess, if any, of the fair value of shares at the date of grant of the options under the ESOS over the exercise price is treated as employee compensation and amortised on a straight-line basis over the vesting period.

2.19 Provision and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions and loss contingencies arising from claims, litigation, assessment, fines, penalties etc. are recognised when the Company 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.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
3 Share capital		
Authorised		
51,990,000 (31 March 2009: 51,990,000) equity shares of Rs 10 each	519,900,000	519,900,000
10,000 (31 March 2009: 10,000) preference shares of Rs 10 each	100,000	100,000
	520,000,000	520,000,000
Issued, subscribed and paid-up		
<i>Equity Shares</i>		
34,795,262 (31 March 2009: 34,795,262) equity shares of Rs 10 each, fully paid-up (refer Schedule 38)	347,952,620	347,952,620
-- 18,833,000 (31 March 2009: 18,833,000) equity shares of Rs 10 each, fully paid-up were issued as bonus shares on 10 July 2004 by utilising balance in securities premium account.		
-- 83,333 (31 March 2009: 83,333) equity shares of face value Rs 10 each were allotted at a premium of Rs 35 per share to India Value Fund Trustee Company Private Limited on 24 December 2004 towards prepayment of interest on monies borrowed pursuant to the terms of the loan agreement dated 9 December 2004.		
-- 35,900 (31 March 2009: 35,900) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Shringar Employee Stock Options Scheme, 2004".		
-- 1,504,999 (31 March 2009: 1,504,999) equity shares of Rs 10 each allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each at an exercise price of Rs 90 per share. (refer Schedule 30).		
-- 1,687,850 (31 March 2009: 1,687,850) equity shares of Rs 10 each allotted against 4,000 Series B Foreign Currency Convertible Bonds (FCCB) of US \$ 1,000 each at an exercise price of Rs 107 per share. (refer Schedule 30)		
	347,952,620	347,952,620
4 Reserves and surplus		
Securities premium		
At the beginning of the year	385,552,387	454,071,013
Less: Provision for premium on redemption of FCCB	31,431,386	68,518,626
	354,121,001	385,552,387
General reserves		
At the beginning of the year	12,015,378	11,693,168
Add: Transfer from profit and loss account	-	322,210
	12,015,378	12,015,378
Profit and loss account	79,550,939	142,893,963
Capital redemption reserve	10,000	10,000
	445,697,318	540,471,728

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
5 Secured Loans		
Term loans from banks	510,000,243	440,858,713
Bank overdraft	93,841,988	25,750,848
	603,842,231	466,609,561
<i>The loans are secured as follows :</i>		
<i>Term loans from banks</i>		
-- Secured against existing and future movable fixed assets and current assets of the respective multiplexes operated by the Company and against an equitable mortgage on the immovable property at Anand, Gujarat. The cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks.		
-- Further, three of the directors of the Company have given personal guarantees for the above term loans.		
-- Further, the term loans are secured against liquidity reserve of Company's fixed deposits to the extent of Rs 4,300,000 (31 March 2009: Rs 3,145,000)		
-- Repayable within a year Rs 170,081,302 (31 March 2009: Rs 174,554,900)		
<i>Bank overdraft</i>		
-- Secured against fixed deposits to the extent of Rs 135,000,000 (31 March 2009: Rs 140,000,000) and against an equitable mortgage on the immovable property at Anand, Gujarat.		
-- Further, two of the directors of the Company have given personal guarantees for the above overdraft facilities.		
6 Unsecured loans		
Foreign Currency Convertible Bonds (refer Schedule 30)		
8,000 (31 March 2009: 9,000) Zero-coupon Series A Foreign Currency Convertible Bonds of US \$ 1,000 per bond	361,120,000	458,550,000
4,000 (31 March 2009: 4,000) 0.5% per annum Series B Foreign Currency Convertible Bonds of US \$ 1,000 per bond	180,560,000	203,800,000
-- Repayable within one year Rs Nil (31 March 2009: Rs Nil)		
	541,680,000	662,350,000

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

7. Fixed assets

Description of asset	Gross block			Accumulated depreciation/ amortisation			Net block	
	As at 1 April 2009	Additions/ adjustments during the year	Deletions during the year	As at 31 March 2010	Charge for the year	On disposals / adjustments during the year	As at 31 March 2010	As at 31 March 2009
<i>Intangible assets</i>								
Computer software	11,149,279	2,124,200	-	13,273,479	3,399,052	-	488,054	1,762,906
Negative rights	166,225	-	-	166,225	-	-	-	-
Distribution rights **	291,697,186	-	268,015,739	23,681,447	755,828	268,015,739	119,520	875,348
	303,012,690	2,124,200	268,015,739	37,121,151	4,154,880	268,015,739	607,574	2,638,254
<i>Tangible assets</i>								
Land *	51,275,658	-	2,252,534	49,023,124	-	-	49,023,124	51,275,658
Building	24,432,100	-	1,072,757	23,359,343	382,538	-	22,186,222	23,641,517
Leasehold improvements	797,067,982	215,343,880	15,079,455	997,332,407	97,022,900	189,866	758,938,726	655,507,335
Furniture and fixtures	158,963,678	48,915,714	2,870,687	205,008,705	20,352,564	264,794	153,861,375	127,904,118
Office equipment	22,513,772	4,221,502	472,072	26,263,202	2,390,989	188,373	16,827,343	15,280,529
Computers	46,502,651	5,783,904	1,886,060	50,400,495	8,126,364	683,629	26,285,168	29,830,069
Airconditioner	141,889,480	22,523,075	2,582,150	161,830,405	12,592,585	-	124,856,636	117,508,296
Electrical fittings	32,820,740	7,659,150	11,500	40,468,390	1,889,118	940	36,291,526	30,532,054
Plant and Machinery								
-Theatrical equipment	251,493,105	43,636,787	4,856,182	290,273,710	23,032,792	30,442	230,446,871	214,668,616
Vehicles	6,620,073	-	37,159	6,582,914	3,537,552	779,103	2,266,259	3,082,521
	1,533,579,239	348,084,012	31,120,556	1,850,542,695	166,568,953	1,358,044	1,420,983,250	1,269,230,703
Total	1,836,591,929	350,208,212	299,136,295	1,887,663,846	170,723,333	269,373,783	1,421,590,824	1,271,868,957
Share of joint venture	55,275,952	2,199,810	2,334,287	55,141,475	5,852,246	1,799,163	15,416,098	19,603,658
Total	1,891,867,881	352,408,022	301,470,582	1,942,805,321	176,576,079	271,172,946	1,437,006,922	1,291,472,615
31 March 2009	1,280,799,646	616,673,134	5,604,899	1,891,867,881	481,153,507	4,710,835	1,291,472,615	
Capital work in progress (including capital advances)					123,952,594	4,710,835	127,429,304	352,112,729

Notes :

- Additions during the year includes borrowing cost capitalised Rs.8,482,400 (31 March 2009: Rs 10,334,693).
- Capital working-in-progress includes pre-operative expenses incurred pending capitalisation.

	2010	2009
- Architectural and Professional fees	1,007,610	4,706,611
- Operational expenses	9,078,666	20,797,065
- Personnel cost	5,571,677	6,200,305
	15,657,953	31,703,981

* Includes Company's share of undivided plot of land in respect of one of its multiplexes.

** The gross block as at 31 March 2010 is net of share of joint venture investors aggregating to Rs 1,090,478 (31 March 2009: Rs 193,330,723)

** The amortisation charge for the year Rs 755,828 (31 March 2009: Rs 731,094) being accelerated depreciation on film distribution right since management is of opinion that the carrying value of certain rights is higher than the expected receipt from their sale.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
8 Investments		
<i>Non trade, Unquoted</i>		
<i>Long-term, at cost</i>		
<i>Investment in government securities</i>		
426 (31 March 2009: 1,343) units of National Savings Certificates ('NSC') of Rs 10,000 each, 1 (31 March 2009: Nil) unit of Rs 5,000 and 6 (31 March 2009: Nil) units of Rs 500 each.	4,268,000	13,430,000
The investments made are held in the name of one of the Company's director, in trust for the Company and NSCs aggregating to Rs 1,868,000 (31 March 2009: Rs Nil) are provided as security / pledged with the respective district collector as required by the respective State Government multiplex policies.		
<i>Current</i>		
105.735 Units (31 March 2009 : Nil) of ICICI Prudential Flexible Income Plan Premium - Daily Dividend	16,620,003	-
(Net asset value: Rs 16,620,003 (31 March 2009: Rs Nil))		
	20,888,003	13,430,000
Share of joint venture	-	-
	20,888,003	13,430,000
Details of investments purchased and sold / redeemed during the year		
Unit Price Particulars of Investments	Face value	Cost
10 5,900,390.462 units of 32ISD ICICI Prudential Institutional Liquid Plan - Super Institutional - Daily Dividend	59,003,905	59,007,415
10 5,605,468.752 units of 28Q ICICI Prudential Flexible Income Plan Premium -Daily Dividend	56,054,688	59,269,424
100 1,499,832.290 units of 1564 ICICI Prudential Liquid Super Institutional Plan - Daily Dividend	149,983,229	150,016,265
100 1,045,676.069 units of 1524 ICICI Prudential Flexible Income Plan Premium - Daily Dividend	104,567,607	110,564,559

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
9 Deferred tax asset / liability (net)		
The components of deferred tax balances are as follows:		
<i>Deferred tax liability*</i>		
on timing difference arising on account of:		
Intangible assets carried forward in the books but written off under rule 9B of the Income Tax Act, 1961	-	86,956
	-	86,956
<i>Deferred tax asset *</i>		
on timing difference arising on account of:		
Provision for doubtful debts and advances	757,757	2,032,773
Expenditure allowed on payment basis under Section 43B of the Income Tax Act, 1961	405,277	452,339
Unabsorbed depreciation loss	26,743	-
Amounts written off in books but disallowed as per the Income tax Act, 1961	961,577	1,227,685
Provision for VAT	1,223,956	1,346,352
Intangible assets written-off in the books allowable under rule 9B of the Income Tax Act, 1961	-	94,816
Difference between book depreciation and depreciation under the Income tax Act, 1961	64,298	-
	3,439,608	5,153,965
Net deferred tax (asset)/ liability	(3,439,608)	(5,067,009)
Share of joint venture	-	(480,565)
Net deferred tax (asset)/ liability	(3,439,608)	(5,547,574)
* Deferred tax assets and liabilities with respect to Fame India Limited (Parent Company), Big Pictures (wholly owned subsidiary), Swanston Multiplex Cinemas Pvt Ltd (Joint Venture), summarised as below, have not been included as the resulting deferred tax asset has not been recognised in the stand-alone audited financial statements in the absence of virtual certainty of realisation.		
The components of deferred tax balances are as follows:		
<i>Deferred tax liability</i>		
on timing difference arising on account of:		
Difference between book depreciation and depreciation under the Income Tax Act, 1961	22,903,027	20,093,169
	22,903,027	20,093,169
<i>Deferred tax asset</i>		
on timing difference arising on account of:		
Provision for doubtful debts and advances	3,156,513	6,815,744
Expenditure allowed on payment basis under Section 43B of the Income tax Act, 1961	10,310,121	2,789,657
Provisions for lease rentals	4,739,331	1,791,126
Carried forward losses	34,780,302	46,595,879
Unabsorbed depreciation loss	150,828,554	108,690,078
Amount deductible under Section 35D of the Income tax Act, 1961	1,842,472	136,358
	205,657,293	166,818,842
Share of joint venture	3,114,479	-
Net deferred tax asset restricted to	-	-

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
10 Inventories		
Food and beverages	7,037,952	5,170,332
	7,037,952	5,170,332
Share of joint venture	1,455,533	662,566
	8,493,485	5,832,898
11 Sundry debtors		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months		
Considered good	6,042,580	13,107,377
Considered doubtful	1,450,970	10,656,230
	7,493,550	23,763,607
Other debts		
Considered good	61,984,695	47,587,238
	69,478,245	71,350,845
Less : Provision for doubtful debts	1,450,970	10,656,230
	68,027,275	60,694,615
Share of joint venture	2,145,358	1,902,136
	70,172,633	62,596,751
12 Cash and bank balances		
Cash in hand	2,596,202	1,979,615
Balances with scheduled banks in		
- Current accounts*	76,933,610	26,993,139
(Includes under escrow mechanism Rs 16,407,784 (31 March 2009: Rs 4,303,858))		
- Deposit accounts	142,600,331	167,051,562
(Includes Rs 3,275,727 (31 March 2009: Rs 23,727,352) pledged against bank guarantees issued, Rs 135,000,000 (31 March 2009: Rs 140,000,000) pledged against bank overdraft and Rs 4,300,000 (31 March 2009: Rs 3,145,000) liquidity reserves against term loans). (refer Schedule 29)		
Balances with other banks in		
-- Current account with Axis bank	-	80,958
(Maximum balance outstanding Rs 80,958 (31 March 2009: Rs 8,151,235))		
	222,130,143	196,105,274
Share of joint venture	8,865,103	9,178,851
	230,995,246	205,284,125
* includes Rs 20,000 (31 March 2009: Rs 20,000) in a jointly held account with a joint venture partner (jointly controlled assets) (refer Schedule 2.11)		

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
13 Loans and advances		
<i>(Unsecured)</i>		
Considered good		
Advances to producers		
-- towards released films	2,416,158	5,493,563
Advances to distributors	17,370,708	4,502,821
Deposits		
-- with Toorak Holdings (where two directors of the Company are equal partners)	-	8,280,000
(Maximum amount due during the year: Rs 8,280,000 (31 March 2009: Rs 8,280,000))		
-- others	378,626,229	392,787,275
Advances recoverable in cash or in kind or for value to be received	211,251,592	146,379,053
Accrued interest on fixed deposits and NSCs	6,499,152	9,748,344
Advance tax and tax deducted at source (net of provision for income tax and FBT Rs 34,245,383 (31 March 2009: Rs 28,407,519))	32,767,135	24,520,417
	648,930,974	591,711,473
Considered doubtful		
Advance to distributors	228,520	228,520
Advances to producers towards released films	1,659,083	4,590,669
Advances recoverable in cash or in kind or for value to be received	-	2,605,000
	1,887,603	7,424,189
Less: Provision for doubtful advances	1,887,603	7,424,189
	648,930,974	591,711,473
Share of joint venture	19,405,086	6,004,832
	668,336,060	597,716,305
14 Current liabilities		
Sundry creditors (refer schedule 34)		
-- Due to producers	10,687,615	16,866,691
-- Due to joint venture partners	2,231,877	3,094,316
-- Due to exhibitors	11,445,351	2,173,227
-- Due to distributors	13,079,760	12,626,503
-- Others	59,095,643	47,616,374
Foreign Currency Convertible Bonds (refer Schedule 30)	45,140,000	-
Retention money	32,752,675	40,898,957
Other dues*	422,559,309	374,381,884
Outstanding liabilities	28,593,357	26,183,535
Deposit received	23,266,378	24,061,703
Income received in advance	-	281,312
	648,851,965	548,184,502
Share of joint venture	8,557,132	7,527,755
	657,409,097	555,712,257
* Other dues include liabilities in respect of salaries, wages and bonus Rs 7,022,023 (31 March 2009: Rs 4,365,945)		
15 Provisions		
Taxation (net of advance tax paid of Rs 2,144,373 (31 March 2009: Rs Nil))	655,627	770,653
Fringe benefits tax (net of advance tax paid of Rs 144,300 (31 March 2009: Rs 3,556,498))	9,899	23,391
Leave encashment (refer Schedule 33)	4,522,307	4,752,238
Gratuity (refer Schedule 33)	5,244,776	4,785,850
	10,432,609	10,332,132
Share of joint venture	39,968	10,150
	10,472,577	10,342,282

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
16 Revenue from operations		
Programming revenue	12,327,877	20,373,742
Distribution		
Revenue from theatrical distribution	173,436,378	137,888,687
Revenue from sale of TV / Satellite rights	2,811,210	12,500,737
Multiplex operation		
Theatrical exhibition	1,003,939,052	753,814,030
Sale of food and beverages	327,250,791	235,942,807
Advertisement and royalty	105,584,877	90,749,996
Income from management of multiplexes	6,869,716	7,617,107
Income from facilities within the multiplexes	5,209,729	8,167,988
	1,637,429,630	1,267,055,094
Share of joint venture	59,619,015	68,513,656
	1,697,048,645	1,335,568,750
17 Other income		
Dividend from non-trade investments	1,415,834	324,822
Interest received on :		
-- Fixed deposits	11,354,691	15,603,228
[Tax deducted at source: Rs 1,352,714 (31 March 2009: Rs 3,084,892)]		
-- National Saving Certificates	1,725,245	1,562,894
-- Others	20,377	124,158
[Tax deducted at source: Rs Nil (31 March 2009: Rs Nil)]		
Entertainment tax refund	37,905,813	39,937,203
Profit on sale of investment, (net)	-	27,871
Provision for doubtful debts/advances/expenses no longer required written back	1,305,835	2,245,761
Miscellaneous income	6,492,024	3,408,577
	60,219,819	63,234,514
Share of joint venture	1,503,454	728,413
	61,723,273	63,962,927
18 Direct costs		
Distribution cost		
Producers' share	161,156,784	131,034,537
Share of joint venture partners	50,536	991,152
Agents' commission	1,057,337	659,236
Programming cost		
Distributors' share	10,056,246	9,607,145
Supervision, print and publicity expenses	27,980	46,470
Exhibition cost		
Distributors' share	409,595,965	281,032,653
Share of joint venture partners	8,326,976	8,970,720
Other exhibition cost	8,968,650	6,437,215
Food and beverages cost		
Opening stock	5,170,332	3,103,254
Purchases	102,305,110	76,846,279
Less : Closing stock	7,037,952	5,170,332
Consumption	100,437,490	74,779,201
	699,677,964	513,558,329
Share of joint venture	24,523,782	26,396,642
	724,201,746	539,954,971

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

	2010	2009
19 Personnel costs		
Salaries, wages and bonus	127,832,155	102,454,459
Outsourced personnel cost	3,336,129	28,205,467
Staff recruitment expenses	148,924	420,643
Contribution to provident and other funds	7,769,528	6,037,535
Staff welfare	2,634,528	4,292,672
	141,721,264	141,410,776
Share of joint venture	3,444,068	5,321,616
	145,165,332	146,732,392
20 Other administrative expenses		
Rent and charges (<i>refer Schedule 36</i>)	395,829,761	228,310,032
Repairs and maintenance		
-- Plant and machinery	5,766,162	5,184,973
-- Others	35,299,779	22,318,549
Electricity and water charges	102,598,550	80,844,632
Advertisement and marketing	17,078,352	33,016,135
Rates and taxes	28,216,896	28,209,173
Professional and consultancy fees	19,202,347	14,171,188
Travelling and conveyance	11,255,537	10,488,618
Postage, printing and stationery	6,576,565	8,874,609
Security charges	10,104,458	8,129,180
Communication	7,419,754	6,970,501
Bad debts written-off (net of provision for doubtful debts/advances of earlier years reversed)	14,400,890	1,197,639
Provision for doubtful debts and advances	840,722	5,750,966
Call centre charges	508,303	4,654,453
Insurance	6,279,151	3,611,794
Auditors' remuneration (<i>refer Schedule 26.3</i>)	3,420,978	3,501,512
Commission / brokerage	2,068,401	1,386,327
Loss on discarded / sale of assets	1,435,231	673,693
Miscellaneous expenses	21,395,718	20,862,037
	689,697,555	488,156,011
Share of joint venture	28,756,166	26,220,518
	718,453,721	514,376,529
21 Interest		
Term loans	53,631,476	20,246,989
Bank overdraft	2,785,263	5,430,022
Others	1,848,912	13,874,007
	58,265,651	39,551,018
Share of joint venture	-	-
	58,265,651	39,551,018

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

22 Segment Information

The business of the Group is divided into three segments, theatrical exhibition, film distribution and others which comprise programming arrangements, management contracts and productions of movies. Segments have been identified taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. Accordingly, the Company has disclosed business segment as the primary segment.

The Company caters only to the domestic market and risks and rewards being similar across the market,

there are no reportable Geographic segments.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each segment as also amounts allocable on a reasonable basis.

Income and expenses which are not directly attributable to any business segments are shown as unallocated corporate income / expenses.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

22.1 Segment information for the year ended 31 March 2010

	Theatrical	Distribution	Others	Total
Revenue				
External revenue	1,501,603,463	176,247,589	19,197,593	1,697,048,645
Inter segmental sales	-	3,970,484	-	3,970,484
Total segment revenue	1,501,603,463	180,218,073	19,197,593	1,701,019,129
Less: Inter segmental sales	-	(3,970,484)	-	(3,970,484)
Net revenue	1,501,603,463	176,247,589	19,197,593	1,697,048,645
Other Income	46,997,998	15,20,377	91,000	48,609,375
Total Segment revenue	1,548,601,461	177,767,966	19,288,593	1,745,658,020
Segment Result	16,269,602	(11,105,564)	8,759,584	13,923,622
Interest Expense				(58,237,692)
Dividend Income (includes Interest)				13,113,896
Other Un-allocable expenditure				
Net of un-allocable Income				(34,730,449)
Income Tax				
Current Tax				4,695,565
Fringe Benefits Tax				-
Deferred Tax				(2,107,966)
MAT Credit Entitlement				-
Profit for the year				(63,343,024)
Other information				
Segmental assets (refer note below)	2,116,583,151	34,033,215	64,157,011	2,214,776,207
Unallocated corporate assets				395,275,277
Total assets				2,610,051,484
Segmental liabilities	390,859,071	36,923,263	10,054,937	437,837,271
Un-allocated corporate liabilities				230,044,411
Total liabilities				667,881,682
Capital expenditure				160,209,870
Depreciation / amortisation				176,576,078
Non-cash expenses other than depreciation				17,204,640
Total assets exclude :				
Deferred tax asset				3,439,608
Total liabilities exclude :				
Secured loans				603,842,231
Unsecured loans				541,680,000
FCMITDA				6,437,244

Note:

Segmental assets include interest capitalised till 31 March 2010.

The above transactions excluded the guarantees given by three of the directors of the Company (refer Schedule 5).

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

22 Segment information (Continued)

22.2 Segment information for the year ended 31 March 2009

	Theatrical	Distribution	Others	Total
Revenue				
External revenue	1,157,188,478	150,389,424	27,990,848	1,335,568,750
Inter segmental sales	-	7,643,372	-	7,643,372
Total segment revenue	1,157,188,478	158,032,796	27,990,848	1,343,212,122
Less: Inter segmental sales	-	7,643,372	-	7,643,372
Net revenue	1,157,188,478	150,389,424	27,990,848	1,335,568,750
Other Income	44,851,654	2,665,991	-	47,517,645
Total segment revenue	1,202,040,132	153,055,415	27,990,848	1,383,086,395
Segment Result	82,246,673	2,807,084	7,947,160	93,000,917
Interest Expense				(39,531,668)
Dividend Income (includes interest)				16,392,062
Un-allocated Corporate Expense				(36,254,948)
Income tax expense (including FBT)				749,832
Profit for the year				34,356,192
Other Information				
Segmental Assets (refer note below)	2,100,647,280	53,758,242	91,749,997	2,246,155,519
Un-allocated Corporate Assets				394,578,177
Total Assets				2,640,733,696
Segmental Liabilities	353,355,593	38,389,793	13,636,611	405,381,997
Un-allocated Corporate Liabilities				160,672,542
Total Liabilities				566,054,539
Capital Expenditure				675,541,310
Depreciation				129,701,883
Non-Cash expenses other than depreciation				13,653,704
Total Assets exclude :				
Deferred Tax Assets				5,547,574
FCMITDA				2,715,627
Total Liabilities exclude :				
Secured Loans				466,609,561
Unsecured Loans				662,350,000

Note:

Segmental assets include interest capitalised till 31 March 2009

23 Related party transactions

Enterprise which have significant influence over the Group

Name of the Party	Nature of Relationship
South Yarra Holdings	Enterprise holding Nil (31 March 2009: 43.28%) of the equity share capital of the Company (refer Schedule 38)

Other related parties where transactions have taken place during the year.

■ **Enterprises over which Directors have significant influence**

1. M/s Shringar Films ('SF')
2. M/s Toorak Holdings ('Toorak')

3. Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCP')

4. M/s Issardas Naomall

■ **Joint Venture Partner of joint venture**

1. Reliance Media Works Limited

■ **Joint Venture Partner**

1. PVR Pictures Limited

■ **Key Managerial Personnel and their relatives**

1. Shravan Shroff - Director
2. Shyam Shroff - Director
3. Balkrishna Shroff - Director
4. Aditya Shroff - Director in SFL
5. Rishi Negi - Chief Operating Officer
6. Manish Acharya - Director in HFPL

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

23 Related party transactions (Continued) – for the year ended 31 March 2010

Nature of transactions	Enterprise which can exercise significant influence	Key managerial personnel	Enterprise in which Directors have significant influence	Total
<u>Transactions</u>				
Exhibition Cost (Distributor's Share)	-	-	300,247	300,247
Remuneration				
- Shravan Shroff	-	9,250,000	-	9,250,000
- Balkrishna Shroff	-	3,000,000	-	3,000,000
- Shyam Shroff	-	3,000,000	-	3,000,000
- Aditya Shroff	-	1,200,000	-	1,200,000
- Rishi Negi	-	3,700,000	-	3,700,000
Rent paid (ASMCP)	-	-	13,559,486	13,559,486
Property tax (ASMCP)	-	-	3,059,351	3,059,351
-Communication	-	-	46,781	46,781
Deposit Repaid	-	-	8,280,000	8,280,000
Professional Fees (Manish Acharya)	-	418,125	-	418,125
<u>Balances</u>				
Deposits				
- ASMCP	-	-	9,650,340	9,650,340
- SF	-	-	1,967,500	1,967,500

Note:

Guarantees and collateral given by related parties have been disclosed under "Secured loans" (Schedule 5). Balance in jointly held account has been disclosed under cash and bank balances (Schedule 12).

23 Related party transactions – for the year ended 31 March 2009

Nature of transactions	Enterprise which have significant influence	Key managerial personnel	Enterprise over which Directors have significant influence	Total
<u>Transactions</u>				
Exhibition cost (Distributor's Share)	-	-	2,411,405	2,411,405
Royalty paid (Issardas)	-	-	338,462	338,462
Remuneration				
- Shravan Shroff	-	10,000,000	-	10,000,000
- Shyam Shroff	-	3,000,000	-	3,000,000
- Balkrishna Shroff	-	3,000,000	-	3,000,000
- Aditya Shroff	-	1,200,000	-	1,200,000
- Rishi Negi	-	4,000,000	-	4,000,000
Rent paid (ASMCP)	-	-	13,178,173	13,178,173
Property tax (ASMCP)	-	-	3,059,346	3,059,346
<u>Reimbursement of expenses (received)(SF)</u>				
- Advertising and marketing	-	-	200	200
- Legal and professional fees	-	-	5,570	5,570
<u>Reimbursement of expenses (paid)(SF)</u>				
- Communication	-	-	111,127	111,127
- Lodging and boarding expenses	-	-	29,391	29,391
- News paper, books periodicals	-	-	4,471	4,471
- Staff welfare expenses	-	-	32,976	32,976
- Traveling and conveyance	-	-	87,850	87,850
- Professional Fees (Manish Acharya)	-	512,879	-	512,879
- Toorak	-	-	8,280,000	8,280,000
- SF	-	-	1,967,500	1,967,500

Note :

Guarantees and collateral given by related parties have been disclosed under "Secured loans" (Schedule 5). Balance in jointly held account has been disclosed under cash and bank balances (Schedule 12).

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

24 Leases

Operating lease

The Group is obligated under non-cancellable leases which are renewable on a periodic basis at the option of both the lessor and the lessee. The future minimum lease payments in respect of non-cancellable operating leases for agreements entered into are as follows:

Period	2010	2009
Amount due within one year from the balance sheet date	338,276,263	243,831,032
Amount due in the period between one year and five years	1,362,150,119	1,036,081,796
Amount due after five years	961,360,558	474,976,078
	2,661,786,940	1,754,888,906

The Group has entered into fifty three (31 March 2009: sixty one) lease agreements / Memorandum of Understanding ('MOUs') for multiplex premises at various locations. The lease rentals for these premises accrue from the date of commencement of commercial operations. Accordingly, these leases have been excluded from the above disclosure.

25 Contingent liabilities and commitments

	Particulars	2010	2009
i)	Claims against the Company not acknowledged as debts largely pertaining to projects.	12,452,721	18,553,288
ii)	The Company will be liable to pay the total entertainment tax that is currently exempted for every property that ceases operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State. (including share of joint venture Rs 83,250,668 (31 March 2009: Rs 92,618,356))	597,824,495	483,337,676
iii)	Bank guarantees given and bonds issued to		
	a) Deputy Commissioner of Customs for import of capital goods;	436,119	436,119
	b) Excise and Taxation Officer, Panchkula and Chandigarh towards guarantee for payment of local sales tax;	200,000	200,000
	c) Entertainment Tax Officer, Panchkula and Bangalore towards guarantee for payment of entertainment tax and;	6,200,000	22,000,000
	d) Municipal commissioner of Bangalore towards guarantee of lease payments for one of its existing multiplexes.	-	21,000,000
	e) Corporate guarantee issued	1,700,000	1,700,000
iv)	The Company may incur additional cost towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. The Company has paid the whole amount to the respective authorities under protest.	38,983,278	26,006,395
v)	The Honorable High Court of Delhi vide judgment dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India, has held that renting of immovable property by itself is not a service and accordingly the levy of service tax on the activity of renting immovable property is "ultra vires" the Finance Act, 1994. In view of this judgment and expert opinion obtained by the management, the unpaid service tax to the lessors on renting of immovable property pertaining to the period from 1 April 2008 to 31 March 2009 was reversed from the profit and loss account during the year ended 31 March 2009. Further, also refer Schedule 36.	-	12,421,221
vi)	SMCPL had received demand orders for payment of entertainment tax collected by the company and not paid to the authorities aggregating Rs 19,810,806 for the period from 24 June 2005 to 5 January 2006. The Bombay High Court passed an Order dated 21 October 2008 in favour of the Company upholding the exemption from payment of entertainment tax available to the Company and also directed the State Government to refund the amount of Rs 2,000,000 deposited by the management. The State Government had preferred a special leave petition ('SLP') before the Supreme Court of India challenging the said Order and the judgment passed by the Bombay High Court. Based on a legal opinion obtained by the Company, the Company had made a provision aggregating to Rs 1,830,864 in the books of accounts in the earlier years in this regard. During the year, the Supreme Court vide its Order dated 27 July 2009, defined the Company's liability at Rs 18,735,375, which amount has since been paid by the Company.	-	8,989,971

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

25 *Contingent liabilities and commitments (Cont.)*

- vii) One of the subsidiary, Shringar Films Limited, has received a show cause cum demand notice dated 5 December 2005 for custom duty payable by them on import of cinematographic films under Rule 2 (2), Rule 7 (A) and Rule 9 (2) of the Customs Valuation Rule 1988. Nothing has been deposited with the authorities as the amount is not quantified by the authorities. However, on 28 September 2006, SFL has filed an appeal against the Commissioner's Order to the Appellate Tribunal under Section 129-A of The Customs Act, 1962 and the same is pending hearing.

26 *Supplementary information to the profit and loss account*

26.1 *Capital Commitments*

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31 March 2010 aggregated to Rs 59,927,955 (31 March 2009: Rs 59,389,253).

26.2 *Managerial remuneration*

	2010	2009
Salaries	15,850,000	17,200,000
	15,850,000	17,200,000

The above does not include gratuity as the provision is determined for the Company as a whole and therefore liability with respect to the director is not separately available. No leave encashment benefit is available to the directors.

Computation under Section 198 of the Act is not made since no commission is paid to the directors.

26.3 *Auditor's Remuneration*

	2010	2009
Audit fees*	3,143,550	3,165,180
Certification fees	110,300	-
Reimbursement of out-of-pocket expenses	167,128	336,332
Other services (interim audit)	-	112,360
Total	3,420,978	3,841,860
Share of Joint Venture	212,328	340,348

* Audit fees include service tax amounting to Rs 339,266 (31 March 2009: Rs 331,609)

27 *Earnings per share*

	2010	2009
Net (loss) / profit after tax attributable to equity shareholders (Numerator used for calculation of Basic EPS) (A)	(63,343,025)	34,356,192
Add: Interest paid on FCCB	1,086,835	734,083
Add: Exchange difference considered as interest cost as per para 4(e) of AS - 16 *	-	13,120,842
Add: Amortisation of FCMITDA *	(6,437,244)	1,357,813
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	1,469,802	4,551,953
Adjusted net (loss) / profit after tax attributable to equity shareholders (Numerator used for calculation of Dilutive EPS) (B)	(67,223,632)	54,120,890
Weighted average number of equity shares outstanding during the year - Basic (C)	34,795,262	34,795,262
Add: Weighted average number of equity shares arising out of outstanding stock options and on conversion of FCCB that have dilutive effect on the EPS	6,880,889	6,202,850
Weighted average number of equity shares outstanding during the year - Diluted (D)	41,676,151	40,998,112
Basic earnings per share of face value of Rs 10 each (A)/(C)	(1.79)	0.99
Diluted earnings per share of face value of Rs 10 each (B)/(D)	(1.79)	0.99

* These adjustments have been made net of applicable taxes for the year ended 31 March 2010 and 31 March 2009.

The effects of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share.

The above does not include the impact of change in policy relating to AS-11, which has been given effect to / adjusted against opening reserves - also refer Schedule 2.4.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

28 Employee stock option scheme ('ESOS')

On 21 May 2009, the Company established the 'Employee Stock Option Scheme 2009' ('ESOS' or 'the Plan' or 'the Scheme'). Under the Plan, the Company is authorised to issue not more than 5% of its equity share capital to eligible employees. Employees covered by the Plan are granted an option to purchase the shares of the Company subject to the requirements of vesting. A compensation committee constituted by the Board of Directors of the Company administers the plan.

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price of Rs 14.47 per option. The Scheme provides that these options would vest in tranches over a period of 5 years as follows:

Period within which options will vest unto the participant	% of options that will vest	
	Grant A	Grant B
End of 12 months from the date of grant of options	15	-
End of 24 months from the date of grant of options	15	10
End of 36 months from the date of grant of options	20	25
End of 48 months from the date of grant of options	25	25
End of 60 months from the date of grant of options	25	40

Further, the participants shall exercise the options within a period of 5 years commencing on or after the respective date of vesting of the options.

The terms and conditions of the scheme, as approved by the remuneration committee of the Board of Directors of the Company in its meeting held on 21 May 2009 in pursuance to the approval of the Company at its Annual General Meeting held on 27 September 2006, are in line with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 as amended vide Circular no SEBI/CFD/DIL/ESOP/5/2009/03/09 dated 3 September 2009 and in accordance with the terms of the resolutions passed by the Company.

Employee stock option activity under the scheme for 2009-10 is as follows:

	2010
Outstanding at the beginning of the year	-
Granted during the year	1,128,600
Forfeited during the year*	(65,300)
Exercised during the year#	-
Outstanding at the end of the year#	1,063,300

* On account of employees leaving the organisation prior to the date of vesting.

On 21 May 2010, a total of 151,770 options vested and were subsequently exercised by the respective employees. The compensation committee has allotted equal number of equity shares in the Company to such employees on 29 May 2010.

29 Initial Public Offering ('IPO')

Vide a special resolution passed at the Extra ordinary General Meeting of the members of the Company held on 23 December 2004, under Section 81(1A) of the Act, and the resolution passed by the board at the meeting held on 21 December 2004, consent was accorded to offer /issue/ allot 8,150,180 equity shares of face value of Rs 10 each at a premium through the 100% book building process through an initial public offering ('IPO'). In this offering, 250,000 shares were reserved for employees of the Company.

Utilisation of IPO proceeds:

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2010
1	Funding exhibition growth	337,000,000	*139,056,274
2	Funding distribution growth through subsidiary	59,950,000	-
3	Issue expenses	35,000,000	**44,161,726
4	Repayment of loans	-	*129,226,281
	Total	431,950,000	312,444,281
	Un-utilised IPO proceeds have been temporarily invested in fixed deposits aggregating to Rs *** 119,505,719.		

* The above utilisation of IPO proceeds is in accordance with 'objects of the issue' read with 'interim use of proceeds' clause as mentioned in the prospectus.

**The issue expense was higher by Rs 9,161,726 as compared to the projections in the Prospectus. This is due to increase in lead management fee, underwriting and selling commission, advertising and marketing expenses and legal and professional charges. The issue expenses incurred were adjusted in the year of issue against the Securities Premium Account.

*** The fixed deposits of Rs 119,505,719 is under lien against bank overdraft facilities availed by the Company.

The shareholders of the Company, at their Annual General Meeting held on 30 September 2009 have approved vide a special resolution, the utilisation of balance un-utilised IPO proceeds of Rs 160,000,000 as at that date inter-alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, during the year, the Company has utilised Rs 40,494,281 for repayment of term loans taken for its multiplex capital expenses.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

30 Foreign Currency Convertible Bonds

On 21 April 2006, the Company, pursuant to a resolution of the Board of Directors dated 28 January 2006 and by a resolution of the shareholders dated 8 March 2006, issued

- (i) 12000, Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and
- (ii) 8,000, 0.5% per annum Series B Unsecured Foreign Currency Convertible Bonds ("Series B Bonds") of the face value of US \$ 1000

aggregating to USD 20,000,000 (approximately Rs 901,000,000) due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds"). The Series B Bonds bear interest at the rate of 0.5 per cent per annum which accrues semi-annually in arrears on 31 December and 30 June of each year. Interest will accrue on each interest payment date and on maturity, accrued interest will be paid. The Bonds will unless converted into equity shares of the Company prior to 12 April 2011, mature on 22 April 2011.

The Bonds are convertible at any time on or after 21 May 2006 and prior to 12 April 2011 at the option of the bond holders into newly issued, ordinary equity shares of par value of Rs 10 per share ("Shares"), at an initial conversion price of

- (i) Rs 90 per share for Series A Bonds; and
- (ii) Rs 107 per share for Series B Bonds
(as defined in terms and conditions of the Bonds) at the rate of exchange equal to the US Dollar to Rupees exchange rate as announced by the Reserve Bank of India (the "RBI") on the business day immediately prior to the issue date. The conversion price is subject to adjustment in certain circumstances.

Unless previously converted, redeemed or repurchased and cancelled,

- (i) the Series A Bonds will be redeemed on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and
- (ii) the Series B Bonds will be redeemed on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

During the year ended 31 March 2008 1,504,999 equity shares of Rs 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US \$ 1,000 each at an exercise price of Rs 90 per share and 1,687,850 equity shares of Rs 10 each were allotted against 4,000 Series B FCCB

of US \$ 1,000 each at an exercise price of Rs 107 per share, thus aggregating to a total allotment 3,192,849 equity shares of Rs 10 each of the Company. There has been no conversion of FCCBs during the year ended 31 March 2010 and 31 March 2009.

Exchange gain / loss arising on such conversion have been adjusted against securities premium account. Premium on FCCB amortised and adjusted to the securities premium account upto the date of conversion has been reversed. The bond issue expenses have been adjusted against securities premium as per the provision of Section 78 of the Act.

In accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year (refer Schedule 3), certain bondholders have opted for early redemption aggregating to Rs 57,959,760 (equivalent of USD 1,284,000) (face value of USD 1,000,000 and YTM of USD 284,000, subject to tax), which is subject to approval from Reserve Bank of India.

Utilisation upto 31 March 2010 of the proceeds from the FCCB issue is as under:

		Amounts in Rs	
Purpose		2010	2009
a.	New cinema complexes	824,324,235	824,243,277
b.	Expansion / modernisation of existing cinema complexes	24,561,411	24,561,411
c.	FCCB issue expense	24,207,236	24,207,236
Total		873,092,882	873,011,924
Balance unutilised funds have been invested in:			
a.	Deposit accounts	Nil	Nil
b.	Current accounts		
	- in India	Nil	Nil
	- outside India	Nil	80,958

The proceeds utilised during the year have been converted at an average exchange rate of Rs 50.94 per US \$ (31 March 2009: Rs 43.65) and the balance outstanding as at 31 March 2009 was translated at the exchange rate of Rs 50.95 per US \$, being the exchange rate as at 31 March 2009.

31 Premium on redemption of Foreign Currency Convertible Bonds (FCCB)

Particulars	2010	2009
Opening balance	138,433,532	69,914,816
Add: Provision for the year*	47,217,343	49,312,695
(Less) / Add: Exchange difference on account of restatement of the outstanding premium payable	(15,786,043)	19,206,021
Closing balance	169,864,832	138,433,532

* Premium payable on redemption of FCCB charged to the securities premium account has been provided pro-rata for the year. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the securities premium account will be suitably adjusted in the respective years.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

- 32** The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculation purposes.

Foreign currency exposure not hedged as at the year end 31 March by a derivative instrument or otherwise are as under;

Particulars	2010		2009	
	In US \$	In INR	In US \$	In INR
Total unutilised funds	-	-	1,589	80,958
Total un-hedged funds				
- bank balance	-	-	1,589	80,958
- total FCCB liability	13,000,000	586,820,000	13,000,000	662,350,000
- YTM on FCCB	3,763,067	169,864,832	2,717,047	138,433,532

33 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits'

Effective 1 April 2007, the Group adopted Accounting Standard 15 (revised 2005) on 'Employee Benefits'.

The Group has classified the various benefits provided to employees as under:

i) Defined Contribution Plans

Amounts contributed to Provident Fund and Employee's State Insurance Corporation aggregating to Rs 3,479,035 (31 March 2009: Rs 6,037,535) recognised as an expense and included in "Personnel costs" (refer schedule 19) in the profit and loss account.

ii) Defined benefit obligation

	2010		2009	
	Gratuity (Unfunded)	Leave Liability	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in Benefit Obligation	Rs.	Rs.	Rs.	Rs.
Projected benefit obligation at beginning of the year	4,785,850	4,752,238	3,233,498	3,302,284
Current service cost	1,384,354	1,995,608	1,229,521	2,019,645
Interest cost	453,922	465,314	357,042	406,462
Actuarial (gain) due to change in assumptions	(1,325,985)	(1,968,042)	(34,211)	(495,853)
Settlements	(53,365)	(722,810)	-	(482,300)
Projected benefit obligation at end of the year	5,244,776	4,522,308	4,785,850	4,752,238
Share of Joint Venture	28,242	11,726	9,525	626

iii) Reconciliation of present value of Defined benefit obligation and fair value of plan assets

	2010		2009	
	Gratuity (Unfunded)	Leave Liability	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in Benefit Obligation	Rs.	Rs.	Rs.	Rs.
Projected benefit obligation at end of the year	5,244,776	4,522,308	4,785,850	4,752,238
Ending asset	-	-	-	-
Funded status (liability)	(5,244,776)	(4,522,308)	(4,785,850)	(4,752,238)
Unrecognised part service cost – non vested benefit	-	-	-	-
(Liability) recognised in balance sheet	(5,244,776)	(4,522,308)	(4,785,850)	(4,752,238)
Share of Joint Venture	28,242	11,726	9,525	626

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

33 Disclosure pursuant to Accounting Standard - 15 (revised 2005) 'Employee Benefits' (Cont.)

iv) Expenses recognised in the profit and loss account

	2010		2009	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
	Rs.	Rs.	Rs.	Rs.
Current service cost	1,384,354	1,995,608	1,229,521	2,019,645
Interest cost	453,922	465,314	357,042	406,462
Net actuarial (gain) to be recognised in year	(1,325,985)	(1,968,042)	(34,211)	(495,853)
Expense recognised in the statement of profit and loss account	512,291	492,880	1,552,352	1,932,254
Share of Joint Venture	18,717	11,001	1,600	(7,172)

v) Actuarial assumptions

	Gratuity		Leave liability	
	2010	2009	2010	2009
Discount rate	8.00%	7.25%	8.00%	7.25%
Salary escalation	12.00%	12.00%	12.00%	12.00%

a). The discounting rate is based on the gross redemption yield on government securities.

b). The salary escalation rate usually consists of at least three components, viz. Regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long term view as to the trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

vi) Experience adjustments

Gratuity (unfunded)	2010	2009	2008
Present value of defined benefit obligation	5,273,018	4,795,375	3,241,423
Fair value of the plan assets	-	-	-
Deficit in the plan	(5,273,018)	(4,795,375)	(3,241,423)
Actuarial (gain) / loss due to change in assumptions	(259,278)	83,429	(479,703)
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(1,056,405)	(32,519)	648,289
Plan assets	-	-	-

Leave encashment (unfunded)	2010	2009	2008
Present value of defined benefit obligation	4,534,033	4,752,864	3,310,081
Fair value of the plan assets	-	-	-
Deficit in the plan	(4,534,033)	(4,752,864)	(3,310,081)
Actuarial (gain) / loss due to change in assumptions	(275,940)	467,692	(1,391,644)
Experience actuarial (gain) / loss adjustments on:			
Plan liabilities	(1,681,380)	(969,657)	(275,751)
Plan assets	-	-	-

34 Micro, Small and Medium Enterprises

On the basis of the information and records available with the Group's Management, none of the Group's suppliers are covered by The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosures prescribed under the said Act are not applicable.

Schedules to the consolidated financial statements as at and for the year ended 31 March 2010 (cont.)

(Currency: Indian Rupees)

- 35** In case of its multiplex at Hilandpark, Kolkata, the Company had received exemption from payment of entertainment tax pursuant to an order dated 20 October 2008 from Government of West Bengal for a period of four years commencing from 2 December 2005 up to a maximum amount as notified in the order. The Company has recouped the amount fully till 19 November 2009 and has commenced paying entertainment tax from that date. In the current year, the Company has recognised an income of Rs 5,141,534 (31 March 2009: Rs 9,331,861) as entertainment tax refund / subsidy with respect to the above multiplex.

Similarly, in case of its multiplex at Southcity, Kolkata, the Company had received an order dated 17 December 2009 from the Government of West Bengal granting the retention of entertainment tax collected by way of subsidy upto the maximum of the amount certified in the order commencing from 14 March 2008. The Company is not required to pay entertainment tax in the future till such time as the certified eligible amount is not recouped or up to the end of 4 years from the commencement date whichever is earlier. With respect to the entertainment tax already paid aggregating to Rs 50,289,802 up to the date of order, the Company has filed the necessary application for refund of such taxes paid. In the current year, the Company has recognised an income of Rs 32,764,279 (31 March 2009: Rs 30,605,342) as entertainment tax subsidy with respect to the above multiplex.

- 36** In view of judgement of the Honorable High Court of Delhi dated 18 April 2009 in the case of Home Solution Retail India Limited and others Vs Union of India and expert opinion obtained by the management, the Company had not provided for service tax on lease rentals for the period up to 28 February 2010. As per the amendment made in the Finance Act 2010 renting of immovable property is defined as taxable service with retrospective effect from 1 June 2007. Accordingly, during the quarter, the Company has provided for Rs 46,334,870 (excluding Rs 1,638,790 pertaining to one of the JV's) being service tax on lease rentals for the period up to 31 March 2010.

- 37** In terms of the provisions of the Maharashtra Value Added Tax Act, 2002 ('MVAT'), 'Copy right' was included in the scheduled list of taxable items with effect from 1 April 2005. Pursuant to this enactment and on the basis of the Cinematographic Exhibitors' Association of India's request for administrative relief with respect to the levy of MVAT, the Government granted relief for the period up to 31 March 2005 subject to companies obtaining registration under MVAT on or before 30 September 2005 which was further extended till 30 April 2007 vide resolution dated 29 March 2007.

The Company, in compliance with the said clause has obtained a MVAT registration certificate dated 14 March 2007. However, based on the trade circular issued by Commissioner of Sales Tax dated 6 April 2007, the Company has made a provision of Rs 3,961,024 in the books of accounts. The same has not been deposited pending resolution of the representation made by the industry to the Government.

- 38.** During the year ended 31 March 2010, the Promoters' shareholding, comprising 43.28% of Share Capital of the Parent Company has been transferred to Inox Leisure Limited (INOX), followed by acquisition of additional equity shares of the Parent Company by INOX to the extent of 7.21% from Open Market. However, the said shareholding comprising 15,057,751 (31 March 2009: Nil) equity shares (50.49% of the outstanding equity share capital) is held by INOX in Escrow "SCB a/c South Yarra Holding Inox Escrow a/c" pending completion of the open Offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997. Under the said regulation, INOX has made a public announcement on 6 February 2010 for an 'open offer' for additional 20% of the fully diluted equity shares of the Parent Company. Reliance Media Works Limited has made a competitive bid on 21 February 2010. The matters are presently pending at SEBI for its approval.

39 Prior period comparatives

Previous year's figures have been regrouped / reclassified whenever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

Shravan Shroff
Managing Director

Shyam Shroff
Chairman

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
29 May 2010

Notes



Form of Proxy

Fame India Limited

(formerly known as Shringar Cinemas Limited)

Fame Adlabs, 2nd Floor, Andheri Link Road, Oshiwara, Andheri (West), Mumbai - 400 053.

Regd. Folio No.
DP ID
Client ID
No. Of Shares held
Proxy No.

I/We..... of
being a member/members of Fame India limited, hereby appoint
..... of or failing him/her.....
of as my/our proxy to attend and vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at conference Hall of Shree Vagad Visha Oswal Samaj Mahajanwadi, Plot No. A-6, S.N.(P.T.) 41, Adarsh Nagar, Jogeshwari-Oshiwara link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400 102 on Wednesday the 22nd day of September 2010 at 10:00 a.m. and/or at any adjournment thereof.

Revenue
Stamp
1 Re.

Signed this day of 2010.

(Signature)

- Notes :
1. The form should be signed across the stamp as per the specimen signature recorded with the Company.
 2. The Proxy form duly completed must reach the Registered Office of the Company not less than forty-eight hours before the aforesaid Meeting.
 3. A Proxy need not be a Member of the Company.



ATTENDANCE SLIP

Fame India Limited

(formerly known as Shringar Cinemas Limited)

Fame Adlabs, 2nd Floor, Andheri Link Road, Oshiwara, Andheri (West), Mumbai - 400 053.

Regd. Folio No.
DP ID
Client ID
No. Of Shares held

I here record my presence at the Eleventh Annual General Meeting of the Company to be held at conference Hall of Shree Vagad Visha Oswal Samaj Mahajanwadi, Plot No. A-6, S.N.(P.T.) 41, Adarsh Nagar, Jogeshwari-Oshiwara link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400 102 on Wednesday the 22nd day of September 2010 at 10:00 a.m.

1. Full Name of the Member (in Block Letters)
2. Full Name of the Joint-Holder(s) (in Block Letters)
3. Full Name of the Proxy (in Block Letters)
4. Signature of the Member/Proxy attending the Meeting

Note : Member/Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of the Meeting.

Fame India Limited

Registered Office:

Fame Adlabs, 2nd Floor, Oshiwara Link Road, Andheri (W), Mumbai-400 053
Board No: +91 22 6640 3636 Fax: +91 66403637 Website: www.famecinemas.com