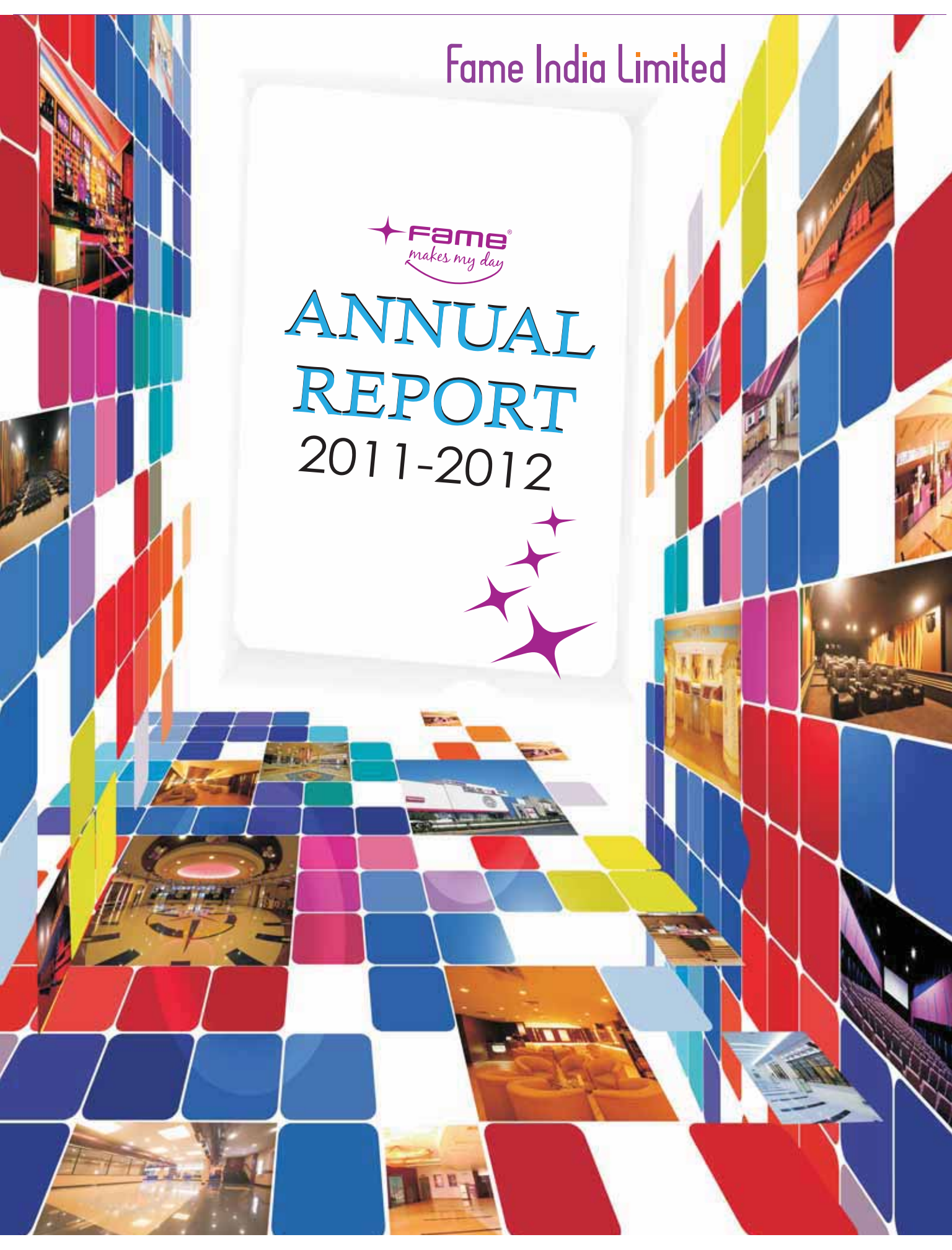


Fame India Limited



ANNUAL REPORT 2011-2012



BOARD OF DIRECTORS

Mr. Pavan Kumar Jain – Non Executive Director
Mr. Deepak Asher – Non Executive Director
Mr. Kishore Biyani – Independent Director
Mr. Amit Jatia - Independent Director

COMPANY SECRETARY

Mr. Suratha Satpathy

STATUTORY AUDITORS

Patankar & Associates,
Chartered Accountants
Firm Regn. No. 107628W

BANKERS

Axis Bank Limited

REGISTERED OFFICE

Citi Mall, 2nd Floor, Oshiwara Link Road,
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 Mills 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

13th Annual General Meeting

Day : Thursday
Date : 26th July 2012
Time : 11.00 a.m.
Venue : Conference Hall of Shree Vagad Visha Oswal Vikas
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

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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Fame India Limited will be held on Thursday, 26th July 2012 at 11.00 a.m. at the Conference Hall of Shree Vagad Visha Oswal Vikas 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 to transact the following business.

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pavan Kumar Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kishore Biyani, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. Patankar & Associates, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 387 and 388, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), and subject to such approvals as may be necessary, the approval of the Members be and is hereby accorded to the appointment of Mr. Rajeev Patni, as Manager of the Company for a period from 21st December 2011 to 31st March 2013 at a remuneration of an amount upto ₹ 40.00 lacs per annum and other benefits such as earned/privileged leave, gratuity, leave encashment as per rules of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Suratha Satpathy
Company Secretary

Place: Mumbai
Date: 24th May 2012

Registered Office:

Citi Mall, 2nd Floor,
Oshiwara Link Road,
Andheri (w),
Mumbai- 400 053.
Email : secretarial@fame.co.in

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 OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY 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 20th July 2012 to 26th July 2012 (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.

The Ministry of Corporate Affairs (MCA) has issued Circulars No. 17/2011 dated 21.04.2011 and No. 18/2011 dated 21.04.2011, propagating “Green Initiative”, by allowing paperless compliances by serving documents through electronic mode (e-mail). With a view to lend a strong support to this environment friendly initiative of the Government of India, Annual Reports for Financial Year 2012 of your Company has been sent via Electronic Mode (E-mail) to the Members whose E-mail ID was made available to us by the Depositories Participants. We are sure that the Members would also like to support this excellent initiative of the Government of India. We request the Members to register / update their e-mail address with their Depository Participant, in case they have not already registered / updated the same.

NOTICE

4. Mr. Pavan Kumar Jain and Mr. Kishore Biyani, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors commends their re-appointments.

The information required to be provided under Clause 49 of the Listing Agreement in respect of Directors being re-appointed is given herein below:

Name of Director	Mr. Pavan Kumar Jain	Mr. Kishore Biyani
Date of Birth	17.05.1951	09.08.1960
Date of Appointment	28.02.2010	28.02.2010
Expertise in specific functional areas	<p>Chemical Engineer from Indian Institute of Technology, New Delhi and an industrialist with over 35 years of experience.</p> <p>As the Chairman and Managing Director of Inox Air Products Limited for more than twenty years, Mr. Pavan Kumar Jain has steered the company's growth from a single plant business to one of the leading domestic players in the industrial gas business.</p>	<p>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.</p> <p>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.</p>
Qualifications	Chemical Engineer from Indian Institute of Technology, New Delhi.	Bachelors degree in commerce from H. R. College and has a post-graduate diploma in marketing management from Institute of Marketing and Management.
Directorships held in other companies (Excluding Foreign Companies)	<ol style="list-style-type: none"> 1. Inox Air Products Limited 2. Inox Leasing and Finance Limited 3. Gujarat Flurochemicals Limited 4. Inox India Limited 5. Inox Leisure Limited 6. Inox Renewables Limited 7. Vindhyachal Hydro Power Limited 8. Inox Chemicals Private Limited 9. Siddhomal Investments Private Limited 10. Siddhapavan Trading and Finance Private Limited 11. Devansh Trading and Finance Private Limited 12. Rajni Farms Private Limited 13. Inox Infrastructure Private Limited 14. Siddhomal Air Products Private Limited 15. Sitashri Trading and Finance private Limited 16. Inox International Private Limited 17. Devansh Gases private Limited 	<ol style="list-style-type: none"> 1. Pantaloon Retail (India) Limited 2. Jagran Prakashan Limited 3. Future Capital Holdings Limited 4. Future Generali India Life Insurance Company Limited 5. Future Generali India Insurance Company Limited 6. Future Ventures India Limited 7. Future Media (India) Limited 8. Kumar Urban Development Limited 9. Future Corporate Resources Limited 10. Embassy Property Developments Limited 11. Eclipse Infrastructure Private Limited 12. Sanavi Multitrading Private Limited 13. Ucchal Infrastrucutre Private Limited 14. U-Phase Infraprojects Private Limited 15. Softtouch Multitrading Private Limited 16. White Circle Mercantile Private Limited 17. Gargi Developers Private Limited 18. Retailers Association of India

NOTICE

Membership / Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholders'/ Investors' Grievance Committee)	<ol style="list-style-type: none"> 1. Gujarat Fluorochemicals Limited – Member, Share Transfer & Investor's Grievance Committee 2. Inox India Limited – Chairman, Audit Committee 3. Inox Air Products Limited – Chairman, Audit Committee 4. Inox Leisure Limited – Chairman, Share Transfer & Investor's Grievance Committee 	<ol style="list-style-type: none"> 1. Jagran Prakashan Limited – Member, Audit Committee 2. Future Ventures India Limited – Member, Investors' Grievance Committee
Shareholdings in the Company	NIL	NIL

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. 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.
10. 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.

11. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is annexed hereto.
12. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.fame.co.in under the section 'Investor Relation'.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

The Board of Directors of the Company, at its meeting held on 21st December 2011 and subject to the approval of the members, appointed Mr. Rajeev Patni as Manager of the Company upto 31st March 2013, pursuant to the provisions of Section 198, 269, 387 and 388, read with Schedule XIII of the Companies Act, 1956.

Broad particulars of the terms of appointment of and remuneration payable to Mr. Rajeev Patni are as under :

Salary, Perquisites and Allowances per annum payable to Mr. Rajeev Patni

Salary	-	₹ 1,490,768
Perquisites & Allowances	-	₹ 2,509,232
Total		₹ 4,000,000

The information under sub-clause B(iv) of para I of Section II, Part II of Schedule XIII of the Companies Act, 1956 is stated below :

I. General Information

1. Nature of Industry - The company is engaged in the business of exhibition of cinematographic films.
2. Date or expected date of commencement of commercial operation - Not Applicable
3. In case of new Companies, expected date of Commencement of activities as per project Approved by financial institutions appearing in the prospectus. - Not Applicable
4. Financial performance based on given indications -

(₹ In Lacs)

		2011-12	2010-11	2009-10
i	Income from operation	22,091.79	18,443.69	15,073.43
ii	Net profit after tax	(1,113.47)	198.81	(624.49)

5. Export performance and net foreign exchange Collaboration - Not Applicable
6. Foreign investments or collaborations, if any - Not Applicable

II. Information about the Manager – Mr. Rajeev Patni

1. Background details - Mr. Rajeev Patni holds Diploma in Hotel Management Catering and Nutrition certified by the Board of Technical Education, Delhi. He has overall work experience of about 24 years and has held management positions with various 5 star hotels in India.
2. Past Remuneration - ₹ Nil
3. Recognition or Awards - Nil
4. Job profile and his suitability - Mr. Rajeev Patni was looking after management of the overall day to day affairs and of the Company.
5. Remuneration proposed - Upto an amount upto ₹ 40.00 lacs per annum

NOTICE

- | | |
|---|---|
| 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the Position and person. | - The remuneration proposed is in line with the remuneration drawn by executives in similar industry. |
| 7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any | - Mr. Rajeev Patni does not have any relationship with the managerial personnel in the Company |

III. Other Information

- | | |
|--|--|
| 1. Reason for loss or inadequate profit | - During the year under review the Company provided Service Tax liability of ₹ 1,117 lacs on account of upheld of levy by various Hon'ble High Courts, exchange fluctuation loss of ₹ 448 lacs on repayment of FCCB etc. |
| 2. Steps taken or proposed to be taken for improvement | - The company is refurbishing its present properties and is in process of formulating strategic plans with specific focus of increasing its profitability. |
| 3. Expected increase in productivity and profits in measurable terms | - The Company currently operates 27 Multiplex Cinema Theatres with 102 screens across India. It is expected that the company will achieve better results in the coming years. |

None of the Director of the Company is concerned or interested in the Special Resolution as mentioned in item no. 5 of the Notice.

The terms of appointment, as stated above may be regarded as an abstract of the terms of appointment, pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

Suratha Satpathy
Company Secretary

Place: Mumbai

Date: 24th May 2012

Registered Office:

Citi Mall, 2nd Floor,
Oshiwara Link Road,
Andheri (w),
Mumbai - 400 053.

Email : secretarial@fame.co.in

DIRECTORS' REPORT

To,
The Members,
Fame India Limited

Your Directors are pleased to present the Thirteenth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS:

(₹ In Lacs)

Particulars	For the year ended 31 st March 2012	For the year ended 31 st March 2011
Revenue from Operations and Other Income	22,091.79	18,443.69
Profit Before Interest, Depreciation and Tax (PBIDT)	1,421.05	2,528.23
Less : Interest	853.47	683.04
Less : Depreciation	1,681.05	1,709.74
(Loss) before Tax (PBT)	(1,113.47)	135.46
Provision for taxation	-	(63.35)
(Loss) after Tax (PAT)	(1,113.47)	198.81
Add : Profit brought forward from previous year	569.34	370.53
Balance carried forwarded to Balance Sheet	(544.13)	569.34

BUSINESS OVERVIEW

During the year under review, your Company has achieved an operational and other income of ₹ 22,091.79 lacs. The Company has posted a net loss of ₹ 1,113.47 lacs during the year as compared to a net profit of ₹ 198.81 lacs in the previous year.

During the year profitability was adversely affected mainly on account of loss due to foreign exchange fluctuation of ₹ 448.16 incurred on redemption of FCCB and provision of Service Tax Liability for ₹ 1,116.90 Lacs discussed in detail hereinafter.

SERVICE TAX PROVISION

Finance Act 2010 defined renting of immovable property as a taxable service with retrospective effect from 1st June 2007. The company challenged the levy of service tax on renting of immovable property (Levy) before various High Courts, which had granted an interim stay in favour of the Company against the proposed Levy.

Based on the legal advice obtained by the Company, no provision for this Levy was made by the Company in earlier years. This levy was upheld by various High Courts during the current year. The Company has filed a Special Leave Petition before the Hon'ble Supreme Court which is pending and is making payment as per directions of the Hon'ble Supreme Court.

Accordingly, the Company has provided for this levy and an amount of ₹ 309.07 lakhs being the charge for the current year is included in 'Service tax' and the amount of ₹ 807.83 lakhs being the charge for the period upto 31st March 2011 is shown as an exceptional item in the Statement of Profit and Loss. Please refer note no. 31 of the Notes to Accounts in this regards.

NEW PROPERTIES:

During the year 2 Multiplex were opened in Chennai and Kolkata. With this, the total number of operational properties of the Company now stands at 27 with 102 screens and seating capacity of 28,518 seats.

DIVIDEND

In view of net losses for the year, the directors do not recommend any dividend for the year ended 31st March 2012.

DIRECTORS' REPORT

SUBSIDIARIES

During the year, the Company has acquired further shareholding of Headstrong Films Private Limited and now it has become a subsidiary of the Company. Besides this, the Company has two more subsidiaries, namely Fame Motion Pictures Limited and Big Pictures Hospitality Services Private Limited.

Fame Motion Pictures Limited is mainly engaged in distribution of films. Big Pictures Hospitality Services Private Limited is engaged in the business of operating food court and restaurants in India and Headstrong Films Private Limited is engaged in the business of film production and distribution in India. During the year, there are no business activities in these two companies. However, the Management is re-assessing the business feasibility and is exploring new initiatives / projects.

The Ministry of Corporate Affairs, New Delhi has issued a General Circular No: 2 /2011 dated 8th February 2011 (said Circular) granting general exemption from complying with the provisions of Section 212 and the General Exemption is subject to certain conditions which *inter alia* requires the Board of Directors of the Company to give consent, by passing a Board Resolution, for not attaching the Balance Sheet of the subsidiary/ies concerned. Accordingly, your Directors have passed necessary Board Resolution to avail the above general exemption. The Consolidated Financial Statements of holding company and all the subsidiaries, prepared in strict compliance with applicable accounting standards and Listing Agreement as prescribed by the Securities and Exchange Board of India (SEBI) and duly audited by Statutory Auditors of the Company have been presented in the Annual Report along with the prescribed Financial Information in respect of the subsidiary companies. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to the Members of the Company as well as Members of subsidiary companies who may be interested in obtaining the same at any point of time. The Annual Accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company as well as that of the respective subsidiary companies. Hard copy of details of accounts of subsidiaries shall be made available to the Members on demand.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205C(2)(b) of the Companies Act, 1956, an amount of application money of ₹ 0.46 Lacs received during the Initial Public Offer made in 2005 and remained unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

DIRECTORS

Mr. Pavan Kumar Jain and Mr. Kishore Biyani, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 notice convening the Annual General Meeting.

ISSUE OF SHARES

Employee Stock Option Scheme – 2009

During the current financial year, in accordance with the terms and conditions of the Employees Stock Option Scheme 2009, the options vested in the second year were exercised and 36,603 equity shares of the face value of ₹ 10 each were allotted to the eligible employees of the Company.

The applicable disclosures as stipulated under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, is provided as Annexure-I, forming part of this report.

The Company has received certificate from Auditors of Company confirming that scheme has been implemented in accordance with SEBI Guidelines and resolution passed by Shareholders. Auditors' certificate would be placed at Annual General Meeting for inspection by members.

DIRECTORS' REPORT

Rights Issue

Through the Letter of Offer dated 30th January 2012, the Company made a Rights Issue of 20,290,508 equity shares with a face value of ₹ 10 each at a premium of ₹ 34 per equity share. The Rights Issue was opened for subscription on 7th February 2012 and was closed on 21st February 2012. Allotment of 20,290,508 equity shares were made on 2nd March 2012.

Details of utilization of Rights Issue Proceeds

(₹ In Lacs)

Particulars	Proposed Utilisation	Utilised upto 31 st March 2012	Balance Fund
Repayment of Loan	7,000.00	7,000.00	0.00
Issue Expenses	180.04	171.24	8.80
General Corporate Purpose	1,747.78	0.00	1,747.78
Total	8,927.82	7,171.24	1,756.58 *

*Temporarily invested in liquid mutual funds.

APPOINTMENT OF MANAGER UNDER SECTION 269 OF THE COMPANIES ACT, 1956

During the year, Mr. Rajeev Patni was appointed as Manager of the Company pursuant to the provisions of Section 269 of the Companies Act, 1956, subject to the approval of the shareholders in the ensuing Annual General Meeting.

REDEMPTION OF OUTSTANDING FCCB

During the year, the outstanding Series A Bond and Series B Bond aggregating US \$ 13,000,000 were redeemed at 82% of the redemption value. On redemption of such bonds, the Company made full and final settlement of its liabilities and obligations in respect of the outstanding bonds.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- 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 2012, and the loss of the Company for the said financial year;
- 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;
- That the Board of Directors have prepared the annual accounts on a "going concern basis" and on an "accrual basis".

AUDITORS

M/s. Patankar & Associates (Firm Registration No. 107628W), Chartered Accountants, Auditors of the Company will retire from the office of the Auditors at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have furnished a certificate of their eligibility for appointment under Section 224(1B) of the Companies Act, 1956 and they are not disqualified under provisions of Section 226(3)(e) of the said Act.

AUDITORS' REPORT

The Auditors Report to the Shareholders does not contain any qualifications. The notes forming part of the accounts are self-explanatory and do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

DIRECTORS' REPORT

LISTING FEES

The Company confirms that the Annual Listing Fees due to BSE Limited and National Stock Exchange of India Ltd., Mumbai for the Financial Year 2012-13 have been paid.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, your Company has ensured continued compliance of Corporate Governance requirements during the financial year ended 31st March 2012 and a Management Discussion and Analysis, Corporate Governance Report and a Certificate from the Statutory Auditors on compliance of conditions of Corporate Governance are forming part of the Annual Report.

In compliance with the requirements of clause 49(V), a certificate from Manager and as Head of Finance is forming part of Corporate Governance Report.

All the Board Members and senior Management Personnel of the Company had affirmed compliance with the Code of Conduct for the Board and a declaration to this effect duly signed by the Manager of the Company is forming part of Corporate Governance Report.

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.

FIXED DEPOSITS

During the year, your Company has not invited nor accepted/renewed deposits from the public within the meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956, if any.

PARTICULARS OF EMPLOYEES

There are no employees who have been paid salary in excess of the limit stipulated under provisions of Section 217(2A) of the Companies Act, 1956. Hence, no separate disclosure is made by the Company in this regard.

CONSERVATION OF ENERGY

Your Company has taken the following energy conservation measures:

- Power factor is being maintained with the use of capacitor banks and Auto power factor correction meter. These banks are used to neutralize the inductive current by providing capacitive current. As a result, a power factor improves and the Company gets rebate as may be applicable on energy bills from Electricity Distribution Companies. The overall current consumption from the equipment also reduces which leads to increase life cycle of the equipments like Motors and heaters.
- Successfully installed Variable Frequency Drive (VFD) for Audi AHU motors in Multiplex Cinema theatres situated at Malad, Kandivali – Raghuleela, Vashi, Kalyan, Bangalore – Prestige, Kolkata – South City, Kolkata – Hiland Park & Panchkula, which helps us to control the speed of Aircon motor as per the temperature and the occupancy. It helps to optimize energy consumption for Air conditioning system.
- All operational units have implemented Planned Preventive Maintenance (PPM) program where the schedule for all the engineering and projection equipments are chalked out in advance with the PPM chart. A benefit of the PPM program is to improve the efficiency of the machines and minimizing breakdowns. As a part of PPM program the air conditioning system was overhauled and chemical dosing was used to recover the loss of ageing and reduced capacity. As a result, the electrical current required for getting the desired result has reduced.
- All the new fittings are with CFL or energy a saver, which uses less electrical power as compared to incandescent lamps. Replaced 50 watt Halogen lamps with 3 watt/ 9watt LED lamps in Malad property.
- Emphasizing on CFL and LED lamps in existing units and upcoming project.

DIRECTORS' REPORT

- Installed digital projectors at Malad, Andheri, Vashi, Pune – FNS, Kolkata – South City, Bangalore – Lido & Shankarnag. This consumes 20% less amount of energy compared with conventional projection system. Upcoming properties are equipped with 80% digital projection system.
- LED based outdoor signage has been installed at Multiplex Cinema Theatre situated at Panchkula.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ In Lacs)

Particulars	2011-2012	2010-2011
Foreign Exchange Earned	-	-
Foreign Exchange Used (*Includes ₹ 7,058.48 Lacs towards repayment of FCCB with Interest / YTM)	*7,113.50	56.26

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

Pavan Kumar Jain
Director

Deepak Asher
Director

Place: Mumbai

Date: 24th May 2012

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure pursuant the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as at 31st March 2012

	Particulars	2011-12
A	Options granted	NIL
B	The price formula / Exercise Price	₹ 14.47
C	Options vested	37,989
D	Options exercised	36,603
E	The total number of shares arising as a result of exercise of option	36,603
F	Options lapsed	132,261
G	Variation of terms of options	NOT APPLICABLE
H	Money realized by exercise of option	₹ 5.30 Lacs
I	Total number of options in force	104,916
J	Employee-wise details of options granted to <ul style="list-style-type: none"> i. senior managerial personal ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant 	Nil Nil Nil
K	Diluted Earnings Per Share (EPS) (as on 31 st March, 2012) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 'Earnings per Share'	₹ (3.00)
L	If employee compensation cost calculated using intrinsic value of the stock options, difference between ECC so computed and ECC shall have been recognized if it had used the fair value of the options. Impact of this difference on profits and on EPS of the company	Difference in ECC: Nil Impact of the difference on the Profit: Nil Impact on EPS: Nil

ANNEXURE TO THE DIRECTORS' REPORT

	Particulars	2011-12		
M	For options whose exercise price either equals or exceeds or is less than the market price of the stock, disclose weighted-average exercise prices and weighted-average fair values of options separately		Weighted Average Exercise Price	Weighted Average Fair Value
		Exercise price equals market price	₹ 14.47	₹ 9.32
		Exercise price exceeds market price	Nil	Nil
		Exercise price is less than the market price	Nil	Nil
N	Method and significant assumptions used during the year to estimate fair values of options, including following weighted-average info- i. risk-free interest rate ii. expected life iii. expected volatility iv. expected dividends, and v. the price of the underlying share in market at the time of option grant	Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable		

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The film exhibition business and the domestic box office is expanding at a fast pace and is exhibiting positive growth. The industry is projected to grow at a Compound Average Growth Rate (CAGR) of 10.1%* to touch ₹ 150 billion in 2016. The industry expects domestic theatrical revenues to continue dominating the overall pie. It is also worthy to mention here multiplexes account for 50% of the Indian theatrical revenues, despite having less than 15% market share in terms of screen count.

With multiplex chains charting out an aggressive expansion roadmap, increasing digitalization of screens enabling wider film print releases, experimentation with different content, increasing popularity of regional film segment and arrest of piracy, are some of the major drivers of growth, riding on which, the industry is expected to be follow a strong growth path.

OPPORTUNITIES:

Multiplexes have been successful in bringing the audience back to cinema theatres, and are the preferred out-of-home choice of entertainment for the Indian consumer. The option of choosing from 9-10 titles a day was unheard of decade back. Temperature controlled auditoriums, luxurious recliner seats, state-of-art sound and projection systems - in addition to a variety of lip-smacking snacks, made 'going to the movies' very chic, hip and fashionable. People additionally felt much safer in multiplexes considering the safety precautions undertaken.

2011 witnessed significant capacity expansion by multiplex chains, including Fame India Ltd. Urbanization and growing middle class, under-screened market and better viewing experiences have fuelled this growth.

The industry is expected to double the multiplex screens over the next five years taking the total tally to over 2,200 screens in 2016. An increased number of shows on account of reduction in film duration combined with growth in properties and quality of film-going experience continues to drive overall footfalls at multiplexes as evidenced by improved occupancy rates in 2011. In addition, the contribution of regional cinema to multiplex chains has continued to increase.

With 3D films getting much more prevalent in Hindi film industry, besides Hollywood, multiplexes have been able to increase their ticket prices for the high-end 3D technology – thereby providing an improved viewing experience.

Cinema Exhibition Business is undergoing a tremendous technological change as Theatre Owners are now converting their current projectors with high-end Digital Projectors or Digital Cinema. Digital Cinema refers to use of Digital Technology to capture, distribute and project motion pictures. Use of this technology will allow distribution of movie via hard drives, optical disks or satellite and projected using a digital projector. FAME too has initiated the process of converting its current projectors with high-end Digital Projectors or Digital Cinema. This will help in savings of print costs, wide release of Film, durability of Media, curb on piracy, etc.

The industry has witnessed a marked improvement in transparency of ticket sales over the years. Systems and processes introduced by multiplex chains in addition to digitization of theatres is the key contributor. This has not only helped film makers and distributors; it has also given a boost to cinema advertising. Advertisers now have better access to occupancy rates and film revenues. The market has grown at a healthy 18%* in 2011 to reach ₹ 140 Crores.

It must be mentioned here that there has been a lot of investment made in the infrastructure facilities with new film cities offering one-stop shop for making films. From shooting floors, post and pre production facilities to film processing lab, these facilities are expected to increase efficiency in production in less time.

THREATS / RISKS / CONCERNS:

The shelf-life of movies in theatres has seen a steady decline. The growing popularity of alternate distribution platforms like DTH, satellite television and the launch of 3G enabled mobile handsets are a potential threat to theatrical exhibition.

It has been observed that films chasing particular release date and time of the year are resulting in some kind of a trend thereby eating up the market. Although this trend has declined considerably with many big-banner movies releasing during IPL and during the month of Ramzan, there is still an apprehension amongst film-makers to release their movies during these gaps – and focusing on Eid, Diwali, Christmas releases.

Piracy continues to be a major concern for the film industry. Technological advancements such as digitalization of film content and delivery should help arrest piracy to a great extent.

MANAGEMENT DISCUSSION AND ANALYSIS

Controlled ticket rates in some of the states and high entertainment taxes make it difficult to keep pace with increasing rentals. Allowing markets to determine the ticket rates would provide more flexibility to the exhibitors.

SEGMENT WISE ANALYSIS (CONSOLIDATED):

The business of the Group is divided into two segments, theatrical exhibition and film distribution. Upto last year, theatrical exhibition and management of multiplexes were classified as separate business segments. During the current year, the management has reviewed the classification and in view of similar risks and rewards in the same, they are considered as single business segment.

During 2011-12, segment revenue from theatrical exhibition amounted to ₹ 227.15 crores and the loss from the segment amounted to ₹ 0.81 crore. The segment result was impacted due to the exceptional expenditure on account of prior year's service tax on renting of immovable properties amounting to ₹ 8.24 crores, which was accounted during the year.

Segment revenue from distribution amounted to ₹ 0.52 crore. However, a loss of ₹ 0.05 crore was incurred in this segment.

MULTIPLEXES / FILM EXHIBITION:

Total revenue from theatrical exhibition segment during the financial year ended 31st March 2012 amounted to ₹ 22,888.83 Lacs. The loss from this Segment was ₹ 81.19 Lacs for the financial year ended 31st March 2012. The increase in total revenue from this segment is attributed to commencement of operations of new property at Chennai and improved occupancy and ATP of the properties across the country. As on date, the Company has 27 multiplexes, 102 screens in 13 cities across India. With the additions of a number of 3D screens across the country, your company today has 3D screens in Mumbai, Baroda, Chennai, Nashik, Aurangabad, Pune, Bangalore, Kolkata, Dhanbad, Anand, and Surat which has also contributed to the increase in total revenue.

OTHER SEGMENTS:

Total revenue from Other Segments viz. film distribution, during the financial year ended 31st March 2012 was ₹ 52.11 lacs. However, the Company suffered a loss to the tune of ₹ 4.89 lacs in this segment for the financial year ended 31st March 2012.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, codes of conducts and corporate policies are duly complied with.

The Audit Committee reviews the reports submitted by the Internal Auditors and monitors follow-up and corrective action by Management.

DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Company's financial performance is discussed under the head "Financial Results" in Directors' Report to the Members.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES:

A. RECRUITMENT & SELECTION

We develop and maintain our talent pool by recruiting from diverse service sectors like Hotels, Entertainment, Retail, Engineering, Aviation, Media and Management Colleges. Our professional and successful management team is drawn from the above backgrounds.

The Current employee strength including on rolls and Contractual is around 1650.

B. TRAINING & DEVELOPMENT

Our employees continue to be our most valuable assets. We thrive upon our "Systems and Service" oriented work culture to achieve and maintain consistently high service standards. Our constructive and progressive management style enables us to attract and retain the best talent in the industry. Thus, we continuously maintain a strategic competitive advantage for sustaining long term business objectives.

* *Digital Dawn – The metamorphosis begins – FICCI-KPMG Indian Media and Entertainment Industry Report 2012.*

CORPORATE GOVERNANCE REPORT

Introduction

Your Company is committed to ensure good Corporate Governance practice as it builds confidence and trust, which eventually leads to 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 persons with considerable expertise and experience in business and industry, finance, management etc. There is no Chairman of the Company. 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. All the members of the Board are Non Executive Directors.

The present strength of Board of Directors is four, the composition of which is as stated below:

- Two Non Executive and Independent Directors
- Two Non Executive and Non Independent Directors

Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates, which in the 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, the number of their other directorships and membership of Committees, is as under:

Name of the Director	Category of Directorship	Number of Outside Directorships*	No. of Committees in which Chairman / Member**	
			Member	Chairman
Mr. Pavan Kumar Jain	Non Executive - Non Independent Director	7	1	3
Mr. Kishore Biyani	Non Executive - Independent Director	10	2	Nil
Mr. Deepak Asher	Non Executive - Non Independent Director	7	2	2
Mr. Amit Jatia	Non Executive - Independent Director	3	1	Nil

* Outside Directorships includes Directorships in public companies, but does not include private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

** Only Chairmanship / membership of the Audit Committee and Shareholders' Grievance Committee are considered.

CORPORATE GOVERNANCE REPORT

(b) Board Procedure:

The Board meets at least once in a quarter to review the 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:

During the financial year ended 31st March 2012, 11 (Eleven) Board Meetings were held on 19th April 2011, 26th May 2011, 10th August 2011, 27th September 2011, 18th October 2011, 21st December 2011, 26th December 2011, 13th January 2012, 30th January 2012, 2nd February 2012 and 2nd March 2012.

Details regarding attendance of each Director at Board Meetings of the Company and the last Annual General Meeting is as under:

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 14 th July 2011
Mr. Pavan Kumar Jain	10	No
Mr. Deepak Asher	11	Yes
Mr. Kishore Biyani	8	No
Mr. Amit Jatia	10	Yes

III. Audit Committee

(a) Broad Terms of Reference

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 is 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 three Directors. The composition of the Audit Committee is as follows:

Names of Members	Category
Mr. Amit Jatia	Chairman, Independent, Non Executive Director
Mr. Kishore Biyani	Independent, Non Executive Director
Mr. Deepak Asher	Non Independent, Non Executive Director

(c) Meetings and Attendance:

During the financial year ended 31st March 2012, 5 (five) Audit Committee meetings were held on 26th May 2011, 10th August 2011, 17th October 2011, 26th December 2011 and 2nd February 2012.

The attendance of Audit Committee meeting is as under:

Names of Members	No. of meetings attended
Mr. Amit Jatia	5
Mr. Deepak Asher	5
Mr. Kishore Biyani	5

Mr. Amit Jatia, Chairman of the Audit Committee was present at the last Annual General Meeting held on 14th July 2011.

CORPORATE GOVERNANCE REPORT

IV. Remuneration Committee:

(a) Broad Terms of Reference

The role of the Remuneration Committee is to review market practices and to decide on remuneration package payable to the senior executives of the Company.

(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
Mr. Pavan Kumar Jain	Chairman- Non Independent, Non Executive Director
Mr. Deepak Asher	Non Independent, Non Executive Director
Mr. Amit Jatia	Independent, Non Executive Director

(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 and practices in the industry;
3. Performance of Company and individual performance

(d) Meetings & Attendance:

During the year, one Remuneration Committee Meeting was held on 21st December 2011, which was attended by Mr. Deepak Asher and Mr. Amit Jatia.

V. Shareholders/ Investor Relations Committee:

(a) Broad Terms of Reference:

The Company constituted a Shareholders / Investor Relations 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.

(b) Composition:

The Committee comprises of Mr. Pavan Kumar Jain, Mr. Deepak Asher and Mr. Kishore Biyani. Mr. Pavan Kumar Jain is the Chairman of the Shareholders/Investor Relations Committee.

(c) Meetings & Attendance:

During the financial year ended 31st March 2012, 4 (Four) Shareholders / Investor Relation Committee meetings were held and the same were held on 26th May 2011, 10th August 2011, 18th October 2011 and 2nd February 2012.

The attendance of Shareholders/ Investor Relations Committee meeting is as under:

Names of Members	No. of meetings attended
Mr. Pavan Kumar Jain	4
Mr. Deepak Asher	4
Mr. Kishore Biyani	4

(d) Details of Shareholders Complaints:

The total number of shareholders complaints received during the year ended 31st March 2012 were 4 (four). These were replied to, to the satisfaction of the shareholders concerned. There were no outstanding complaints as on 31st March 2012. Shareholders'

CORPORATE GOVERNANCE REPORT

complaint and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer:

Mr. Suratha Satpathy is the Company Secretary and Compliance Officer of the Company.

VI. Subsidiary Companies:

During the year under review, the Company has 3 (three) subsidiaries, viz., Fame Motion Pictures Limited, Big Pictures Hospitality Services Private Limited and Headstrong Films Private Limited (w.e.f. 27 March 2012). Details of the subsidiaries have been stated separately in the Directors' Report.

VII. General Body Meetings:

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

AGM	DATE	TIME	VENUE
12 th	14-07-2011	11.00 A.M.	Conference Hall, Shree Vagad Visha Oswal Vikas Samaj, Mahajanwadi, Plot No. A-6, S.N.(P.T.), 41, Adarash Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
11 th	22 -09-2010	10.00 A.M.	Conference Hall, Shree Vagad Visha Oswal Vikas Samaj, Mahajanwadi, Plot No. A-6, S.N.(P.T.), 41, Adarash Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
10 th	30-09-2009	11.00 A.M.	Conference Hall, Shree Vagad Visha Oswal Vikas Samaj, Mahajanwadi, Plot No. A-6, S.N.(P.T.), 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 30th September 2009, two special resolutions pertaining to Section 61 & Section 314 of the Companies Act, 1956; to obtain consent for revision in utilization of unutilized IPO proceeds and for the appointment of Mr. Aditya Shroff as Asst. Vice President – Programming & Corporate Sales of the Company, were passed respectively.
- At the Annual General Meeting held on 14th July 2011, one special resolution was passed pursuant to Section 198, 269 and 309 and Schedule XIII of the Companies Act, 1956, for appointment and remuneration of erstwhile Managing Director of the Company for a period from 19th December 2010 to 21st January 2011.

b) Postal Ballot / Special Resolutions:

The Company had passed two ordinary resolutions through Postal Ballot during the year 2010-11 for the purpose of obtaining approval of the Shareholders for : i) Increase of Authorised Share Capital of the Company; and ii) Amendment of Clause V of the Memorandum of Association of the Company. Mr. Nilesh Shah, Partner, Nilesh Shah & Associates, Practicing Company Secretaries was appointed as the scrutinizer for the Postal Ballot process. The scrutinizer submitted his report to the Chairman on 9th April 2011. The voting pattern of the postal ballot was given in the last Annual Report 2010-2011.

VIII. Transfer of Unclaimed Refunds – IPO to Investor Education and Protection Fund (IEPF):

As required under the Companies Act, 1956 and in accordance with Rules prescribed under Investor Education and Protection Fund (Awareness & Protection of Investors) Rules, 2001, unclaimed dividend, share application moneys, etc. that remain unclaimed and unpaid for a period of seven years from the date they became due for payment, have to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed refund amount of ₹ 0.46 Lacs from the Initial Public Offer made in 2005, which remained unclaimed was transferred to the Investor Education and Protection Fund during May 2012.

IX. Disclosures:

Materially significant related party transactions

There are no pecuniary related party transactions that may have potential conflict with the interests of the Company.

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

CORPORATE GOVERNANCE REPORT

Details of non-compliance

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

Code of Conduct

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 Manager of the Company.

Management Discussion and Analysis Report

A Management Discussion and Analysis includes discussions on various matters specified under clause 49(IV) (F) of the Listing Agreement forms part of the Annual Report.

X. Means of Communication:

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.

The Company's financial results are displayed on the Company's website www.fame.co.in.

XI. General Shareholder Information:

a) Registered Office:

Citi Mall, 2nd Floor, Oshiwara Link Road,
Andheri (W), Mumbai- 400 053

b) Annual General Meeting :

- **Financial Year** : 1st April 2011 to 31st March 2012
- **Day, Date & Time** : Thursday, 26th July 2012, at 11.00 a.m.
- **Venue** : Conference Hall, Shree Vagad Visha Oswal Vikas Samaj, Mahajanwadi,
41, Adarash Nagar, Jogeshwari – Oshiwara Link Road,
Near Lotus Petrol Pump, Jogeshwari (W), Mumbai - 400102
- **Date of Book Closure** : 20th July 2012 to 26th July 2012 (both days Inclusive)

c) Reporting of Un-audited/ Audited Financial Results:

- | | |
|--|---|
| i. First Quarter Results | : - by 2 nd week of August 2012 |
| ii. Second Quarter Results with Half Yearly Results | : - by 2 nd week of November 2012 |
| iii. Third Quarter Results | : - by 2 nd week of February 2013 |
| iv. Fourth Quarter or Audited Results for the year ended 31 st March 2013 | : - by 2 nd week of May 2013 (un-audited financial results along with limited review report)
or
by 30 th May 2013 (audited financial results) |

d) Dividend payment date: No Dividend is recommended by the Board.

e) Listing on Stock Exchanges:

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai. The Annual Listing fees as prescribed have been paid to the Stock Exchanges i.e. BSE & NSE for the year 2012-2013.

CORPORATE GOVERNANCE REPORT

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 Limited and National Stock Exchange of India were as follows:

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (In ₹)	Low (In ₹)	No. of shares traded	High (In ₹)	Low (In ₹)	No. of shares traded
Apr- 2011	64.95	51.50	292,589	64.40	50.60	277,319
May 2011	56.70	42.10	32,600	58.70	43.25	34,457
June-2011	58.85	45.80	161,608	59.15	45.00	216,873
Jul – 2011	64.70	46.00	192,451	64.90	46.90	345,613
Aug 2011	51.45	38.30	26,445	51.05	38.10	23,709
Sep -2011	51.45	40.05	160,592	51.90	40.10	241,737
Oct -2011	49.85	40.00	89,446	50.00	38.50	179,086
Nov-2011	52.50	38.00	42,735	52.95	37.05	53,458
Dec-2011	61.40	33.50	1,180,585	61.90	33.10	2,778,203
Jan -2012	62.30	44.15	276,095	62.40	44.00	595,475
Feb-2012	49.00	42.65	34,433	49.50	43.05	45,584
Mar-2012	73.90	42.85	1,100,491	74.80	43.50	2,185,589

As on 1st April 2011 the opening BSE Sensex was 19,463.11 and as on 30th March 2012 the closing BSE Sensex was 17,404.20 (-10.58%). On 1st April 2011, the Opening price of the Company's Share on BSE was ₹ 54.95 and as on 30th March 2012 closing price on BSE was ₹ 67.85 (23.47%).

As on 1st April 2011 the opening NIFTY was 5,835.00 and as on 30th March 2012 the closing NIFTY was 5,295.55 (-9.24%). On 1st April 2011, the Opening price of the Company's Share on NSE was ₹ 55.80 and as on 30th March 2012 closing price on NSE was ₹ 69.00 (23.65%).

h) Registrar and Share Transfer Agents:

Link Intime India Private Limited
C-13, Pannalal Silk Mills 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.

CORPORATE GOVERNANCE REPORT

j) Distribution of Shareholdings as on 31st March 2012:

No. of Equity Shares	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shareholding
upto 500	6,535	92.4851	800,043	1.4474
501-1000	318	4.5004	269,560	0.4877
1001-2000	113	1.5992	178,157	0.3223
2001-3000	29	0.4104	74,569	0.1349
3001-4000	29	0.4104	102,913	0.1862
4001-5000	13	0.1840	62,936	0.1139
5001-10000	13	0.1840	92,403	0.1672
10001 & above	16	0.2264	53,693,562	97.1405
Total	7,066	100.00	55,274,143	100.00

k) Shareholding Pattern as on 31st March 2012:

Sr. No.	Category	No. of Shares held	% of Share Capital
1.	Promoter & Promoter Group	40,425,428	73.14
2	Public Financial Institutions, Banks & Insurance Companies	-	-
3	Private Corporate Bodies	12,564,811	22.73
4	NRIs/FIIs/OCBs	705,499	1.28
5	Indian Public & Others	1,578,405	2.85
	Total	55,274,143	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) through Link Intime India Private Limited whereby the investors have the option to dematerialize their shares with either of the depositories.

m) Status of Dematerialization as on 31st March 2012:

Particulars	No. of Shares	% of Total Capital
NSDL	16,341,587	29.56
CDSL	38,930,571	70.43
Total Dematerialised	55,272,158	99.99
Physical	1,985	0.01
Grand Total	55,274,143	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 Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills 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 Citi Mall, 2nd Floor, Oshiwara Link Road, Andheri-(W), Mumbai - 400 053.

p) Proceeds from the Rights Issue:

Through the Letter of Offer dated 30th January 2012, the Company has made Rights Issue of 20,290,508 equity shares with a face value of ₹ 10/- each at a premium of ₹ 34/- per equity share. Allotment of 20,290,508 equity shares was made on 2nd March 2012.

The share issue expenses, net of service tax credit, are adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956.

CORPORATE GOVERNANCE REPORT

The purpose of Rights Issue and its actual utilization as on 31st March 2012 is as under:

Sr. No.	Particulars	Projection in offer document (Amount in ₹)	Actual funds utilized till 31 st March 2012 (Amount in ₹)
1.	Repayment of Loan	700,000,000	700,000,000
2.	Issue Expenses	18,004,041	17,123,886
3.	General corporate purposes	174,778,311	NIL
	Total	892,782,352	717,123,886
	Un-utilized Rights Issue proceeds temporarily invested in liquid mutual funds		175,658,466

The above utilization of Rights Issue proceeds is in accordance with the 'object of the issue' read with 'interim use of proceeds' clause as mentioned in the letter of offer.

XII. CEO/CFO Certification

Your Company has obtained a certificate from Mr. Rajeev Patni, Manager and as Head of Finance in respect of matters stated in Clause 49 (V) of the Listing Agreement.

XIII. Outstanding GDRs/ADRs/Warrants

Your Company has no outstanding GDRs/ADRs/Warrants or any other convertible instruments.

XIV. Property Locations

The Multiplex Cinema Theatres of your Company are situated at the following places:

Sr. No.	City	Location
1	Nashik	Old Vijay Mamta Theatre, Opp Prasad Chambers, Nashik Pune Rd., Nashik – 422006
2	Kandivali	Raghuleela Mall, Behind Poisar Bus Depot, Off S.V. Road, Kandivali (W), Mumbai - 400 067.
3	Kolkata	Metropolis Mall, Hiland Park, Opp Pearlless Hospital, E.M. By Pass' Kolkata - 700094.
4	Malad	Inorbit Mall, New Link Road, Near Subkuch Market, Malad (West) Mumbai-400064
5	Pune	Jai Ganesh Vision Mall , Near Olympia Service Station Akurdi, Pune - 411 035
6	Aurangabad	Old Anuradha Anupama Cinema, Next To Hotel Windsor Castle , Cidco, Aurangabad-431001
7	Dadar	Nakshatra Cine Shoppe , Rande Road, Near Dadar Raliway Station, Dadar (W), Mumbai - 400 028
8	Andheri	Citi Mall, Link Road ,Oshiwara, Andheri West - Mumbai 400053
9	Anand	City Pulse Theaters Ltd., Nr. Hero Honda Showroom, S.N. Motors, Anand - Vidyanagar Road, Anand - 388 001.
10	Dahisar	Plot No. 17, Village Mahajan Wadi, Thakur Mall, Opp. Hotel Sun Shine Inn, Next To Dahisar Check Naka, Mira – Bhayander, Taluka & District – Thane-401104
11	Kandivali	CTS No. 809-A-1/1/1, Village Poisar, Kandivali (East) - 400 101.
12	Bangalore	Next To Ista Hotel,, Off M.G. Road, Ulsoor, Bangalore.- 560 008
13	Kolkata	Southcity Projects Ltd, 375, Prince Anwar Shah Road, Kolkata – 700 068
14	Vashi	Raghulila Mall, 3rd Floor Opp. Vashi Railway station, Vashi Navi Mumbai-400703
15	Bangalore	Public Utility Building, M G Road, Bangalore – 560 001
16	Pune	1st Floor, Fun & Shop Mall, Opp. Bhairoba Nallah,, Fatima Nagar, Hadapsar, Pune – 411 013
17	Ghatkopar	Neelyog Bulding Patel Chowk,, R.B. Road,, Ghatkopar (E), Mumbai-400077
18	Punchkula	4 th Floor, Shalimar Mega Mall, Sector -5 Panchkula-134109
19	Kalyan	Metro Junction Mall, Netivalli Village, Near Sheel Phata, Kalyan (E), Kalyan - 421 306,
20	Vadodara	Seven Seas Mall, Near Fategung Post Office, Near I P C L Circle Fatigung , Vadodara-390002
21	Bharuch	Shalimar Takies, Station Road, Bharuch -392001
22	Dhanbad	Galleria Mall, Saraidhela, Sahyogi Nagar, Sector 2, Govindpur Road, Dhanbad.-828122
23	Bangalore	Prestige Forum Value Mall, Survey No. 62, Near Varthur Kodi, White Field Road , Bangalore – 560 066
24	Surat	Raj Empire ,Bhathar Road, Opposite Akashwani, Surat-395002
25	Chennai	Chandra Metro Mall, Door No. #92 New # 262 Arcot Road, Virugambakkam, Chennai – 600092
26	Kolkata	Hind Cinema, Bow Bazar, Kolkata-700013
27	Vadodara	Vihar Cine, Pratap Nagar, Vadodara, Gujarat-390004

CORPORATE GOVERNANCE REPORT

XV. Declaration by CEO

As approved under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Members of the Board and Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March 2012.

Place: Mumbai
Date : 24th May 2012

Rajeev Patni
Manager

XVI. Auditors' Certificate on Corporate Governance

To the Members of Fame India Limited,

We have examined the compliance of conditions of Corporate Governance by **Fame India Limited**, for the year ended on 31st March 2012 as stipulated in Clause-49 of the Listing Agreement.

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 Patankar & Associates
Chartered Accountants
Firm Reg. No. 107628W

Place: Pune
Dated: 24th May 2012

(Sanjay Agrawal)
Partner
Mem. No. 049051

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Fame India Limited (the "Company") as at 31 March 2012, the Statement of Profit and Loss 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.
2. 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.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 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 our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, 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 31 March 2012;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Patankar & Associates
Chartered Accountants
Firm Reg. No. 107628W

Place : Pune
Dated: 24 May 2012

(Sanjay Agrawal)
Partner
Mem. No. 049051

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF FAME INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012.

In terms of the Companies (Auditors Report) Order, 2003, on the basis of information and explanations given to us and the books and records examined by us in the normal course of audit and such checks as we considered appropriate, to the best of our knowledge and belief, we state as under:

1. The Company has maintained proper records showing full particulars including situation of fixed assets. *However, the Company is in the process of updating the quantitative details.*

The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.

Fixed assets disposed of during the year were not substantial and therefore do not affect the going concern assumption.

2. Inventories were physically verified by the management at reasonable intervals during the year.

In our opinion, the procedures of 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.

In our opinion, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.

3. The Company has taken loan from its holding company which is covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 120,000,000 and the loan is repaid during the year. In our opinion, the rate of interest and other terms and conditions on which this loan was taken are not prima-facie prejudicial to the interest of the Company. The Company was regular in payment of interest.

The Company has given interest free advance to one its wholly owned subsidiary company which is covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance is ₹ 9,384,585. In our opinion, the terms and conditions on which this loan was granted are not prima-facie prejudicial to the interest of the Company. In the opinion of the management the same may not be recoverable and hence the entire amount has been provided for as on 31 March 2012.

4. In our opinion, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for sales and services. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
5. In our opinion, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder and hence the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for activities of the Company.
9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Cess, Entertainment Tax and other material statutory dues applicable to it. Provisions of Excise Duty are not applicable to the Company.

No undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Service tax, Customs Duty, Excise Duty and Cess were in arrears, as at the end of the year, for a period of more than six months from the date they became payable.

AUDITORS' REPORT

There are no dues of Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty or Cess, which have not been deposited with the appropriate authorities on account of disputes, except the following:

Name of the Statute	Nature of dues	Amount ₹	Period to which the amount relates	Forum where dispute is pending
Income-tax Act	TDS on certain payments	1,131,839	Financial year 2009-2010, 2010-2011 and 2011-2012 (upto December 2011)	Commissioner of Income-tax (Appeals), Mumbai.

In respect of levy of service tax on renting of immovable properties, see note no. 31 in the notes to the financial statements.

10. The Company's accumulated losses as at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institution during the year.
16. The term loans taken by the Company have been applied for the purpose for which they were raised.
17. The funds raised on short term basis have not been used for long term investment by the Company.
18. During the year the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. We have verified the end use of money raised during the year through the rights issue of equity shares as disclosed in note no. 32 to the financial statements.
21. No fraud on or by the Company was noticed or reported during the course of our audit.

For Patankar & Associates,
Chartered Accountants,
Firm Reg. No. 107628W

(Sanjay Agrawal)
Partner
Mem. No. 049051

Place : Pune
Dated : 24 May 2012

BALANCE SHEET AS AT 31 MARCH 2012

	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
I EQUITY AND LIABILITIES			
I Shareholders' funds			
(a) Share capital	5	552,751,430	349,480,320
(b) Reserves and surplus	6	1,057,959,968	338,057,601
		<u>1,610,711,398</u>	<u>687,537,921</u>
2 Non-Current Liabilities			
(a) Long-term borrowings	7	183,046,351	393,849,997
(b) Other long term liabilities	8	399,667	49,672,984
(c) Long term provisions	9	10,500,228	7,046,801
		<u>193,946,246</u>	<u>450,569,782</u>
3 Current liabilities			
(a) Short term borrowings	10	21,436,007	112,235,707
(b) Trade payables	11	158,103,489	129,842,381
(c) Other current liabilities	12	235,342,738	1,042,798,203
(d) Short term provisions	9	72,925,980	1,235,134
		<u>487,808,214</u>	<u>1,286,111,425</u>
TOTAL		<u>2,292,465,858</u>	<u>2,424,219,128</u>
II ASSETS			
I Non-Current Assets			
(a) Fixed assets	13		
(i) Tangible assets		1,187,932,942	1,246,562,283
(ii) Intangible assets		765,288	-
(iii) Capital work-in-progress	14	128,995,509	209,493,406
		<u>1,317,693,739</u>	<u>1,456,055,689</u>
(b) Non-current investments	15(a)	221,570,646	221,105,646
(c) Long term loans and advances	16	434,795,147	455,249,795
(d) Other non-current assets	17	13,045,863	13,514,510
		<u>669,411,656</u>	<u>689,869,951</u>
		<u>1,987,105,395</u>	<u>2,145,925,640</u>
2 Current assets			
(a) Current investments	15(b)	185,000,000	-
(b) Inventories	18	10,207,030	7,546,475
(c) Trade receivables	19	52,461,790	49,854,632
(d) Cash and bank balances	20	26,979,220	172,471,842
(e) Short term loans and advances	21	28,200,900	41,531,855
(f) Other current assets	22	2,511,523	6,888,684
		<u>305,360,463</u>	<u>278,293,488</u>
TOTAL		<u>2,292,465,858</u>	<u>2,424,219,128</u>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

For Patankar & Associates

Chartered Accountants

Sanjay Agrawal

Partner

For and on behalf of the Board of Directors

Pavan Kumar Jain

Director

Deepak Asher

Director

Suratha Satpathy

Company Secretary

Place : Pune
Date : 24 May 2012

Place : Mumbai
Date : 24 May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
I INCOME			
Revenue from operations	23	2,185,871,850	1,833,152,483
Other Income	24	23,306,813	11,216,340
Total revenue		2,209,178,663	1,844,368,823
II EXPENSES			
Entertainment tax		292,277,196	233,057,371
Exhibition cost	25	584,977,422	473,082,572
Cost of food and beverages	26	121,744,025	107,737,759
Employee benefit expense	27	127,980,476	150,967,986
Finance costs	28	85,346,545	68,303,714
Depreciation and amortisation	29	168,104,602	170,974,330
Amortisation of FCMITDA		-	(7,631,019)
Other expenses	30	859,312,266	677,623,721
Total Expenses		2,239,742,532	1,874,116,434
(Loss) before exceptional items and tax		(30,563,869)	(29,747,611)
Exceptional item - Service tax on lease rentals in respect of earlier years	31	80,782,933	(43,293,609)
(Loss)/Profit before tax		(111,346,802)	13,545,998
Tax expense			
Current tax		-	7,284,091
MAT credit entitlement		-	(3,080,084)
MAT credit entitlement for earlier years		-	(10,538,992)
		-	(6,334,985)
(Loss)/ profit for the year		(111,346,802)	19,880,983
Earnings per equity share:(Nominal value per share ₹ 10)	47		
Basic		(3.00)	0.56
Diluted		(3.00)	0.37

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

For Patankar & Associates
Chartered Accountants

Sanjay Agrawal
Partner

Place : Pune
Date : 24 May 2012

Fame India Limited

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Suratha Satpathy
Company Secretary

Place : Mumbai
Date : 24 May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
A. Cash flow from operating activities		
(Loss)/Profit for the year before tax	(111,346,802)	13,545,998
Adjustments for :		
Depreciation / amortisation	168,104,602	170,974,330
Amortisation of FCMITDA	-	(7,631,019)
Bad debts and remissions	10,727	226,801
Provision for doubtful debts	496,770	636,045
Provision for doubtful advances	7,042,241	-
Expenses on abandoned projects	9,801,420	3,772,367
Foreign exchange fluctuation loss on FCCB	44,260,289	-
Finance costs	85,346,545	68,303,714
Loss on sale/discard of fixed assets	1,863,602	2,194,192
Dividend from current investments	-	(94,587)
Interest income	(4,114,926)	(9,962,178)
Profit on sale of fixed assets	(497,189)	-
Provision for diminution in value of investment	1,299,990	1,300,000
Liabilities no longer required, written back	(11,016,654)	(925,817)
Gain on sale of current investments (net)	(7,678,044)	(233,758)
Operating profit before changes in working capital	183,572,571	242,106,088
Adjustments for :		
Changes in working capital :		
Trade receivables	(3,114,655)	(29,287,339)
Long term loans & advances	22,133,465	2,691,339
Short term loans & advances	12,365,360	99,898,673
Inventories	(2,660,555)	(508,523)
Other non current assets	2,085,672	4,307,822
Trade payables	42,654,790	(48,118,346)
Other long term liabilities	(29,600,773)	12,166,139
Other current liabilities	38,234,786	5,640,895
Long term provisions	3,535,405	(1,490,683)
Short term provisions	71,690,846	1,235,134
Net changes in working capital	157,324,341	46,535,111
Direct taxes paid (net of refunds)	(7,992,475)	(5,353,333)
Net cash generated from operations	332,904,437	283,287,866
B. Cash flow from investing activities		
Purchase of fixed assets	(72,534,828)	(137,781,377)
Proceeds from sale of fixed assets	1,111,111	4,757,403
Proceeds from redemption of units in mutual funds	981,770,974	258,801,969
Purchase of units in mutual funds	(1,159,092,930)	(258,018,514)
Purchase of shares in subsidiary company	(49,990)	-
Purchase of other long-term investments	(465,000)	-
Proceeds from maturity of long-term investments	-	12,400,000
Dividend income reinvested	-	(549,697)
Share application money paid to subsidiary company	(1,250,000)	-
Refund of share application money from joint venture	-	1,250,000
Movement in bank fixed deposits with original maturity of more than three months (net)	129,450,816	(197,741)
Dividend received	-	549,697
Interest received	8,870,069	16,130,512
Net cash (used in) investing activities	(112,189,778)	(102,657,748)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
C. Cash flow from financing activities		
Proceeds from issue of shares	203,271,110	1,517,700
Securities premium received on above	690,040,887	678,412
Right issue expenses (net)	(16,992,694)	-
Finance costs	(89,104,211)	(76,522,477)
Foreign Currency Convertible Bonds redeemed	(624,710,289)	-
Yield to maturity & withholding tax paid on redemption of Foreign Currency Convertible Bonds	(90,662,922)	-
Term loans from banks taken	700,000,000	-
Term loans from banks repaid	(805,803,646)	(292,026,860)
Bank overdraft (repaid)/taken during the year (net)	(90,799,700)	18,393,719
Inter-corporate deposit taken	10,000,000	142,500,000
Inter-corporate deposit repaid	(120,000,000)	(20,000,000)
Net cash (used in) financing activities	(234,761,465)	(225,459,506)
 Net (decrease) in cash and cash equivalents	 (14,046,806)	 (44,829,388)
Cash and cash equivalents at the beginning of the year	29,873,770	74,703,158
 Cash and cash equivalents at the end of the year	 15,826,964	 29,873,770

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

For Patankar & Associates

Chartered Accountants

Sanjay Agrawal

Partner

Place : Pune

Date : 24 May 2012

For and on behalf of the Board of Directors

Pavan Kumar Jain

Director

Deepak Asher

Director

Suratha Satpathy

Company Secretary

Place : Mumbai

Date : 24 May 2012

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

1 Background

Fame India Limited (the 'Company') is engaged in the business of operating and managing multiplexes and cinema theatres in India. The Company is a public company and its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The Company is a subsidiary of Inox Leisure Limited w.e.f. 6 January 2011.

2 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

3 Change in accounting policy

Upto last year, lease rentals paid in respect of properties were charged to the statement of profit and loss on a straight line basis over the lease term. During the current year, the management has reviewed the accounting policy for such lease rentals and, in the opinion of management, charging of lease rentals paid in terms of the respective lease agreement will result in more appropriate presentation of the financial statements. Accordingly, the provision of ₹ 29,600,773 as on 31 March 2011, in respect of such lease rentals, is reversed during the current year and credited to the lease rentals charged to the statement of profit and loss and the lease rentals for the current year are also provided accordingly. Due to this change, the amount of lease rentals charged to the statement of profit and loss and the loss for the year are lower by ₹ 40,536,721.

4 Summary of significant accounting policies

a) Fixed assets, intangible assets, Capital work-in-progress and depreciation / amortisation

Fixed assets, intangible assets and Capital work-in-progress ('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, including project pre-operative expenses and expenditure incurred during the construction period of multiplexes. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised.

In respect of accounting period commencing on or after 7 December 2006 and ending on or before 31 March 2011, 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 (g) below, 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/amortisation

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 conditioners	10 – 21 years
Theatrical equipment	14 – 15 years

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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% pro-rata over the period of one year.

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'.

b) Impairment of assets

In accordance with AS 28 on 'Impairment of Assets' 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 statement of profit and loss, 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.

c) 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 the statement of profit and loss.

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.

d) Revenue recognition

Multiplex operations

There are weekly arrangements with 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 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 is disclosed as exhibition costs.

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

Revenue from advertisements and royalty 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 arrangements.

Other

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.

e) Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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 statement of profit and loss in the period in which such services are rendered.

Post-employment benefits

Defined contribution plans

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

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 their 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, 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.

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 period are recognised immediately in the statement of profit and loss.

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.

f) Inventories

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

g) 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 the statement of profit and loss.

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 statement of profit and loss, except as mentioned below. Non monetary assets are recorded at the rates prevailing on the date of the transactions.

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 1 April 2007.

Long term monetary assets and liabilities, other than those which form part of the Company's net investment in 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:

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

- i) 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;
- ii) 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.

h) **Taxation**

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 based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

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.

i) **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, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating lease are charged-off to the statement of profit and loss as per the terms of the respective lease agreements.

j) **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.

k) **Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. 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 possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

l) **Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent liabilities, at the end of the accounting year and reported amounts of revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

5 Share Capital

Particulars	31 March 2012 ₹	31 March 2011 ₹
Authorized share capital		
62,990,000 (31 March 2011: 51,990,000) equity shares of ₹ 10 each	629,900,000	519,900,000
10,000 (31 March 2011: 10,000) preference shares of ₹ 10 each	100,000	100,000
	630,000,000	520,000,000
Issued, subscribed and fully paid-up		
55,274,143 (31 March 2011: 34,947,032) equity shares of ₹ 10 each	552,741,430	349,470,320
1,000 - 10% non-cumulative redeemable preference shares of ₹ 10 each	10,000	10,000
	552,751,430	349,480,320

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2012		31 March 2011	
	No	₹	No	₹
Equity shares				
At the beginning of the year	34,947,032	349,470,320	34,795,262	347,952,620
Add: Shares issued to the shareholders under rights issue	20,290,508	202,905,080	-	-
Add: shares issued under "Employee Stock Option Scheme 2009"	36,603	366,030	151,770	1,517,700
Outstanding at the end of the year	55,274,143	552,741,430	34,947,032	349,470,320

(b) Rights, preferences and restrictions attached to shares

Equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding, after distribution of all preferential amounts, if any.

10 % non cumulative redeemable preference shares

10% non cumulative redeemable preference shares of ₹ 10 each were issued in March 2004 to Fame Motion Pictures Limited (formerly Shringar Films Limited), a wholly owned subsidiary. These preference shares are redeemable at par at the discretion of the Company, but not later than 10 years from the date of allotment.

(c) Shares held by holding/ultimate holding company

Particulars	31 March 2012		31 March 2011	
	No	₹	No	₹
Equity shares				
Inox Leisure Limited, the holding company	38,438,312	384,383,120	17,566,363	175,663,630
Gujarat Fluorochemicals Limited, the holding company of Inox Leisure Limited	1,987,200	19,872,000	-	-

(d) Shares allotted pursuant to conversion of foreign currency convertible bonds during 5 immediately preceding years

During the year ended 31 March 2008, 1,504,999 equity shares of ₹ 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each, and 1,687,850 equity shares of ₹ 10 each were allotted against 4,000 Series B Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each (refer Note 33).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

(e) Details of shares held by shareholders holding more than 5% of the aggregate shares

Particulars	31 March 2012		31 March 2011	
	No	%	No	%
Equity shares				
Inox Leisure Limited, the holding company	384,383,120	69.54%	17,566,363	50.27%
Reliance Capital Limited	12,368,952	22.38%	12,368,952	35.39%
10% non cumulative redeemable preference shares				
Fame Motion Pictures Limited, a wholly owned subsidiary	1,000	100.00%	1,000	100.00%

(f) Shares reserved for issue under options

Refer note 35 for details of shares to be issued under the Employee Stock Option Scheme

6 Reserves and surplus

Particulars	31 March 2012 ₹	31 March 2011 ₹
Capital redemption reserves		
Balance as per last Balance Sheet	10,000	10,000
Securities premium account		
Balance as per last Balance Sheet	281,113,609	354,121,001
Add: Additions during the year on issue of shares	690,040,887	678,412
Less: Provision for yield to Maturity ('YTM') i.e. premium on redemption of FCCB (refer note 34)	-	(73,685,804)
Add: Provision for YTM on redemption of FCCB no longer required, written back (refer note 34)	152,887,709	-
Add: Provision for expenses on FCCB issue no longer required, written back	5,313,267	-
Less: Rights issue expenses	(16,992,694)	-
Closing Balance	1,112,362,778	281,113,609
Surplus (deficit) in statement of profit and loss		
Surplus as per last Balance Sheet	56,933,992	37,053,009
(Loss) / profit for the year	(111,346,802)	19,880,983
Balance as at the end of the year	(54,412,810)	56,933,992
Total	1,057,959,968	338,057,601

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

7 Long term borrowings

Particulars	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	₹	₹	₹	₹
Secured				
Term loans from banks	9,196,351	109,999,997	101,666,668	106,666,668
Unsecured				
Nil (31 March 2011: 9,000) Zero-coupon series A foreign currency convertible bonds of US \$ 1,000 per bond	-	-	-	401,850,000
Nil (31 March 2011: 4,000) 0.5% per annum series B foreign currency convertible bonds of US \$ 1,000 per bond	-	-	-	178,600,000
Loans and advances from related parties				
Inter-corporate deposits:				
a) Inox Leisure Limited, the holding company	-	120,000,000	-	-
b) Fame Motion Pictures Limited, subsidiary company	173,850,000	163,850,000	-	-
	173,850,000	283,850,000	-	580,450,000
Total borrowings	183,046,351	393,849,997	101,666,668	687,116,668
Less: Amount disclosed under the note no. 12 "Other current liabilities"			(101,666,668)	(687,116,668)
Total	183,046,351	393,849,997	-	-

(a) Nature of Security and terms of repayment for secured borrowings

Term loans from Axis Bank Limited ₹ 110,863,019 (31 March 2011 ₹ 75,000,000) is :

- Secured against first charge on the entire movable fixed assets of the Company, both present and future; and extension of first charge on the entire current assets of the Company, both present and future. The loan is repayable in 18 equal quarterly installments starting from 01 April 2009 along with interest of 12.75% p.a.
- Further secured by first charge by way of equitable mortgage of property at Anand, Gujarat and Corporate Guarantee of Inox Leisure Limited.

Term loans from IDBI Bank Limited Rs Nil (31 March 2011 ₹ 141,666,665) is :

- Secured against creation of first pari passu charge with other lenders Axis Bank Limited by deposit of title deeds of immovable properties located at Anand, Gujarat. The loan is repayable in 18 equal quarterly installments starting from 31 May 2009 along with interest of 12.75% p.a.
- Further secured by first charge by way of hypothecation of the Company's entire movables (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future, in respect of the Company's existing multiplexes at Fame South City, South City Mall, Kolkata, Fame Lido, Fame Dahisar, Thakur Mall and Multiplex, Fame Thakur, Fame Anand, Fame Inorbit, Fame Raghuleela, Fame Highland Park, Fame Akurdi, and new multiplexes at Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat, subject to prior charges created and/or to be created in favour of the Company's bankers on the Company's stocks of raw material, semi-finished and finished goods, consumable stores and such other movables as may be agreed to by the bank for securing the borrowing for working capital requirements in the ordinary course of business.
- Further secured by escrow of entire cash flows arising out of existing multiplexes at South City – Kolkata, Lido-Bangalore, Fame Dahisar, Fame Thakur-Kandivali on pari-passu basis with Axis Bank and escrow of entire cash flows arising out of new multiplexes at Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat on pari-passu basis with Axis Bank.

(b) Loans guaranteed by others

Amount of term loan from bank guaranteed by Inox Leisure Limited, the holding company is ₹ 110,863,019 (previous year ₹ Nil).

(c) Terms of conversion and repayment for unsecured borrowings

In respect of Foreign Currency Convertible Bonds - please refer note no. 33

The inter-corporate deposits are repayable in 3/5 years from the date of respective deposits and carry interest of 6.50%/11%. The outstanding balance as on 31 March 2012 is repayable in April 2016.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

8 Other long term liabilities

Particulars	31 March 2012 ₹	31 March 2011 ₹
Security deposits received	399,667	19,272,210
Sundry creditors for capital expenditure	-	800,001
Trade payables (see note no. 36)	-	29,600,773
Total	399,667	49,672,984

9 Provisions

Particulars	Long-term		Short-term	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Provision for Gratuity	7,060,382	4,264,788	323,246	529,800
Provision for Leave encashment	3,439,846	2,700,035	605,379	705,334
Provision for income tax	-	81,978	-	-
Provision for Service tax (see note no. 31)	-	-	71,997,355	-
Total	10,500,228	7,046,801	72,925,980	1,235,134

10 Short terms borrowings

Particulars	31 March 2012 ₹	31 March 2011 ₹
Secured		
Loans repayable on demand from banks		
-- Bank overdraft	21,436,007	112,235,707
Total	21,436,007	112,235,707

- (a) Bank overdraft is secured against first charge on the entire current assets of the Company, both present and future; and extension of first charge on the entire movable fixed assets of the Company, both present and future. Further, bank overdraft is secured against fixed deposits to the extent of ₹ Nil (31 March 2011 ₹ 135,000,000)
- (b) The Bank overdraft is guaranteed by Inox Leisure Limited, the holding company

11 Trade payables

Particulars	31 March 2012 ₹	31 March 2011 ₹
Due to Micro, Small and Medium Enterprises (see note no. 36)	-	-
Others	158,103,489	129,842,381
Total	158,103,489	129,842,381

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

12 Other current liabilities

Particulars	31 March 2012 ₹	31 March 2011 ₹
Current maturities of long term debt - from note no. 7	101,666,668	687,116,668
Interest accrued but not due on borrowings (including 'Yield-to-Maturity' payable on redemption of FCCBs)	-	218,089,750
Interest accrued and due on borrowings	1,305,305	1,053,966
Income received in advance	7,682,582	7,744,924
Statutory dues and taxes payables	42,144,342	35,900,845
Security deposits received	1,322,892	1,756,905
Creditors for capital expenditure	53,319,169	67,842,238
Retention money	15,444,991	17,610,881
Advance from customers	12,456,789	5,304,760
Advances received from related parties		
-- Swanston Multiplex Cinemas Private Limited, Joint venture	-	377,266
Total	235,342,738	1,042,798,203

13 Fixed assets

Description of assets	Gross block					Accumulated depreciation				Net block	
	Balance as at 1 April 2011 ₹	Additions ₹	Deductions ** ₹	Other adjustments - borrowing cost ₹	Balance as at 31 March 2012 ₹	Balance as at 1 April 2011 ₹	Depreciation charge for the year ₹	On Deductions ₹	Balance as at 31 March 2012 ₹	Balance as at 31 March 2012 ₹	Balance as at 31 March 2011 ₹
Tangible assets											
Land (freehold)*	48,723,293	-			48,723,293	-	-	-	-	48,723,293	48,723,293
Buildings	23,216,550	-	438,008		22,778,542	1,553,209	378,185	7,612	1,923,782	20,854,760	21,663,341
Leasehold improvements	995,229,740	66,080,429	18,835,839	6,243,071	1,048,717,401	339,367,174	105,063,195	6,669,426	437,760,943	610,956,458	655,862,566
Plant and equipment	488,939,452	44,512,282	10,571,870	3,123,618	526,003,481	135,385,645	40,807,977	2,428,017	173,765,604	352,237,877	353,553,807
Furniture & fixtures	200,657,478	14,844,077	5,117,594	1,236,052	211,620,013	68,230,177	20,224,551	1,383,726	87,071,002	124,549,011	132,427,301
Vehicles	4,988,455	-	2,952,889		2,035,566	3,695,173	170,129	2,338,967	1,526,335	509,231	1,293,282
Office equipment	72,005,914	8,443,855	1,658,869		78,790,900	38,967,221	10,469,175	747,808	48,688,588	30,102,312	33,038,693
Tangible assets - Total (A)	1,833,760,882	133,880,643	39,575,070	10,602,741	1,938,669,196	587,198,599	177,113,212	13,575,556	750,736,254	1,187,932,942	1,246,562,283
Intangible assets											
Computer software	13,739,102	848,370	-		14,587,472	13,739,102	83,082	-	13,822,184	765,288	-
Intangible assets -Total (B)	13,739,102	848,370	-	-	14,587,472	13,739,102	83,082	-	13,822,184	765,288	-
Total (A+B)	1,847,499,984	134,729,013	39,575,070	10,602,741	1,953,256,668	600,937,701	177,196,294	13,575,556	764,558,438	1,188,698,230	1,246,562,283
Previous year	1,859,141,036	8,450,420	20,091,472	-	1,847,499,984	438,598,357	170,974,331	8,634,986	600,937,701		

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

** Deductions during the year include ₹ 32,613,680 on account of write back of provisions no longer required in respect of cost of fixed assets and adjustment of share of joint venture investor in the cost of fixed assets.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

14 Capital work in progress

Particulars	31 March 2012 ₹	31 March 2011 ₹
Capital work in progress	111,089,288	174,012,596
Pre-operative expenditure pending allocation	17,906,221	35,480,810
	128,995,509	209,493,406
Pre-operative expenditure pending allocation		
Opening balance	35,480,810	31,197,373
Add : Expenses incurred during the year		
Insurance	147,550	-
Security charges	389,996	220,283
Electricity charges	639,700	1,022,909
Finance costs	3,757,005	2,705,048
Travelling & conveyance	787,220	247,133
Outsourced personal cost	619,006	69,993
Miscellaneous expenses	136,619	18,071
Sub Total	6,477,096	4,283,437
Less: Capitalised	19,645,867	-
Less: Expenses on abandoned projects written off	4,405,818	-
Closing balance	17,906,221	35,480,810

15 (a) Non-current investments

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Long term, non-trade, unquoted, at cost, unless otherwise stated)		
Investments in equity instruments		
a) Investments in subsidiary companies		
999,900 equity shares of ₹ 10 each, fully paid-up, held in Fame Motion Pictures Limited	190,785,336	190,785,336
50,000 equity shares of ₹ 10 each held, fully paid-up in Big Picture Hospitality Services Private Limited	500,000	500,000
9,999 equity shares (31 March 2011: Nil) of ₹ 10 each, fully paid-up held in Headstrong Films Private Limited (a joint venture upto 27 March 2012)	99,990	-
Less: Provision for diminution in value of the investment	(99,990)	-
b) Investments in joint ventures		
390,000 equity shares of ₹ 10 each, fully paid-up, held in Swanston Multiplex Cinemas Private Limited	15,452,310	15,452,310
Nil equity shares (31 March 2011: 5,000) of ₹ 10 each, fully paid-up, held in Headstrong Films Private Limited (a subsidiary company w.e.f. 27 March 2012)	-	50,000
Share application money paid to Swanston Multiplex Cinemas Private Limited	12,500,000	12,500,000
Share application money paid to Headstrong Films Private Limited	2,500,000	1,250,000
Less: Provision for diminution in value of the investment	(2,500,000)	(1,300,000)
	219,237,646	219,237,646
Investment in Government securities		
National Saving Certificates	2,333,000	1,868,000
(held in the names of the Company's erstwhile director and certificates worth ₹ 2,333,000 - previous year ₹ 1,868,000 - are pledged with Government authorities)		
Total	221,570,646	221,105,646

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

15 (b) Current investments

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Non-trade, unquoted, at lower of cost and fair value)		
Investment in mutual funds		
(in fully paid-up units)		
34,168 (31 March 2011: Nil) units of ₹ 1,000 each of Taurus Liquid Fund - Institutional Growth	40,000,000	-
27,170 (31 March 2011: Nil) units of ₹ 1,000 each of Templeton India Treasury Management Account Institutional Plan - Growth.	45,000,000	-
3,593,611 (31 March 2011: Nil) units of ₹ 10 each of JM High Liquidity Fund - Super Institutional Plan - Growth	60,000,000	-
3,436,839 (31 March 2011: Nil) units of ₹ 10 each of Peerless Liquid Fund - Super Institutional Growth	40,000,000	-
(Investment in mutual funds includes unutilized amounts out of proceeds from rights issue, pending utilization - see note no. 32)		
	185,000,000	-
Aggregate amount of unquoted investments	409,170,636	222,405,646
Aggregate provision for diminution in value of investments	2,599,990	1,300,000

16 Long term loans and advances

Particulars	31 March 2012 ₹	31 March 2011 ₹
Unsecured, considered good		
Security deposits	329,115,897	357,451,874
Income-tax paid (net of provision)	32,539,862	24,629,365
MAT credit entitlement	26,380,680	26,380,680
Advances recoverable in cash or in kind	7,775,430	7,804,598
Electricity charges refund claimed (refer note no 38(i)(iii))	38,983,278	38,983,278
Unsecured, considered doubtful		
Security deposits	6,231,680	-
	441,026,827	455,249,795
Less: Provision for doubtful deposits	(6,231,680)	-
Total	434,795,147	455,249,795

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

17 Other non current assets

Particulars	31 March 2012 ₹	31st March 2011 ₹
Non current bank balances (see note no. 20)	2,195,000	200,000
Interest accrued		
On long term investments	592,146	1,106,283
On bank fixed deposits	177,977	41,815
Other recoverables	10,080,740	12,166,412
Total	13,045,863	13,514,510

18 Inventories

Particulars	31 March 2012 ₹	31st March 2011 ₹
(valued at lower of cost and net realizable value)		
Food and beverages	8,649,143	7,546,475
Stores and spares	1,557,887	-
Total	10,207,030	7,546,475

19 Trade receivables

Particulars	31 March 2012 ₹	31st March 2011 ₹
Unsecured, considered good		
Outstanding for a period exceeding six months	354,413	14,824,376
Others	52,107,377	35,030,256
	52,461,790	49,854,632
Unsecured, considered doubtful		
Outstanding for a period exceeding six months	1,790,582	1,293,812
	54,252,372	51,148,444
Less: Provision for doubtful trade receivables	(1,790,582)	(1,293,812)
Total	52,461,790	49,854,632

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

20 Cash and bank balances

Particulars	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Cash and cash equivalents				
Balance with Bank				
In current accounts	-	-	9,395,699	27,747,639
In deposit accounts with original maturity period of less than three months	-	-	453,331	-
Cash on hand	-	-	5,977,934	2,126,131
	-	-	15,826,964	29,873,770
Other bank balances				
Deposits with banks with original maturity period more than 3 months but less than 12 months	-	-	11,152,256	142,598,072
Deposits with banks with original maturity period more than 12 months	2,195,000	200,000	-	-
	2,195,000	200,000	11,152,256	142,598,072
Total cash and bank balances	2,195,000	200,000	26,979,220	172,471,842
Less: Amount disclosed under the note no. 17 "Other non-current assets"	(2,195,000)	(200,000)		
Total	-	-	26,979,220	172,471,842
Note: Other bank balances includes deposits kept as lien by bank against bank guarantees	200,000	200,000	5,761,119	3,253,331

21 Short term loans and advances

Particulars	31 March 2012 ₹	31 March 2011 ₹
Unsecured, considered good		
Loans and advances to related parties		
-- Swanston Multiplex Cinemas Private Limited, Joint venture	234,030	-
Prepaid expenses	5,560,734	8,042,627
Service tax credit available	292,745	5,895,218
Security deposits	4,500,000	-
Advances recoverable in cash or in kind	5,859,638	17,652,083
Advances to suppliers	11,753,753	9,941,927
Unsecured, considered doubtful		
Loans and advances to related parties		
-- Big Picture Hospitality Services Private Limited, Subsidiary company	9,384,585	9,328,965
Advance to suppliers	983,461	228,520
	38,568,946	51,089,340
Less: provision for doubtful advances	(10,368,046)	(9,557,485)
Total	28,200,900	41,531,855

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

22 Other current assets

Particulars	31 March 2012 ₹	31 March 2011 ₹
Interest accrued on bank fixed deposits	425,851	4,803,012
Other recoverables	2,085,672	2,085,672
Total	2,511,523	6,888,684

23 Revenue from operations

Particulars	31 March 2012 ₹	31 March 2011 ₹
a) Sale of services		
Box office revenue	1,587,948,620	1,294,725,839
Advertisement income	113,740,575	127,986,288
Management fees	10,358,819	9,370,327
Conducting fees	5,777,020	3,485,370
	1,717,825,034	1,435,567,824
b) Sale of products		
Food and beverages	430,666,987	366,028,650
c) Other operating revenue	37,379,829	31,556,009
Total	2,185,871,850	1,833,152,483

24 Other Income

Particulars	31 March 2012 ₹	31 March 2011 ₹
Interest		
-- On bank fixed deposits	3,703,871	9,467,173
-- On long term investments	223,863	433,904
-- Others	187,192	61,101
	4,114,926	9,962,178
Dividend on current investments	-	94,587
Gain on sale of current investments (Net)	7,678,044	233,758
Profit on sale of fixed assets	497,189	-
Liabilities no longer required written back	11,016,654	925,817
Total	23,306,813	11,216,340

25 Exhibition cost

Particulars	31 March 2012 ₹	31 March 2011 ₹
Distributors' Share	548,912,026	444,196,433
Other exhibition cost	27,221,134	21,390,058
Share of joint venture investors	8,844,262	7,496,081
Total	584,977,422	473,082,572

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

26 Cost of food and beverages

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening stock	7,546,475	7,037,952
Add: Purchases	122,846,693	108,246,282
	<u>130,393,168</u>	<u>115,284,234</u>
Less : Closing stock	8,649,143	7,546,475
Cost of food and beverages	<u>121,744,025</u>	<u>107,737,759</u>

27 Employee benefit expense

Particulars	31 March 2012 ₹	31 March 2011 ₹
Salaries and wages	108,996,692	132,842,409
Contribution to provident and other funds	12,589,027	9,689,027
Gratuity	3,118,840	3,762,791
Staff welfare expenses	3,275,917	4,673,759
Total	<u>127,980,476</u>	<u>150,967,986</u>

28 Finance costs

Particulars	31 March 2012 ₹	31 March 2011 ₹
Interest on borrowings	79,647,833	60,830,320
Other borrowing costs	5,698,712	7,473,394
Total	<u>85,346,545</u>	<u>68,303,714</u>

29 Depreciation

Particulars	31 March 2012 ₹	31 March 2011 ₹
Depreciation on tangible assets	177,113,212	170,020,653
Amortisation of intangible assets	83,082	953,677
	<u>177,196,294</u>	<u>170,974,330</u>
Less : Depreciation written back	(9,091,692)	-
Total	<u>168,104,602</u>	<u>170,974,330</u>

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

30 Other expenses

Particulars	31 March 2012 ₹	31 March 2011 ₹
Property rent and conducting fees - see note no. 3	301,670,811	316,643,150
Common facility charges	76,284,401	65,496,386
Power and fuel	130,303,878	115,370,511
Repairs and maintenance to building	5,738,070	2,484,246
Repairs and maintenance to plant and equipment	21,639,026	15,723,105
Repairs and maintenance to others	10,123,081	2,894,983
Advertisement and sales promotion	13,246,125	8,478,208
Outsourced personnel cost	29,957,253	3,929,495
Housekeeping expenses	31,343,492	21,206,922
Legal and professional fees and expenses	23,955,909	15,420,745
Security expenses	28,019,035	9,593,008
Insurance	5,668,909	4,672,646
Rates and taxes	32,012,961	30,443,535
Printing and stationery	5,868,083	4,750,284
Communication expenses	5,716,174	6,314,867
Service tax - see note no. 31	50,096,991	14,219,260
Travelling & conveyance	5,529,701	8,136,574
Water charges	2,317,690	1,589,750
Foreign exchange fluctuation loss	44,816,414	-
Bad debts and remissions	10,727	226,801
Provision for doubtful debts	496,770	636,045
Provision for doubtful advances	7,042,241	-
Provision for diminution in value of investments	1,299,990	1,300,000
Expenses on abandoned projects written off	9,801,420	3,772,367
Commission and brokerage	-	2,152,972
Loss on sale/discard of fixed assets	1,863,602	2,194,192
Miscellaneous expenses	14,489,512	19,973,669
	859,312,266	677,623,721

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

- 31** As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from 1 June 2007 and accordingly, in the annual accounts for the year ended 31 March 2010, the Company had provided for service tax in respect of rent on immovable properties for the year ended 31 March 2009 and 31 March 2010.

During the year ended 31 March 2011, this levy was challenged by the Company by filing Writ Petitions with various High Courts and some of the High Courts had granted a stay against the levy of service tax in respect of immovable properties of the Company situated within their jurisdictions. Based on legal advice obtained by the Company, no provision of such service tax was made for the year ended 31 March 2011. Further, the amount provided in the accounts during the year ended 31 March 2010 towards such service tax was reversed and the same is shown as an exceptional item in the statement of profit and loss.

During the current year, the levy has been upheld by several High Courts. The Company has preferred a Special Leave Petition before the Hon'ble Supreme Court which is pending and the Company has made the payments in this regard as directed by the Hon'ble Supreme Court.

In the above circumstances, the Company has provided for service tax on renting of immovable properties. Accordingly an amount of ₹ 30,906,764 being the charge for the current year is included in 'Service Tax' and the amount of ₹ 80,782,933 being the charge for the period upto 31 March 2011 is shown as an exceptional item in the Statement of Profit and Loss.

The movement in the provision for service tax account is as under:

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening Balance	NIL	NIL
Provided during the year (including ₹ 80,782,933 for earlier years)	111,689,697	NIL
Amount paid and adjusted during the year	39,692,342	NIL
Closing balance	71,997,355	NIL

32 Rights Issue

Through the Letter of Offer dated 30 January 2012, the Company has made Rights Issue of 20,290,508 equity shares with a face value of ₹ 10/- each at a premium of ₹ 34/- per equity share. Allotment of 20,290,508 equity shares was made on 02 March 2012.

The share issue expenses, net of service tax credit, are adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956.

The purpose of Rights Issue and its actual utilization as on 31 March 2012 is as under:

Sr. No.	Particulars	Projection in offer document	Actual funds utilized till 31 March 2012
1.	Repayment of loan	700,000,000	700,000,000
2.	Issue expenses	18,004,041	17,123,886
3.	General corporate purposes	174,778,311	NIL
	Total	892,782,352	717,123,886
	Un-utilised Rights Issue proceeds temporarily invested in liquid mutual funds		175,658,466

The above utilization of Rights Issue proceeds is in accordance with the 'object of the issue' read with 'interim use of proceeds' clause as mentioned in the letter of offer.

33 Foreign Currency Convertible Bonds (FCCB)

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

- 12,000, Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and
- 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 US\$ 20,000,000 due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds").

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

The Bonds were convertible at the option of the bond holders into newly issued, ordinary equity shares of par value of ₹ 10 per share ("Shares"), at an initial conversion price of ₹ 90 per share for Series A Bonds; and ₹ 107 per share for Series B Bonds, as defined in terms and conditions of the Bonds.

Unless previously converted, redeemed or repurchased and cancelled, Series A Bonds were redeemable on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5% and Series B Bonds were redeemable on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

The bond issue expenses were adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956. Premium payable on redemption of FCCB was amortised over the period of the bonds and was been charged to the securities premium account.

During the year ended 31 March 2008, 1,504,999 equity shares of ₹ 10 each were allotted against 3,000 Series A FCCB of US \$ 1,000 each at an exercise price of ₹ 90 per share and 1,687,850 equity shares of ₹ 10 each were allotted against 4,000 Series B FCCB of US \$ 1,000 each at an exercise price of ₹ 107 per share, thus aggregating to a total allotment of 3,192,849 equity shares of ₹ 10 each of the Company.

With the permission of Reserve Bank of India and with the necessary consent of the bondholders, in September 2011 the Company has redeemed the outstanding bonds at a final redemption price of 112.35% of their principal amount for Series A Bonds of face value of US \$ 9,000,000 and 115.37% of their principal amount for Series B Bonds of face value of US \$ 4,000,000, which represents a discount of 18% to the original redemption value of the Bonds. Accordingly, the Bonds stand fully discharged.

The resultant gain and the corresponding reduction in withholding tax liability on redemption of Bonds have been credited to the securities premium account. Further, provisions for bond issue expenses, no longer required, are written back and credited to the securities premium account.

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

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening balance	243,550,636	169,864,832
Add: Provision for the year	NIL	75,529,962
Less: Exchange difference on account of restatement of the outstanding premium payable	NIL	(1,844,158)
Less: Utilised towards redemption of FCCB	(90,662,927)	NIL
Less: Transferred to Securities Premium account	(152,887,709)	NIL
Closing balance	NIL	243,550,636

35 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 ₹ 14.47 per option. Further, the participants shall exercise the options within a period of 5 years commencing on or after respective date of vesting of the options.

The Scheme provides that these options would vest in tranches as follows:

Period within which options will vest	% of options that will vest	
	Grant A	Grant B
End of 12 months from the date of grant of options	15	NIL
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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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 is as follows;

Particulars	31 March 2012 ₹	31 March 2011 ₹
Outstanding at the beginning of the year	273,780	1,063,300
Granted during the year	NIL	NIL
Forfeited during the year *	(132,261)	(637,750)
Vested during the year	(37,989)	(151,770)
Exercised during the year	36,603	151,770
Outstanding at the end of the year – not vested **	103,530	273,780
Options vested and exercisable as at the year end	1,386	NIL

* On account of non fulfillment of vesting conditions by the employees.

** On 21 May 2012, the third tranche of options have vested to the eligible employees.

36 Micro, Small and Medium Enterprises

There is no amount due to 'Micro or Small Enterprises' under Micro, Small and Medium Enterprises Act, 2006. Further, no interest is paid or payable in terms of section 16 of the Act. The information regarding dues to 'Micro or Small Enterprises' has been determined to the extent such parties have been identified on the basis of information available with the Company.

37 Foreign currency exposures not hedged

Foreign currency exposure not hedged by a derivative instrument or otherwise is as under:

Particulars	31 March 2012		31 March 2011	
	In US \$	₹	In US \$	₹
Total un-hedged funds				
- FCCB liability	NIL	NIL	13,000,000	580,450,000
- YTM on FCCB #	NIL	NIL	4,878,785	217,837,755

excludes withholding tax liability

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

38 Contingent liabilities and commitments

i) Contingent liabilities

Sr No	Particulars	31 March 2012 ₹	31 March 2011 ₹
i)	Claims against the Company not acknowledged as debts	150,157,277	16,785,720
ii)	The Company may be required to charge 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 (which is included in 'long term loans and advances')	38,983,278	38,983,278
iii)	The Company has issued termination notice for one of its proposed multiplexes seeking refund of security deposit of ₹ 6,007,206 and reimbursement of the cost of fit-outs of ₹ 90,283,000 incurred by the Company and carried forward as capital work-in-progress. The party has made a counter claim of ₹ 67,586,794 towards rent for lock in period and other costs which is included in (i) above. An arbitration petition filed by the Company under section 9 of the Arbitration and Conciliation Act, 1996 before the Court of District Judge, Chandigarh was dismissed vide order dated 11 November 2011. The Company has taken necessary legal steps to sustain its claim and pending the settlement of matter, adjustment, if any, in the carrying amount of the said assets, will be made when the matter is finally decided.		
iv)	Other Contingent liabilities		
	a) Towards customs duty for Import of Capital Goods	436,116	436,116
	b) In respect of municipal tax	4,825,943	3,122,393
	c) In respect of TDS matters under Income-tax Act	1,131,839	NIL

ii) Commitments

Sr No	Particulars	31 March 2012 ₹	31 March 2011 ₹
i)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,506,982	17,050,675
ii)	The amount of entertainment tax that is currently exempted for eligible properties which would be payable if such properties cease operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State.	719,274,197	607,425,792

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

39 Supplementary information to the statement of profit and loss

39.1 Managerial remuneration

Particulars	31 March 2012 ₹	31 March 2011 ₹
Managerial remuneration	1,983,259	7,150,535

The above does not include gratuity benefit as the provision is determined for the Company as a whole and therefore liability, if any, with respect to the managerial personnel is not separately available.

Remuneration of ₹ 1,068,282 paid to the Manager appointed w.e.f. 21 December 2011 is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Pursuant to receipt of approvals from the Central Government and Shareholders on 31 May 2011 and on 14 July 2011 respectively, the remuneration of ₹ 914,977 to erstwhile Managing Director for the period of his re appointment w.e.f 19 December 2010 upto his resignation on 21 January 2011, is included as managerial remuneration in the current year.

39.2 Auditors' remuneration

Particulars	31 March 2012 ₹	31 March 2011 ₹
Audit fees	1,025,000	2,850,000
Tax audit fees	300,000	NIL
For taxation matters	50,000	NIL
In respect of Rights Issue matters	500,000	NIL
Certification fees	60,000	NIL
Reimbursement of out-of-pocket expenses	3,335	143,550
Total	1,938,335	2,993,550

Notes: (a) The above amounts are exclusive of service tax

(b) Above amounts exclude ₹ 3,346,893 paid in the current year to the erstwhile auditors in respect of rights issue matters and ₹ 325,000 paid in the previous year to the present auditors towards tax audit and certification fees.

(c) Audit fees include fees for audit of consolidated accounts, limited review reports and certificate on corporate governance report.

39.3 Expenditure in foreign currency

Particulars	31 March 2012 ₹	31 March 2011 ₹
a) Value of imports calculated on C.I.F. basis		
i. Capital goods	1,717,125	3,268,993
b) Professional fees	3,784,450	244,344
c) Interest/YTM on FCCB	81,137,850	1,125,456
d) Repairs and maintenance – others	NIL	986,993

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

39.4 Particulars of sale of products and inventories

Particulars of sales

Sr. No.	Particulars	31 March 2012 Value ₹	31 March 2011 Value ₹
1	Food items	266,347,699	224,082,194
2	Beverages	164,319,288	141,946,456
	Total	430,666,987	366,028,650

Particulars of purchases

Sr. No.	Particulars	31 March 2012 Value ₹	31 March 2011 Value ₹
1	Food items	63,388,410	52,856,454
2	Beverages	45,535,775	43,901,489
3	Others	13,922,508	11,488,339
	Total	122,846,693	108,246,282

Particulars of opening stock

Sr. No.	Particulars	31 March 2012 Value ₹	31 March 2011 Value ₹
1	Food items	2,274,960	1,956,493
2	Beverages	2,171,917	1,957,552
3	Others	3,099,598	3,123,907
	Total	7,546,475	7,037,952

Particulars of closing stock

Sr. No.	Particulars	31 March 2012 Value ₹	31 March 2011 Value ₹
1	Food items	2,148,325	2,274,960
2	Beverages	2,748,296	2,171,917
3	Others	3,752,522	3,099,598
	Total	8,649,143	7,546,475

Particulars of cost of food and beverages

Sr. No.	Particulars	31 March 2012 Value ₹	31 March 2011 Value ₹
1	Food items	63,515,046	52,537,986
2	Beverages	44,959,397	43,687,125
3	Others	13,269,583	11,512,648
	Total	121,744,026	107,737,759

41 Deferred tax

The Company is entitled to carry forward its business loss and unabsorbed depreciation as per the provisions of the Income-tax Act, 1961 and consequently has a net deferred tax asset as on 31 March 2012. However, in view of absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized, the same is not recognized.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

42 Segmental information

Upto last year, the Company had classified theatrical exhibition and management of multiplexes as separate business segments. During the current year, the management has reviewed the classification and in view of similar risks and rewards in the same, they are considered as single business segment. Consequently, the Company operates in a single business segment. All activities of the Company are in India and hence there are no reportable geographical segments.

Related party transactions

• Parties where control exists

Name of the Party	Nature of Relationship
Inox Leisure Limited ('INOX')	Holding Company (w.e.f 6 January 2011)
Gujarat Fluorochemicals Limited ('GFL')	Intermediate holding company
Inox Leasing & Finance Limited	Ultimate holding company
Fame Motion Pictures Limited ('FMPL')	Subsidiary
Big Pictures Hospitality Services Private Limited ('BPHSPL')	Subsidiary
Headstrong Films Private Limited (HFPL)	Subsidiary (w.e.f. 27 March 2012) – earlier joint venture

• Other related parties where transactions have taken place during the year

Enterprises over which Directors have significant influence

- 1 M/s Shringar Films ('SF') (upto 21 January 2011)
- 2 Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCP') (upto 21 January 2011)

Joint venture

- 1 Swanston Multiplex Cinemas Private Limited ('SMCP')
- 2 Headstrong Films Private Limited ('HFPL')(up to 26 March 2012)

Key managerial personnel

- 1 Shravan Shroff – Managing director (Resigned on 21 January 2011)
- 2 Rishi Negi – Chief operating officer (Resigned on 28 February 2011)
- 3 Aditya Shroff – Asst. Vice President - programming and corporate sales (Resigned on 14 January 2011)
- 4 Rajeev Patni – Manager (w.e.f. 21 December 2011)

Particulars of transactions	31 March 2012 ₹	31 March 2011 ₹
Distributors Share paid		
Subsidiary Company – FMPL	NIL	1,229,881
Enterprises over which directors have significant influence – SF	NIL	6,047,865
Total	NIL	7,277,746
Interest expense		
Holding Company –ILL	7,305,207	72,329
Subsidiary Company –FMPL	11,298,473	10,099,083
Total	18,603,680	10,171,412
Rent paid		
Enterprises over which directors have significant influence – ASMCP	NIL	1,577,642
Project hiring charges received		
Joint Venture – SMCP	1,451,250	1,431,923

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

Particulars of transactions (contd...)	31 March 2012 ₹	31 March 2011 ₹
Managerial Remuneration		
Key Managerial personnel		
- Shravan Shroff	914,977	7,150,535
- Rajiv Patni	1,068,282	NIL
- Rishi Negi	NIL	3,846,700
- Aditya Shroff	NIL	751,612
Total	1,983,259	11,748,847
Reimbursement of expenses (received)		
Subsidiary Company – FMPL	NIL	31,648
Joint Venture – SMCPL	384,628	2,683,455
Enterprises over which directors have significant influence –SF	NIL	42,825
Total	384,628	2,757,928
Reimbursement of expenses (paid)		
Holding Company –ILL	NIL	567,524
Joint Venture -SMCPL	487,285	434,921
Total	487,285	1,002,445
ICD taken		
Holding Company –ILL	NIL	120,000,000
Subsidiary Company –FMPL	10,000,000	25,000,000
Total	10,000,000	145,000,000
ICD repaid		
Holding Company –ILL	120,000,000	NIL
Subsidiary Company –FMPL	NIL	22,500,000
Total	120,000,000	22,500,000
Corporate guarantee issued on behalf of Company		
By holding Company –ILL	371,600,000	NIL
Share application money paid		
Subsidiary Company –HFPL	1,250,000	NIL
Advances given		
Subsidiary Company –BPHSPL	55,620	NIL

Balances	31 March 2012 ₹	31 March 2011 ₹
ICD taken		
Holding Company –ILL	NIL	12,065,096
Subsidiary Company –FMPL	173,850,000	163,850,000
Total	173,850,000	175,915,096
Amounts payable		
Holding Company –ILL	NIL	556,173
Subsidiary Company –FMPL	NIL	84,700
Joint Venture –SMCPL	NIL	377,268
Total	NIL	1,018,141

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

Balances (contd...)	31 March 2012 ₹	31 March 2011 ₹
Advances recoverable in cash or kind		
Subsidiary Company –BPHSPL	9,384,585	9,328,965
Joint Venture –SMCPL	234,030	NIL
Key Managerial personnel – Shravan Shroff	NIL	349,462
Total	9,618,615	9,678,427
Share application money		
Subsidiary Company –HFPL	2,500,000	1,250,000
Joint Venture – SMCPL	12,500,000	12,500,000
Total	15,000,000	13,750,000
Corporate guarantee issued on behalf of Company		
Holding Company – ILL	137,299,026	NIL
Provision for doubtful advances		
Subsidiary Company -BPHSPL	9,384,585	9,328,965
Provision for diminution in value of Investment		
Subsidiary Company - HFPL	2,500,000	1,250,000
Total	2,500,000	1,250,000

Additional disclosure as required by Listing Agreement in respect of loans and advances in the nature of loans given to subsidiary company:

Particulars	31 March 2012 ₹	31 March 2011 ₹
Name of the Loanee	Big Pictures Hospitality Services Private Limited	
Amount of loan at the year end	9,384,585	9,328,965
Maximum balance during the year	9,384,585	9,328,965
Investment by the loanee in the shares of the Company	Nil	Nil
The above advance is interest free and there is no repayment schedule. In the opinion of the management the same may not be recoverable and hence the entire outstanding balance has been provided for as on 31 March 2012		

44 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, which option at the inception of the lease it is reasonably certain that the lessee will exercise, for agreements / arrangements entered into are as follows:

Period	31 March 2012 ₹	31 March 2011 ₹
Amount due within one year from the balance sheet date	333,911,315	302,761,947
Amount due in the period between one year and five years	1,327,669,927	1,298,919,857
Amount due after five years	715,772,213	929,666,907
	2,377,353,455	2,531,348,711

The Company has entered into 27 (31 March 2011: 43) 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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

45 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.

46 Interest in joint ventures

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. HFPL was a joint venture upto 26 March 2012 and subsequently has become a subsidiary. Consequently, the Company's interest in HFPL upto 26 March 2012 is included in the disclosures.

The interests in the joint ventures are reported as long-term investments (refer Schedule 8) 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 audited financial statements is:

	31 March 2012 ₹	31 March 2011 ₹
ASSETS		
Fixed assets		
Tangible assets	4,161,123	9,505,391
Intangible assets	NIL	NIL
Long term loans and advances	7,140,335	16,617,961
Current assets		
Current investments	NIL	1,041,966
Inventories	196,212	257,393
Trade receivables	2,190,672	2,427,149
Cash and cash equivalents	1,073,753	2,847,376
Short term loans and advances	10,882,671	1,832,537
Other current assets	12,293	108,788
Total assets	25,657,059	34,638,561
LIABILITIES		
Non-current liabilities		
Other long term liabilities	36,500	38,500
Long term provisions	172,369	29,015
Current liabilities		
Short term borrowings	117,013	NIL
Trade payables	4,506,587	3,815,366
Other current liabilities	6,538,558	2,151,527
Short term provisions	1,643,557	1,862
Total liabilities	13,014,584	6,036,270
INCOME		
Revenue from operations	57,413,357	58,577,845
Other income	169,204	373,645
Total income	57,582,561	58,951,490
EXPENSES		
Exhibition cost	19,521,513	20,359,417
Food and beverages costs	4,327,137	4,598,384
Employee benefit expense	3,896,479	3,083,859
Depreciation and amortization expense	6,113,918	5,908,776
Other expenses	39,732,829	33,695,261
Total expenses	73,591,876	67,645,697

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

47 Disclosure pursuant to Accounting Standard - 15 (revised 2005) '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 avail / en-cash leave on superannuation, death, permanent disablement or resignation, subject to maximum accumulation of 42 days.

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

iii) Defined contribution plans

Amounts contributed to Provident Fund and Employees' State Insurance Corporation aggregating to ₹ 12,508,022 (31 March 2011: ₹ 9,689,027) recognised as an expense and included in "Personnel costs" (refer Schedule 18) in the profit and loss account.

iv) Defined benefit obligation

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation				
Projected benefit obligation at beginning of the year	4,794,588	3,405,369	4,208,407	4,247,099
Current service cost	1,574,720	1,263,880	1,246,406	1,548,533
Interest cost	488,353	345,327	309,321	381,633
Actuarial (gain)/loss due to change in assumptions	1,055,767	(516,937)	1,808,633	(721,456)
Settlements	(529,800)	(705,335)	(3,176,610)	(2,050,440)
Past service cost - vested			6 4,628	NIL
Past service cost- non -vested			333,803	NIL
Projected benefit obligation at end of the year	7,383,628	3,792,304	4,794,588	3,405,369

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

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Projected benefit obligation at end of the year	7,383,628	3,792,304	4,794,588	3,405,369
Plan asset	NIL	NIL	NIL	NIL
Funded status / (liability)	(7,383,628)	(3,792,304)	(4,794,588)	(3,405,369)
(Liability) recognised in balance sheet	(7,383,628)	(3,792,304)	(4,794,588)	(3,405,369)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

vi) Expenses recognized in the profit and loss account

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Current service cost	1,574,720	1,263,880	1,246,406	1,548,533
Interest cost	488,353	345,327	309,321	381,633
Expected return on plan asset	NIL	NIL	NIL	NIL
Net actuarial (gain) / loss to be recognised in year	1,055,767	(516,937)	1,808,633	(721,456)
Past service cost	NIL	NIL	148,079	NIL
Expense recognised in the statement of profit and loss	3,118,840	1,092,270	3,512,439	1,208,710

vii) Actuarial assumptions

Particulars	Gratuity 31 March 2012 ₹	Leave liability 31 March 2012 ₹	Gratuity 31 March 2011 ₹	Leave liability 31 March 2011 ₹
Discount rate	8.60%	8.60%	8.00%	8.00%
Salary escalation	10.00%	10.00%	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 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.

47. Earnings per share

Particulars	31 March 2012 ₹	31 March 2011 ₹
Net profit / (loss) after tax attributable to equity shareholders (A) (Numerator used for calculation of Basic EPS)	(111,346,802)	19,880,983
Add: Interest on FCCB*	NIL	901,147
Add: Amortisation of FCMITDA *	NIL	(6,110,119)
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	NIL	762,554
Adjusted net profit/(loss) after tax attributable to equity shareholders (Numerator used for calculation of Dilutive EPS) (B)	(111,346,802)	15,434,565
Weighted average number of equity shares outstanding during the year – Basic (C)	37,103,942	34,922,915
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	63,184	6,444,016
Weighted average number of equity shares outstanding during the year – Diluted (D)	37,167,126	41,366,931
Basic earnings per share of face value of Rs 10 each (A)/(C)	(3.00)	**0.56
Diluted earnings per share of face value of Rs 10 each (B)/(D)	(3.00)	**0.37

* These adjustments have been made net of applicable taxes.

** The EPS for the year ended 31 March 2011 has been recomputed on account of effect of issue of shares on rights basis during the year ended 31 March 2012

The Company has redeemed the outstanding FCCBs in September 2011 (refer schedule 29 for details). As at 31 March 2011, the potential equity shares in respect of outstanding FCCBs have been considered for the computation of diluted EPS in accordance with AS – 20 Earnings Per Share.

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

For Patankar & Associates

Chartered Accountants

Firm's Registration No: 107628W

Sanjay Agrawal

Partner

Membership No: 49051

Pune

Date : 24 May 2012

For and on behalf of the Board of Directors

Pavan Kumar Jain

Director

Deepak Asher

Director

Suratha Satpathy

Company Secretary

Mumbai

Date : 24 May 2012

Auditors' Report

We have audited the attached Consolidated Balance Sheet of Fame India Limited (the "Company"), its subsidiaries and joint ventures (collectively the "Group") as at 31 March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the 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.

We have not audited the financial statements of one joint venture, Swanston Multiplex Cinemas Private Limited, which reflect the Group's share of total assets of ₹ 256.22 lacs as at 31 March 2012, the Group's share of total revenue of ₹ 750.58 lacs and Group's share of net cash outflow amounting to ₹ 17.61 lacs for the year then ended, as considered in the Consolidated Financial Statements. The financial statements and other financial information of Swanston Multiplex Cinemas Private Limited have been audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect thereof, is based solely on the report of the other auditor.

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 Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Venture, notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Patankar & Associates
Chartered Accountants
Firm Reg No. 107628W

Place : Pune
Dated : 24 May 2012

S S Agrawal
(Partner)
Mem. No. 49051

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	5	552,741,430	349,470,320
(b) Reserves and surplus	6	1,093,342,195	381,734,187
		1,646,083,625	731,204,507
2 Non-Current Liabilities			
(a) Long-term borrowings	7	9,196,351	229,999,997
(b) Other long term liabilities	8	530,299	49,808,678
(c) Long term provisions	9	10,672,596	7,075,816
		20,399,246	286,884,491
3 Current liabilities			
(a) Short term borrowings	10	21,436,007	112,235,707
(b) Trade payables	11	171,486,893	142,639,509
(c) Other current liabilities	12	236,481,459	1,044,156,974
(d) Short term provisions	9	81,409,641	5,198,020
		510,814,000	1,304,230,210
TOTAL		2,177,296,871	2,322,319,208
ASSETS			
1 Goodwill on consolidation		46,717,963	46,729,824
2 Non-Current Assets			
(a) Fixed assets	13		
(i) Tangible assets		1,191,819,961	1,255,682,070
(ii) Intangible assets		765,288	-
(iii) Capital work-in-progress	14	128,995,509	209,493,406
		1,321,580,758	1,465,175,476
(b) Non-current investments	15(a)	2,333,000	1,868,000
(c) Deferred tax assets	16	2,811,829	3,540,425
(d) Long term loans and advances	17	451,362,446	480,565,872
(e) Other non-current assets	18	13,045,863	13,514,510
		469,553,138	499,488,807
		1,791,133,896	1,964,664,283
3 Current assets			
(a) Current investments	15(b)	185,000,000	1,041,966
(b) Inventories	19	10,403,242	7,803,868
(c) Trade receivables	20	58,694,898	62,107,530
(d) Cash and bank balances	21	42,618,188	187,725,930
(e) Short term loans and advances	22	40,204,868	45,323,062
(f) Other current assets	23	2,523,816	6,922,745
		339,445,012	310,925,101
TOTAL		2,177,296,871	2,322,319,208

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

For Patankar & Associates
Chartered Accountants

Sanjay Agrawal
Partner

Place : Pune
Date : 24 May 2012

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Suratha Satpathy
Company Secretary

Place : Mumbai
Date : 24 May 2012

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
I INCOME			
Revenue from operations	24	2,261,235,787	1,964,558,310
Other income	25	27,646,729	13,286,888
Total		2,288,882,516	1,977,845,198
II EXPENSES			
Entertainment tax		309,752,561	251,234,232
Exhibition cost	26	603,773,310	491,921,709
Distribution and programming costs	27	-	50,283,863
Cost of food and beverages	28	126,071,161	112,336,143
Employee benefit expense	29	131,876,955	161,669,623
Finance costs	30	74,048,072	58,204,630
Depreciation and amortisation	31	174,107,022	177,494,556
Amortisation of FCMITDA		-	(7,631,019)
Amortisation of goodwill on consolidation		1,284,912	-
Other expenses	32	902,095,366	722,944,000
Total Expenses		2,323,009,359	2,018,457,737
(Loss) before exceptional items and tax		(34,126,843)	(40,612,539)
Exceptional item - service tax on lease rentals in respect of earlier years	33	82,421,723	(43,293,609)
(Loss)/Profit before tax		(116,548,566)	2,681,070
Tax expense			
Current tax		2,227,000	4,265,000
Deferred tax charge/(release)		728,596	(100,817)
MAT credit entitlement		137,000	(3,217,084)
Income-tax for earlier years		-	3,225,862
MAT credit entitlement for earlier years		-	(10,538,992)
		3,092,596	(6,366,031)
(Loss)/ Profit for the year		(119,641,162)	9,047,101
Earnings per equity share:(Nominal value per share ₹ 10)	45	(3.22)	0.26
Basic		(3.22)	0.11
Diluted			

The accompanying notes form an integral part of the financial statements

As per our report of even date attached.

For Patankar & Associates
Chartered Accountants

Sanjay Agrawal
Partner

Place : Pune
Date : 24 May 2012

Fame India Limited

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Suratha Satpathy
Company Secretary

Place : Mumbai
Date : 24 May 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
A. Cash flow from operating activities		
(Loss) / profit for the year before tax	(116,548,566)	2,681,070
Adjustments for :		
Depreciation / amortisation	174,107,022	177,494,556
Amortisation of FCMITDA	-	(7,631,019)
Bad debts and remissions	5,654,450	588,026
Provision for doubtful debts	496,770	5,680,442
Provision for doubtful advances	6,986,621	104,533
Foreign exchange fluctuation loss on FCCB	44,260,289	-
Amortization of goodwill on consolidation	1,284,912	-
Finance costs	74,048,072	58,204,632
Loss on sale/discard of fixed assets	1,863,602	2,283,269
Dividend from current investments	(41,871)	(812,638)
Interest income	(4,242,260)	(10,260,659)
Profit on sale of fixed assets	(497,189)	-
Expenses on abandoned projects written off	9,801,420	3,855,919
Inventories written off	-	1,200,796
Liabilities no longer required, written back	(11,016,654)	(1,896,672)
Gain on sale of current investments (net)	(7,678,044)	(233,758)
Operating profit before changes in working capital	178,478,574	231,258,497
Adjustments for :		
Changes in working capital		
Trade receivables	(6,739,900)	(14,058,594)
Long term loans & advances	23,041,635	2,691,339
Short term loans & advances	12,365,360	101,550,694
Inventories	(2,599,374)	(587,954)
Other current asset	74,727	4,307,822
Other non current assets	2,085,672	2,085,672
Other long term liabilities	42,654,790	12,166,139
Other current liabilities	(25,466,456)	2,799,687
Trade payable	42,973,159	(73,604,842)
Short term provisions	71,693,752	1,236,996
Long term provisions	3,678,759	(2,096,535)
Net changes in working capital	163,762,124	36,490,424
Direct taxes paid (net of refunds)	(10,714,162)	(6,642,255)
Net cash generated from operations	331,526,536	261,106,666

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
B. Cash flow from investing activities		
Purchase of fixed assets (including changes in cwip and capital advances)	(73,304,476)	(137,900,659)
Proceeds from sale of fixed assets	1,111,111	5,611,826
Proceeds from redemption of units in mutual funds	984,604,810	285,098,058
Purchase of units in mutual funds	(1,160,842,930)	(268,661,401)
Purchase of long-term investments	(465,000)	-
Purchase of shares in subsidiary company	(49,990)	-
Proceeds from maturity of long-term investments	-	12,400,000
Movement in bank fixed deposits with original maturity of more than three months (net)	129,450,816	(197,741)
Dividend received	41,871	1,267,748
Dividend income reinvested	(41,871)	(624,861)
Interest received	20,284,068	16,493,731
Net cash (used in) investing activities	(99,211,590)	(86,513,299)
C. Cash flow from financing activities		
Refund of Share Application Money	(1,250,000)	-
Finance costs	(89,104,211)	(66,423,395)
Proceeds from issue of shares	203,271,110	1,517,700
Securities premium received on above	690,040,887	678,412
Right issue expenses (net)	(16,992,694)	-
Foreign Currency Convertible Bonds redeemed	(624,710,289)	-
Yield to maturity & withholding tax paid on redemption of Foreign Currency Convertible Bonds	(90,662,922)	-
Term loans from banks taken	700,000,000	-
Term loans from banks repaid	(805,803,646)	(292,026,860)
Bank overdraft (repaid)/taken during the year (net)	(90,799,700)	18,393,719
Inter-corporate deposit taken	-	120,000,000
Inter-corporate deposit repaid	(120,000,000)	-
Net cash (used in) financing activities	(246,011,465)	(217,860,424)
Net (decrease) in cash and cash equivalents	(13,696,519)	(43,267,057)
Cash and cash equivalents at the beginning of the year	45,127,858	88,394,915
On account of first time consolidation of subsidiary	34,593	-
Cash and cash equivalents at the end of the year	31,465,932	45,127,858

The composition of closing cash and cash equivalents are as per note no. 21 to the financial statements and includes share of joint venture.

As per our report of even date attached.

For Patankar & Associates
Chartered Accountants

Sanjay Agrawal
Partner

Place : Pune
Date : 24 May 2012

Fame India Limited

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Suratha Satpathy
Company Secretary

Place : Mumbai
Date : 24 May 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

I Background

Fame India Limited ('FIL' or the 'Company, or the 'Parent Company') is engaged in the business of operating and managing multiplexes and cinema theatres in India. The Company is a public company and its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The Company is a subsidiary of Inox Leisure Limited w.e.f. 6 January 2011.

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	% shareholding	Period
Fame Motion Pictures Limited (FMPL)	India	100.00	From 27 March 2004
Big Pictures Hospitality Services Private Limited (Big Pictures)	India	100.00	From 8 March 2006
Headstrong Films Private Limited (HFPL)	India	99.99	From 27 March 2012

The joint ventures considered in these consolidated financial statements along with the period covered is summarised below:

Name of the joint venture	Country of incorporation	% shareholding	Period
Swanston Multiplex Cinemas Private Limited (SMCPL)	India	50.00	From 1 September 2005
Headstrong Films Private Limited (HFPL)	India	50.00	From 3 November 2008 to 26 March 2012

FMPL is engaged in the business of exploitation of movie rights (including distribution) and programming. SMCPL is engaged in the business of in operating a multiplex.

Big Pictures was engaged in the business of operating food-courts and restaurants in India and HFPL was engaged in the business of film production and distribution in India. During the year, there are no business activities in these two companies. However, the management is reassessing the business feasibility and is exploring new initiatives/projects.

Changes during the year:

During the year, the Company has acquired further shares in its joint venture HFPL and consequently, HFPL has become a subsidiary w.e.f. 27 March 2012. Goodwill on consolidation of this subsidiary is written off during the year.

2 Basis of preparation of consolidated financial statements

2.1 These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These consolidated financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 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 Standards) Rules, 2006. The 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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 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.

3 Change in accounting policy

Upto last year, lease rentals paid in respect of properties were charged to the statement of profit and loss on a straight line basis over the lease term. During the current year, the management has reviewed the accounting policy for such lease rentals and, in the opinion of management, charging of lease rentals paid in terms of the respective lease agreement will result in more appropriate presentation of the financial statements. Accordingly, the provision of ₹ 29,600,773 as on 31 March 2011, in respect of such lease rentals, is reversed during the current year and credited to the lease rentals charged to the statement of profit and loss and the lease rentals for the current year are also provided accordingly. Due to this change, the amount of lease rentals charged to the statement of profit and loss and the loss for the year are lower by ₹ 40,536,721.

4 Summary of significant accounting policies

4.1 Goodwill on consolidation

The excess of cost to the 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 Statements. Goodwill is reviewed for decline other than temporary, whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

4.2 Revenue recognition

Multiplex operations

There are weekly arrangements with distributors for exhibition of films at the multiplexes operated by the Group.

Revenue from theatrical exhibition is recognised on the date of exhibition of the films and comprises proceeds from sales of tickets, net of 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 is disclosed as exhibition costs.

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

Revenue from advertisements and royalty 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 arrangements.

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 distributor 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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

Programming

Contracts are entered into with theatre owners for programming film exhibition at these theatres for a contracted period. Also, weekly arrangements are entered into 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 programmer 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.

4.3 Fixed assets, intangible assets, Capital work-in-progress and depreciation /amortisation

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any.

Tangible fixed assets and Capital work in progress (CWIP)

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, including project pre-operative expense and expenditure incurred during the construction period of multiplexes. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised.

In respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011, 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 4.10), 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.

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.

Depreciation and amortisation

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

Useful lives being followed by the Group 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% pro-rata over the period of one year.

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'.

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.

4.4 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets' where there is an indication of impairment of the assets, the carrying amounts of the 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 statement of profit and loss, 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.

4.5 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 statement of profit and loss.

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.

4.6 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 in such cases 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 Group also 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

4.7 Inventories

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

4.8 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, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

Assets taken on operating lease

Lease rentals in respect of assets acquired on operating leases are charged-off to the statement of profit and loss as per the terms of the respective lease agreements.

4.9 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 statement of profit and loss in the period in which such services are rendered.

(b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The gratuity benefit scheme is a defined benefit plan. The 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, 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.

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 statement of profit and loss.

(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.

4.10 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 the statement of profit and loss.

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 statement of profit and loss, except as mentioned below. Non monetary assets are recorded at the rates prevailing on the date of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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 1 April 2007.

Long term monetary assets and liabilities, other than those which form part of the Company's net investment in 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.

4.11 Taxation

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 based on the tax liability after taking credit for tax allowances and exemptions.

Minimum Alternative Tax ('MAT') credit is recognised only to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period.

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 individual standalone 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.

4.12 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. 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.

4.13 Provision and contingencies

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. 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 possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

4.14 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent liabilities, at the end of the accounting year and reported amounts of revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

5 Share Capital

Particulars	31 March 2012 ₹	31 March 2011 ₹
Authorized share capital		
62,990,000 (31 March 2011: 51,990,000) equity shares of ₹ 10 each	629,900,000	519,900,000
10,000 (31 March 2011: 10,000) preference shares of ₹ 10 each	100,000	100,000
	630,000,000	520,000,000
Issued, subscribed and fully paid-up		
55,274,143 (31 March 2011: 34,947,032) equity shares of ₹ 10 each	552,741,430	349,470,320
	552,741,430	349,470,320

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2012		31 March 2011	
	No	₹	No	₹
Equity shares				
At the beginning of the year	34,947,032	349,470,320	34,795,262	347,952,620
Add: Shares issued to the shareholders under rights issue	20,290,508	202,905,080	-	-
Add: shares issued under "Employee Stock Option Scheme 2009"	36,603	366,030	151,770	1,517,700
Outstanding at the end of the year	55,274,143	552,741,430	34,947,032	349,470,320

(b) Rights, preferences and restrictions attached to shares

Equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding, after distribution of all preferential amounts, if any.

(c) Shares held by holding/ultimate holding company

Particulars	31 March 2012		31 March 2011	
	No	₹	No	₹
Equity shares				
Inox Leisure Limited, the holding company	38,438,312	384,383,120	17,566,363	175,663,630
Gujarat Fluorochemicals Limited, the holding company of Inox Leisure Limited	1,987,200	19,872,000	-	-

(d) Shares allotted pursuant to conversion of foreign currency convertible bonds during 5 immediately preceding years

- (i) During the year ended 31 March 2008, 1,504,999 equity shares of ₹ 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each, and 1,687,850 equity shares of ₹ 10 each were allotted against 4,000 Series B Foreign Currency Convertible Bonds ('FCCB') of US \$ 1,000 each (refer Note 35).

(e) Details of shares held by shareholders holding more than 5% of the aggregate shares

Particulars	31 March 2012		31 March 2011	
	No	%	No	%
Equity Shares				
Inox Leisure Limited, the holding company	384,383,120	69.54%	17,566,363	50.27%
Reliance Capital Limited	12,368,952	22.38%	12,368,952	35.39%

(f) Shares reserved for issue under options

Refer note 37 for details of shares to be issued under the Employee Stock Option Scheme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

6 Reserves and surplus

Particulars	31 March 2012 ₹	31 March 2011 ₹
Capital Redemption Reserves		
Balance as per last Balance Sheet	10,000	10,000
Securities Premium Account		
Balance as per last Balance Sheet	281,113,609	354,121,001
Add: Additions during the year on issue of shares	690,040,888	678,412
Less: Provision for yield to Maturity ("YTM") i.e. premium on redemption of FCCB (refer note 36)	-	73,685,804
Add: Provision for YTM on redemption of FCCB no longer required, written back (refer note 36)	152,887,709	-
Add: Provision for expenses on FCCB issue no longer required, written back	5,313,267	-
Less: Rights issue expenses	16,992,694	-
Closing Balance	1,112,362,779	281,113,609
General reserve		
Balance as per last Balance Sheet	12,015,378	12,015,378
Surplus/(Deficit) in statement of profit and loss		
Surplus as per last Balance Sheet	88,595,200	79,548,099
(Loss) / profit for the year	(119,641,161)	9,047,101
Balance as at the end of the year	(31,045,961)	88,595,200
Total	1,093,342,195	381,734,187

7 Long term borrowings

Particulars	Non-current portion		Current maturities	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Secured				
Term loans from banks	9,196,351	109,999,997	101,666,668	106,666,668
Unsecured				
NIL (31 March 2011: 9,000) Zero-coupon series A foreign currency convertible bonds of US \$ 1,000 per bond	-	-	-	401,850,000
NIL (31 March 2011: 4,000) 0.5% per annum series B foreign currency convertible bonds of US \$ 1,000 per bond	-	-	-	178,600,000
Loans and advances from related parties				
Inter-corporate deposits from Inox Leisure Limited, the holding company	-	120,000,000	-	-
	-	120,000,000	-	580,450,000
Total borrowings	9,196,351	229,999,997	101,666,668	687,116,668
Less: Amount disclosed under the note no. 12 "Other current liabilities"	-	-	(101,666,668)	(687,116,668)
Total	9,196,351	229,999,997	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

(a) Nature of Security and terms of repayment for secured borrowings

Term loans from Axis Bank Limited ₹ 110,863,019 (31 March 2011 ₹ 75,000,000) is;

- Secured against first charge on the entire movable fixed assets of the Company, both present and future; and extension of first charge on the entire current assets of the Company, both present and future. The loan is repayable in 18 equal quarterly installments starting from 01 April 2009 along with interest of 12.75% p.a.
- Further secured by first charge by way of equitable mortgage of property at Anand, Gujarat and Corporate Guarantee of Inox Leisure Limited.

Term loans from IDBI Bank Limited ₹ Nil (31 March 2011 ₹ 141,666,665) is;

Secured against creation of first pari passu charge with other lenders Axis Bank Limited by deposit of title deeds of immovable properties located at Anand, Gujarat. The loan is repayable in 18 equal quarterly installments starting from 31 May 2009 along with interest of 12.75% p.a.

Further secured by first charge by way of hypothecation of the Company's entire movables (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future, in respect of the Company's existing multiplexes at Fame South City, South City Mall, Kolkata, Fame Lido, Fame Dahisar, Thakur Mall and Multiplex, Fame Thakur, Fame Anand, Fame Inorbit, Fame Raghuleela, Fame Highland Park, Fame Akurdi, and new multiplexes at Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat, subject to prior charges created and/or to be created in favour of the Company's bankers on the Company's stocks of raw material, semi-finished and finished goods, consumable stores and such other movables as may be agreed to by the bank for securing the borrowing for working capital requirements in the ordinary course of business.

Further secured by escrow of entire cash flows arising out of existing multiplexes at South City – Kolkata, Lido-Bangalore, Fame Dahisar, Fame Thakur-Kandivali on pari-passu basis with Axis Bank and escrow of entire cash flows arising out of new multiplexes at Bangalore, Ghatkopar, Vashi, Prabhat, Chandigarh, Panchkula, Bharuch, Dhanbad, Pune, Kalyan, Vadodara and Surat on pari-passu basis with Axis Bank.

(b) Loans guaranteed by others

Amount of term loan from bank guaranteed by Inox Leisure Limited, the holding company is ₹ 110,863,019 (previous year ₹ Nil)

(c) Terms of conversion and repayment for unsecured borrowings

In respect of Foreign Currency Convertible Bonds - please refer note no. 35

The inter-corporate deposits was repayable in 3 years from the date of the deposit and carried interest of 11%. However, the deposit has been pre-paid in the current year.

8 Other long term liabilities

Particulars	31 March 2012 ₹	31 March 2011 ₹
Security deposits received	399,667	19,272,210
Sundry creditors for capital expenditure	-	800,001
Trade payables (see note no. 38)	-	29,600,773
	399,667	49,672,984
Share of joint venture	130,632	135,695
Total	530,299	49,808,678

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

9 Provisions

Particulars	Long-term		Short-term	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Provision for Gratuity	7,060,382	4,264,788	323,246	529,800
Provision for Leave encashment	3,439,846	2,700,035	605,379	705,334
Provision for income tax	-	81,978	-	-
Provision for MVAT	-	-	3,961,024	3,961,024
Provision for Service tax (see note no. 33)	-	-	71,997,355	-
	10,500,228	7,046,801	76,887,004	5,196,158
Share of joint venture	172,368	29,015	4,522,637	1,862
Total	10,672,596	7,075,816	81,409,641	5,198,020

10 Short term borrowings

Particulars	31 March 2012 ₹	31 March 2011 ₹
Secured		
Loans repayable on demand from banks		
- Bank overdraft	21,436,007	112,235,707
	21,436,007	112,235,707
Share of joint venture	-	-
Total	21,436,007	112,235,707

(a) Nature of security for secured borrowings

Bank overdraft is secured against first charge on the entire current assets of the Company, both present and future; and extension of first charge on the entire movable fixed assets of the Company, both present and future. Further, bank overdraft is secured against fixed deposits to the extent of ₹ Nil (31 March 2011 ₹ 135,000,000)

(b) Loans guaranteed by others

The Bank overdraft is guaranteed by Inox Leisure Limited, the holding company

11 Trade payables

Particulars	31 March 2012 ₹	31 March 2011 ₹
Due to Micro, Small and Medium Enterprises (see note no. 38)	-	-
Others	164,542,435	137,978,605
	164,542,435	137,978,605
Share of joint venture	6,944,458	4,660,904
Total	171,486,893	142,639,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

12 Other current liabilities

Particulars	31 March 2012 ₹	31 March 2011 ₹
Current maturities of long term debt - from note no. 7	101,666,668	687,116,668
Interest accrued but not due on borrowings (including 'Yield-to-Maturity' payable on redemption of FCCBs)	-	218,089,750
Interest accrued and due on borrowings	1,305,305	1,053,966
Income received in advance	7,682,582	7,744,924
Statutory dues and taxes payables	42,163,244	36,239,451
Security deposits received	1,322,892	1,756,905
Creditors for capital expenditure	53,319,169	67,842,241
Retention money	15,444,991	17,610,881
Advance from customers	12,456,788	5,304,760
Advances received from related parties		
- Swanston Multiplex Cinemas Private Limited, Joint venture	-	188,633
	235,361,639	1,042,948,179
Share of joint venture	1,119,820	1,208,795
Total	236,481,459	1,044,156,974

13 Fixed assets

Description of assets	Gross block					Accumulated depreciation/ amortisation				Net block	
	As at 1 April 2011 ₹	Additions ₹	Deductions ** ₹	Other adjustments - borrowing cost ₹	As at 31 March 2012 ₹	As at 1 April 2011 ₹	Charge for the year ₹	Deductions ₹	As at 31 March 2012 ₹	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Tangible assets											
Land (freehold)*	48,723,293	-	-	-	48,723,293	-	-	-	-	48,723,293	48,723,293
Buildings	23,216,550	-	438,008	-	22,778,542	1,553,209	378,185	7,612	1,923,782	20,854,760	21,663,341
Leasehold improvements	994,226,240	66,080,429	18,835,839	6,243,071	1,047,713,901	338,687,682	105,052,444	6,669,427	437,070,699	610,643,202	655,538,558
Plant and equipment	488,827,952	44,512,282	10,571,870	3,123,618	525,891,982	135,342,734	40,707,231	2,428,018	173,621,947	352,270,035	353,485,218
Furniture and fixtures	200,657,478	14,844,077	5,117,594	1,236,052	211,620,013	68,230,177	20,224,551	1,383,726	87,071,002	124,549,011	132,427,301
Vehicles	4,988,455	-	2,952,889	-	2,035,566	3,695,173	170,129	2,338,967	1,526,335	509,231	1,293,282
Office equipment	72,005,914	8,443,855	1,658,869	-	78,790,900	38,960,228	10,469,175	747,808	48,681,595	30,109,305	33,045,686
Tangible assets - Total (A)	1,832,645,882	133,880,643	39,575,069	10,602,741	1,937,554,197	586,469,203	177,001,715	13,575,558	749,895,360	1,187,658,837	1,246,176,679
Intangible assets											
Computer software	13,739,102	848,370	-	-	14,587,472	13,739,102	83,082	-	13,822,184	765,288	-
Negative rights	266,225	-	-	-	266,225	266,225	-	-	266,225	-	-
Distribution rights	9,018,563	-	1,696,431	-	7,322,132	9,018,563	-	1,696,431	7,322,132	-	-
Intangible assets -Total (B)	23,023,890	848,370	1,696,431	-	22,175,829	23,023,890	83,082	1,696,431	21,410,541	765,288	-
Total (A) + (B)	1,855,669,772	134,729,013	41,271,500	10,602,741	1,959,730,026	609,493,093	177,084,797	15,271,989	771,305,901	1,188,424,125	1,246,176,679
Share of joint venture											
Tangible assets	54,797,250	762,700	-	-	55,559,950	45,291,858	6,106,968	-	51,398,826	4,161,124	9,505,391
Intangible assets	452,295	6,949	-	-	459,244	452,295	6,949	-	459,244	-	-
Total share of joint venture (C)	55,249,545	769,649	-	-	56,019,194	45,744,153	6,113,917	-	51,858,070	4,161,124	9,505,391
Grand Total (A) + (B) + (C)	1,910,919,317	135,498,662	41,271,500	10,602,741	2,015,749,220	655,237,246	183,198,714	15,271,989	823,163,971	1,192,585,249	1,255,682,070
Previous year	1,942,805,321	8,569,697	40,455,701	-	1,910,919,317	505,798,399	177,494,556	28,055,709	655,237,246		

Notes:

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

** Deductions during the year include ₹ 32,613,680 on account of write back of provisions no longer required in respect of cost of fixed assets and adjustment of share of joint venture investor in the cost of fixed assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

14 Capital work in progress

Particulars	31 March 2012 ₹	31 March 2011 ₹
Capital work in progress	111,089,288	174,012,596
Pre-operative expenditure pending allocation	17,906,221	35,480,810
	128,995,509	209,493,406
Pre-operative expenditure pending allocation		
Opening balance	35,480,810	31,197,373
Add : Expenses incurred during the year		
Insurance	147,550	-
Security charges	389,996	220,283
Electricity charges	639,700	1,022,909
Finance costs	3,757,005	2,705,048
Travelling & conveyance	787,220	247,133
Outsourced personal cost	619,006	69,993
Miscellaneous expenses	136,619	18,071
Sub Total	6,477,096	4,283,437
Less: Capitalised	19,645,867	-
Less: Expenses on abandoned projects written off	4,405,818	-
Closing balance	17,906,221	35,480,810

15 (a) Non-current investments

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Long term, non-trade, unquoted, at cost)		
Investment in Government securities		
National Saving Certificates	2,333,000	1,868,000
(held in the names of the Company's erstwhile director and certificates worth ₹ 2,333,000 - previous year ₹ 1,868,000 - are pledged with Government authorities)		
Total	2,333,000	1,868,000

15 (b) Current Investments

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Non-trade, unquoted, at lower of cost and fair value)		
Investment in mutual funds		
(in fully paid up units)		
34,168 (31 March 2011: Nil) units of ₹ 1,000 each of Taurus Liquid Fund - Institutional Growth	40,000,000	-
27,170 (31 March 2011: Nil) units of ₹ 1,000 each of Templeton India Treasury Management Account Institutional Plan - Growth.	45,000,000	-
3,593,611 (31 March 2011: Nil) units of ₹ 10 each of JM High Liquidity Fund - Super Institutional Plan - Growth	60,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

Particulars	31 March 2012 ₹	31 March 2011 ₹
3,436,839 (31 March 2011 : Nil) units of ₹ 10 each of Peerless Liquid Fund - Super Institutional Growth (Investment in mutual funds includes unutilized amounts out of proceeds from rights issue, pending utilization - see note no. 34)	40,000,000	-
	185,000,000	-
Share of joint venture	-	1,041,966
Total	185,000,000	1,041,966
Aggregate amount of unquoted investments	187,333,000	2,909,966

16 Deferred tax asset (net)

Particulars	31 March 2012 ₹	31 March 2011 ₹
The components of deferred tax balances are as follows:		
Deferred tax asset on timing difference arising on account of:		
Provision for doubtful debts and advances	1,587,873	2,316,469
Provision for VAT	1,223,956	1,223,956
	2,811,829	3,540,425
Deferred tax liability	-	-
Net deferred tax (asset) / liability	2,811,829	3,540,425
Share of joint venture	-	-
Net deferred tax (asset) / liability	2,811,829	3,540,425

* 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) have not been included as the resulting deferred tax asset has not been recognised in the stand-alone audit financial statements in the absence of virtual certainty of realisation.

17 Long term loans and advances

Particulars	31 March 2012 ₹	31 March 2011 ₹
Unsecured, considered good, unless otherwise stated		
Security deposits	329,115,898	357,451,874
Income-tax paid (net of provision)	41,966,825	33,327,481
MAT credit entitlement	26,380,680	26,380,680
Advances recoverable in cash or in kind	7,775,430	7,804,598
Electricity charges refund claimed (refer note no 40(i)(ii))	38,983,278	38,983,278
Unsecured, considered doubtful		
Security deposit	6,231,680	-
	450,453,791	463,947,911
Less: Provision for doubtful deposits	(6,231,680)	-
	444,222,111	463,947,911
Share of joint venture	7,140,335	16,617,961
Total	451,362,446	480,565,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

18 Other non current assets

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Unsecured, considered good)		
Non current bank balances (see note no. 21)	2,195,000	200,000
Interest accrued		
On long term investments	592,146	1,106,283
On bank fixed deposits	177,977	41,815
Other recoverables	10,080,740	12,166,412
	13,045,863	13,514,510
Share of joint venture	-	-
Total	13,045,863	13,514,510

19 Inventories

Particulars	31 March 2012 ₹	31 March 2011 ₹
(valued at lower of cost and net realizable value)		
Food and beverages	8,649,143	7,546,475
Stores and spares	1,557,887	-
	10,207,030	7,546,475
Share of joint venture	196,212	257,393
Total	10,403,242	7,803,868

20 Trade receivables

Particulars	31 March 2012 ₹	31 March 2011 ₹
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months	4,324,526	20,973,433
Others	52,179,700	38,706,949
	56,504,226	59,680,382
Unsecured, considered doubtful		
Outstanding for a period exceeding six months	3,825,756	5,686,903
	60,329,982	65,367,285
Less: Provision for doubtful trade receivables	(3,825,756)	(5,686,903)
	56,504,226	59,680,382
Share of joint venture	2,190,672	2,427,148
Total	58,694,898	62,107,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

21 Cash and bank balances

Particulars	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Cash and cash equivalents				
Balance with Bank				
In current accounts	-	-	23,956,130	40,115,374
In deposit accounts with original maturity period of less than three months			453,331	-
Cash on hand	-	-	6,017,312	2,165,108
	-	-	30,426,773	42,280,482
Other bank balances				
Deposits with banks with original maturity period more than 3 months but less than 12 months	-	-	11,152,256	142,598,072
Deposits with banks with original maturity period more than 12 months	2,195,000	200,000	-	-
	2,195,000	200,000	11,152,256	142,598,072
Share of joint venture	-	-	1,039,159	2,847,376
Total cash and bank balances	2,195,000	200,000	42,618,188	187,725,930
Less: Amount disclosed under the note no. 17 "Other non-current assets"	(2,195,000)	(200,000)	-	-
Total	-	-	42,618,188	187,725,930
Note: Other bank balances includes deposits kept as lien by bank against bank guarantees	200,000	200,000	5,761,119	3,253,331

22 Short term loans and advances

Particulars	31 March 2012 ₹	31 March 2011 ₹
Unsecured, considered good		
Loans and advances to related parties		
-- Swanston Multiplex Cinemas Private Limited	117,016	-
Prepaid expenses	5,616,227	8,059,959
Service tax credit available	292,745	5,895,218
Security deposits	4,559,718	59,718
MAT credit entitlement	-	137,000
Advances to producers	254,184	394,643
Advances recoverable in cash or in kind	5,859,638	18,193,253
Advances to distributors	868,915	909,304
Advance to suppliers	11,753,754	9,955,336
Unsecured, considered doubtful		
Advance to suppliers	4,087,034	3,332,093
	33,409,231	46,936,524
Less: provision for doubtful advances	(4,087,034)	(3,332,093)
	29,322,197	43,604,431
Share of joint venture	10,882,671	1,718,631
Total	40,204,868	45,323,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

23 Other current assets

Particulars	31 March 2012 ₹	31 March 2011 ₹
(Unsecured, considered good)		
Interest accrued on bank fixed deposits	425,851	4,803,012
Other recoverables	2,085,672	2,085,672
	<u>2,511,523</u>	<u>6,888,684</u>
Share of joint venture	12,293	34,061
Total	2,523,816	6,922,745

24 Revenue from operations

Particulars	31 March 2012 ₹	31 March 2011 ₹
a) Sale of services		
Box office revenue	1,587,948,620	1,294,725,839
Revenue from distribution	1,200,840	47,149,353
Programming revenue	-	7,400,685
Advertisement income	113,740,575	127,986,289
Management fees	10,358,819	9,370,327
Conducting fees	5,777,020	3,485,370
	<u>1,719,025,874</u>	<u>1,490,117,863</u>
b) Sale of products		
Food and beverages	430,666,987	366,028,650
c) Other operating revenue	<u>36,654,204</u>	<u>31,657,089</u>
	<u>2,186,347,065</u>	<u>1,887,803,602</u>
Share of joint venture	74,888,722	76,754,708
Total	2,261,235,787	1,964,558,310

25 Other Income

Particulars	31 March 2012 ₹	31 March 2011 ₹
Interest		
- On bank fixed deposits	3,703,871	9,467,173
- On long term investments	223,863	433,904
- Others	187,193	61,101
	<u>4,114,927</u>	<u>9,962,178</u>
Dividend on current investments	-	737,474
Gain on sale of current investments (Net)	7,678,044	233,758
Profit on sale of fixed assets	497,189	-
Liabilities no longer required written back	15,187,365	1,979,833
	<u>27,477,525</u>	<u>12,913,243</u>
Share of joint venture	169,204	373,645
Total	27,646,729	13,286,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

26 Exhibition cost

Particulars	31 March 2012 ₹	31 March 2011 ₹
Distributors' share	548,912,026	442,966,552
Other exhibition cost	27,221,134	21,390,058
Share of joint venture investors	8,844,262	7,496,081
	584,977,422	471,852,691
Share of joint venture	18,795,888	20,069,018
Total	603,773,310	491,921,709

27 Distribution and programming costs

Particulars	31 March 2012 ₹	31 March 2011 ₹
Distribution cost		
Producers' share	-	42,293,965
Share of joint venture investors	-	604,236
Agents' commission	-	256,302
Programming cost		
Distributors' share	-	7,123,360
Share of joint venture investors	-	6,000
Total	-	50,283,863

28 Cost of food and beverages

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening stock	7,546,475	7,037,952
Add: Purchases	122,846,693	108,246,282
	130,393,168	115,284,234
Less : Closing stock	8,649,143	7,546,475
	121,744,025	107,737,759
Share of joint venture	4,327,136	4,598,384
Cost of food and beverages	126,071,161	112,336,143

29 Employee benefit expense

Particulars	31 March 2012 ₹	31 March 2011 ₹
Salaries and wages	108,996,692	140,193,414
Contribution to provident and other funds	12,589,027	9,861,229
Gratuity	3,118,840	3,762,791
Staff welfare expenses	3,275,917	4,768,330
	127,980,476	158,585,764
Share of joint venture	3,896,479	3,083,859
Total	131,876,955	161,669,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

30 Finance costs

Particulars	31 March 2012 ₹	31 March 2011 ₹
Interest on borrowings	68,349,360	50,731,236
Other borrowing costs	5,698,712	7,473,394
	74,048,072	58,204,630
Share of joint venture	-	-
Total	74,048,072	58,204,630

31 Depreciation

Particulars	31 March 2012 ₹	31 March 2011 ₹
Depreciation on tangible assets	177,001,715	170,632,103
Amortization of intangible assets	83,082	953,677
	177,084,797	171,585,780
Less : Depreciation written back	(9,091,692)	-
	167,993,105	171,585,780
Share of joint venture	6,113,917	5,908,776
Total	174,107,022	177,494,556

32 Other Expenses

Particulars	31 March 2012 ₹	31 March 2011 ₹
Property rent and conducting fees - see note no. 3	301,720,303	320,979,237
Common facility charges	76,284,401	65,496,386
Power and fuel	130,303,878	115,594,858
Repairs and maintenance to building	5,738,070	2,484,246
Repairs and maintenance to plant and equipment	21,639,026	15,723,105
Repairs and maintenance to others	10,123,081	3,158,924
Advertisement & sales promotion	13,246,125	8,478,208
Outsourced personnel cost	29,957,253	3,929,495
Housekeeping expenses	31,343,492	21,206,922
Legal and professional fees and expenses	24,285,801	16,689,562
Security expenses	28,019,035	9,593,008
Insurance	5,668,909	4,685,423
Rates and taxes	32,015,461	30,471,610
Printing and stationery	5,868,083	4,844,757
Communication expenses	5,716,174	6,611,415
Service tax - see note no. 33	50,096,991	14,219,260
Travelling and conveyance	5,536,261	8,481,865
Water charges	2,317,690	1,589,750
Foreign exchange fluctuation loss	44,816,414	-
Bad debts and remissions	5,654,450	588,026
Provision for doubtful debts	496,770	5,680,422
Provision for doubtful advances	6,986,621	104,533
Expenses on abandoned projects written off	9,801,420	3,772,367
Commission and brokerage	-	2,464,749
Loss on sale/discard of fixed assets	1,863,602	2,283,269
Miscellaneous expenses	14,551,516	20,117,342
	864,050,827	689,248,739
Share of joint venture	38,044,539	33,695,261
Total	902,095,366	722,944,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

- 33** As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from 1 June, 2007 and accordingly, in the annual accounts for the year ended 31 March 2010, the group had provided for service tax in respect of rent on immovable properties for the year ended 31 March 2009 and 31 March 2010.

During the year ended 31 March 2011, this levy was challenged by the Parent Company by filing Writ Petitions with various High Courts and some of the High Courts had granted a stay against the levy of service tax in respect of immovable properties situated within their jurisdictions. Based on legal advice obtained by the Parent Company, no provision of such service tax was made for the year ended 31 March 2011. Further, the amount provided in the accounts during the year ended 31 March 2010 towards such service tax was reversed and the same is shown as an exceptional item in the statement of profit and loss.

During the current year, the levy has been upheld by several High Courts. The Parent Company has preferred a Special Leave Petition before the Hon'ble Supreme Court which is pending and the Parent Company has made the payments in this regard as directed by the Hon'ble Supreme Court.

In the above circumstances, the group has provided for service tax on renting of immovable properties. Accordingly an amount of ₹ 30,906,764 being the charge for the current year is included in 'Service Tax' and the amount of ₹ 82,421,722 (including joint venture share of ₹ 1,638,789) being the charge for the period upto 31 March 2011 is shown as an exceptional item in the Statement of Profit and Loss.

The movement in the provision for service tax account is as under:

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening Balance	NIL	NIL
Provided during the year (including ₹ 82,421,722 for earlier years)	113,328,486	NIL
Amount paid and adjusted during the year	39,692,342	NIL
Closing balance	73,636,144	NIL

34 Rights Issue

Through the Letter of Offer dated 30 January 2012, the Company has made Rights Issue of 20,290,508 equity shares with a face value of ₹ 10/- each at a premium of ₹ 34/- per equity share. Allotment of 20,290,508 equity shares was made on 02 March 2012.

The share issue expenses, net of service tax credit, are adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956.

The purpose of Rights Issue and its actual utilization as on 31 March 2012 is as under:

Sr. No.	Particulars	Projection in offer document ₹	Actual funds utilized till 31 March 2012 ₹
1.	Repayment of Loan	700,000,000	700,000,000
2.	Issue Expenses	18,004,041	17,123,886
3.	General corporate purposes	174,778,311	NIL
	Total	892,782,352	717,123,886
	Un-utilised Rights Issue proceeds temporarily invested in liquid mutual funds		175,658,466

The above utilization of Rights Issue proceeds is in accordance with the 'object of the issue' read with 'interim use of proceeds' clause as mentioned in the letter of offer.

35 Foreign Currency Convertible Bonds (FCCB)

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) 12,000, Zero Coupon Series A Unsecured Foreign Currency Convertible Bonds ("Series A Bonds") of the face value of US \$ 1000; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

- (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 US\$ 20,000,000 due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds").

The Bonds were convertible at the option of the bond holders into newly issued, ordinary equity shares of par value of ₹ 10 per share ("Shares"), at an initial conversion price of ₹ 90 per share for Series A Bonds; and ₹ 107 per share for Series B Bonds, as defined in terms and conditions of the Bonds.

Unless previously converted, redeemed or repurchased and cancelled, Series A Bonds were redeemable on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5% and Series B Bonds were redeemable on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

The bond issue expenses were adjusted against securities premium as per the provision of Section 78 of the Companies Act 1956. Premium payable on redemption of FCCB was amortised over the period of the bonds and was been charged to the securities premium account.

During the year ended 31 March 2008, 1,504,999 equity shares of ₹ 10 each were allotted against 3,000 Series A FCCB of US \$ 1,000 each at an exercise price of ₹ 90 per share and 1,687,850 equity shares of ₹ 10 each were allotted against 4,000 Series B FCCB of US \$ 1,000 each at an exercise price of ₹ 107 per share, thus aggregating to a total allotment of 3,192,849 equity shares of ₹ 10 each of the Company.

With the permission of Reserve Bank of India and with the necessary consent of the bondholders, in September 2011 the Company has redeemed the outstanding bonds at a final redemption price of 112.35% of their principal amount for Series A Bonds of face value of US \$ 9,000,000 and 115.37% of their principal amount for Series B Bonds of face value of US \$ 4,000,000, which represents a discount of 18% to the original redemption value of the Bonds. Accordingly, the Bonds stand fully discharged.

The resultant gain and the corresponding reduction in withholding tax liability on redemption of Bonds have been credited to the securities premium account. Further, provisions for bond issue expenses, no longer required, are written back and credited to the securities premium account.

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

Particulars	31 March 2012 ₹	31 March 2011 ₹
Opening balance	243,550,636	169,864,832
Add: Provision for the year	NIL	75,529,962
Less: Exchange difference on account of restatement of the outstanding premium payable	NIL	(1,8444,158)
Less: Utilised towards redemption of FCCB	(90,662,927)	NIL
Less: Transferred to Securities Premium account	(152,887,709)	NIL
Closing balance	NIL	243,550,636

37 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 ₹ 14.47 per option. Further, the participants shall exercise the options within a period of 5 years commencing on or after respective date of vesting of the options.

The Scheme provides that these options would vest in tranches as follows:

Period within which options will vest	% of options that will vest	
	Grant A	Grant B
End of 12 months from the date of grant of options	15	NIL
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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 is as follows;

Particulars	31 March 2012 ₹	31 March 2011 ₹
Outstanding at the beginning of the year	273,780	1,063,300
Granted during the year	NIL	NIL
Forfeited during the year *	(132,261)	(637,750)
Vested during the year	(37,989)	(151,770)
Exercised during the year	36,603	151,770
Outstanding at the end of the year – not vested **	103,530	273,780
Options vested and exercisable as at the year end	1,386	NIL

* On account of non fulfillment of vesting conditions by the employees.

** On 21 May 2012, the third tranche of options have vested to the eligible employees.

38 Micro, Small and Medium Enterprises

There is no amount due to 'Micro or Small Enterprises' under Micro, Small and Medium Enterprises Act, 2006. Further, no interest is paid or payable in terms of section 16 of the Act. The information regarding dues to 'Micro or Small Enterprises' has been determined to the extent such parties have been identified on the basis of information available with the Company.

39 Foreign currency exposures not hedged

Foreign currency exposure not hedged by a derivative instrument or otherwise is as under:

Particulars	31 March 2012		31 March 2011	
	In US \$	₹	In US \$	₹
Total un-hedged funds				
- FCCB liability	NIL	NIL	13,000,000	580,450,000
- YTM on FCCB #	NIL	NIL	4,878,785	217,837,755

excludes withholding tax liability

40 Contingent liabilities and commitments

i) Contingent liabilities

Sr No	Particulars	31 March 2012 ₹	31 March 2011 ₹
i)	Claims against the Company not acknowledged as debts	150,157,277	16,785,720
ii)	The Company may be required to charge 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 (which is included in 'long term loans and advances')	38,983,278	38,983,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

iii)	The Company has issued termination notice for one of its proposed multiplexes seeking refund of security deposit of ₹ 6,007,206 and reimbursement of the cost of fit-outs of ₹ 90,283,000 incurred by the Company and carried forward as capital work-in-progress. The party has made a counter claim of ₹ 67,586,794 towards rent for lock in period and other costs which is included in (i) above. An arbitration petition filed by the Company under section 9 of the Arbitration and Conciliation Act, 1996 before the Court of District Judge, Chandigarh was dismissed vide order dated 11 November 2011. The Company has taken necessary legal steps to sustain its claim and pending the settlement of matter, adjustment, if any, in the carrying amount of the said assets, will be made when the matter is finally decided.		
iv)	Other Contingent liabilities		
a)	Towards customs duty for Import of Capital Goods	436,116	436,116
b)	In respect of municipal tax	4,825,943	3,122,393
c)	In respect of TDS matters under Income-tax Act	1,131,839	NIL

ii) Commitments

Sr no	Particulars	31 March 2012 ₹	31 March 2011 ₹
i)	The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,506,982	17,050,675
ii)	The amount of entertainment tax that is currently exempted for eligible properties which would be payable if such properties cease operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State.	802,524,865	690,676,460

41 Segment Information

The business of the Group is divided into two segments, theatrical exhibition and film distribution. 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 Group has disclosed business segment as the primary segment.

Upto last year, theatrical exhibition and management of multiplexes were classified as separate business segments. During the current year, the management has reviewed the classification and in view of similar risks and rewards in the same, they are considered as single business segment.

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

The accounting policies adopted for segment reporting are in line with the accounting policies adopted by the Group for the purpose of these financial statements, except in respect of inter-segment revenues, which have been accounted on the basis of prevailing market rates.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

41.1 Segment information for the year ended 31 March 2012

Particulars	Theatrical exhibition ₹	Film Distribution ₹	Total ₹
Revenue			
External revenue	2,271,462,657	5,211,378	2,276,674,035
Segment Result	(8,118,653)	(488,996)	(8,607,649)
Finance costs	-	-	(74,048,072)
Un-allocable income	-	-	12,208,481
Un-allocable expenditure	-	-	(46,101,326)
Loss before tax			(116,548,566)
Add: Tax expense			(3,092,596)
Loss for the year	-	-	(119,641,162)
Other information			
Segmental assets	1,860,423,866	4,111,625	1,864,535,491
Unallocated corporate assets			312,761,380
Total assets			2,177,296,871
Segmental liabilities	386,025,916	3,976,335	390,002,251
Unallocated corporate liabilities			141,210,995
Total liabilities			531,213,246
Capital expenditure			72,302,315
Depreciation / amortization			174,107,022
Non-cash expenses other than depreciation			24,802,863

41.2 Segment information for the year ended 31 March 2011

Particulars	Theatrical ₹	Distribution ₹	Total ₹
Revenue			
External revenue	1,919,265,012	47,551,456	1,966,816,469
Inter segmental sales	-	1,520,281	1,520,281
Total segment revenue	1,919,265,012	49,071,737	1,968,336,750
Less: Inter segmental sales	-	1,520,281	1,520,281
Net segment revenue	1,919,265,012	47,551,456	1,966,816,469
Segment Result	57,386,743	(15,228,630)	42,158,113
Finance costs	-	-	(58,204,632)
Un-allocable income	-	-	11,028,729
Un-allocable expenditure			7,698,860
Profit before tax			2,681,070
Add: Taxation (net)	-	-	6,366,031
Profit for the year	-	-	9,047,101
Other information			
Segmental assets	2,206,372,036	11,648,614	2,218,020,650
Unallocated corporate assets			104,298,558
Total assets			2,322,319,208
Segmental liabilities	341,272,034	9,983,063	351,255,097
Unallocated corporate liabilities			1,239,859,604
Total liabilities			1,591,114,701
Capital expenditure			90,633,797
Depreciation / amortization			177,494,556
Non-cash expenses other than depreciation			12,428,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

42 Related party transactions

Parties where control exists

Name of the Party	Nature of Relationship
Inox Leisure Limited ('ILL')	Holding Company (w.e.f 6 January 2011)
Gujarat Fluorochemicals Limited ('GFL')	Holding company of ILL
Inox Leasing & Finance Limited	Holding company of GFL

Other related parties where transactions have taken place during the period

Enterprises over which Directors have significant influence

- M/s Shringar Films ('SF') (upto 21 January 2011)
- Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCP') (upto 21 January 2011)

Joint Ventures

- Swanston Multiplex Cinemas Private Limited ('SMCP')
- Headstrong Films Private Limited ('HFPL') – a joint venture upto 26 March 2012 and subsequently a subsidiary

Key Managerial Personnel

- Shravan Shroff - Director (Resigned on 21 January 2011)
- Shyam Shroff - Director (Resigned on 21 January 2011)
- Balkrishna Shroff - Director (Resigned from FIL on 28 February 2010 and from FMPL on 21 January 2011)
- Aditya Shroff – Director in FMPL (Resigned on 14 January 2011)
- Rishi Negi - Chief Operating Officer (Resigned on 28 February 2011)
- Late Manish Acharya (Deceased on 4 December 2010) – Director in HFPL
- Rajeev Patni – Manager (w.e.f. 21 December 2011)

Related party transactions – for the year ended 31 March 2012

Particulars of transactions	31 March 2012 ₹	31 March 2011 ₹
Distributors Share paid		
Enterprises over which directors have significant influence – SF	NIL	6,047,865
Interest expense		
Holding Company –ILL	7,305,207	72,329
Rent paid		
Enterprises over which directors have significant influence – ASMCP	NIL	18,491,789
Enterprises over which directors have significant influence – SF	NIL	4,183,532
Total	NIL	22,675,321
Project hiring charges received		
Joint Venture – SMCP	1,451,250	1,431,923
Manager Remuneration		
Key Managerial personnel		
- Shravan Shroff	914,977	7,150,535
- Rajiv Patni	1,068,282	NIL
- Rishi Negi	NIL	3,846,700
- Aditya Shroff	NIL	751,612
- Balkrishna Shroff	NIL	2,419,355
- Shyam Shroff	NIL	2,419,355
Total	1,983,259	16,587,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

Particulars of transactions (contd...)	31 March 2012 ₹	31 March 2011 ₹
Manager Remuneration		
Key Managerial personnel		
- Manish Acharya	NIL	50,625
Reimbursement of expenses (received)		
Joint Venture – SMCPL	384,628	2,683,455
Enterprises over which directors have significant influence –SF	NIL	42,825
Enterprises over which directors have significant influence – ASMCPL	NIL	2,569,781
Total	384,628	5,296,061
Reimbursement of expenses (paid)		
Holding Company –ILL	NIL	567,524
Joint Venture –SMCPL	487,285	434,921
Total	487,285	1,002,445
ICD taken		
Holding Company –ILL	NIL	120,000,000
ICD repaid		
Holding Company –ILL	120,000,000	NIL
Deposit repaid		
Enterprises over which directors have significant influence –SF	NIL	1,967,000
Corporate guarantee issued on behalf of Company		
By holding Company –ILL	371,600,000	NIL
Balances		
	31 March 2012 ₹	31 March 2011 ₹
ICD taken		
Holding Company –ILL	NIL	120,000,000
Amounts payable		
Holding Company –ILL	NIL	556,173
Joint Venture –SMCPL	NIL	377,268
Total	NIL	933,441
Advances recoverable in cash or kind		
Joint Venture –SMCPL	234,030	NIL
Key Managerial personnel – Shravan Shroff	NIL	349,462
Total	234,030	349,462
Share application money		
Joint Venture –SMCPL	12,500,000	12,500,000
Corporate guarantee issued on behalf of Company		
Holding Company –ILL	137,299,026	NIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

43 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 portion of operating leases together with any further periods for which the Group has the option to continue the lease, 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	31 March 2012 ₹	31 March 2011 ₹
Amount due within one year from the balance sheet date	351,603,605	322,062,627
Amount due in the period between one year and five years	1,327,669,927	1,316,612,147
Amount due after five years	715,772,213	929,666,907
	2,395,045,745	2,568,341,681

The Group has entered into 27 (31 March 2011: 43) 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.

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

General description of significant defined benefit plans

i) Gratuity Plan

Gratuity is payable to all eligible employees 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 avail / en-cash leave on superannuation, death, permanent disablement or resignation, subject to maximum accumulation of 42 days (31 March 2011: 60 days).

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

i) Defined Contribution Plans

Amounts contributed to Provident Fund and Employees' State Insurance Corporation aggregating to ₹ 6,847,483 (31 March 2011: ₹ 10,069,523) including share of joint venture recognised as an expense and included in "Personnel costs" (Refer schedule 19) in the statement of profit and loss.

ii) Defined benefit obligation

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation				
Projected benefit obligation at beginning of the year	4,794,588	3,405,369	5,244,776	4,522,308
Current service cost	1,574,720	1,263,880	1,246,406	1,548,533
Interest cost	488,353	345,327	309,321	381,633
Actuarial loss / (gain) due to change in assumptions	1,055,767	(516,937)	1,808,633	(721,456)
Settlements	(529,800)	(705,335)	(4,212,979)	(2,325,648)
Past service cost – vested	-	-	64,628	-
Past service cost- non –vested	-	-	333,803	-
Projected benefit obligation at end of the year	7,383,628	3,792,304	4,794,588	3,405,370
Share of joint venture	114,662	62,475	18,608	12,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

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

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation				
Projected benefit obligation at end of the year	7,383,628	3,792,304	4,794,588	3,405,369
Plan asset	-	-	-	-
Funded status (liability)	(7,383,628)	(3,792,304)	(4,794,588)	(3,405,369)
(Liability) recognised in balance sheet	(7,383,628)	(3,792,304)	(4,794,588)	(3,405,369)
Share of joint venture	(114,662)	(62,475)	(18,608)	(12,269)

iv) Expenses recognised in the statement of profit and loss

Particulars	31 March 2012 ₹		31 March 2011 ₹	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Current service cost	1,574,720	1,263,880	529,728	1,561,076
Interest cost	488,353	345,327	309,321	381,633
Expected return on plan asset	--	--	--	--
Net actuarial (gain)/loss to be recognised in year	1,055,767	(516,937)	1,808,633	(721,456)
Past service cost	--	-	148,079	--
Expense recognised in the statement of profit and loss	3,118,840	1,092,270	2,795,761	1,221,253
Share of joint venture	122,900	80,667	2,640	7,717

v) Actuarial assumptions

Particulars	Gratuity		Leave liability	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Discount rate	8.6%	8.00%	8.60%	8.00%
Salary escalation	10.00%	12.00%	10.00%	12.00%

The discounting rate is based on the gross redemption yield on Government Securities.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012 (CONTD...)

45 Earnings per share

Particulars	31 March 2012 ₹	31 March 2011 ₹
Net (loss) / profit after tax attributable to equity shareholders (numerator used for calculation of Basic EPS) (A)	(119,641,162)	9,047,101
Add: Interest paid on FCCB *	-	901,147
Add: Amortisation of FCMITDA *	-	(6,110,119)
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	-	762,554
Adjusted net (loss) / profit after tax attributable to equity shareholders (numerator used for calculation of Dilutive EPS) (B)	(119,641,162)	4,600,683
Weighted average number of equity shares outstanding during the year –Basic (C)	37,103,942	34,922,915
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	63,184	6,444,016
Weighted average number of equity shares outstanding during the year –Diluted (D)	37,167,126	41,366,931
Basic earnings per share of face value of ₹ 10 each (A)/(C)	(3.22)	**0.26
Diluted earnings per share of face value of ₹ 10 each (B)/(D)	(3.22)	**0.11

* These adjustments have been made net of applicable taxes.

** The EPS for the year 2011 has been recomputed on account of effect of issue of shares on rights basis in 2012

The Company has redeemed the outstanding FCCBs in September 2011 (refer schedule 29 for details). As at 31 March 2011, the potential equity shares in respect of outstanding FCCBs have been considered for the computation of diluted EPS in accordance with AS – 20 Earnings Per Share.

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

For **Patankar & Associates**

Chartered Accountants

Firm's Registration No: 107628W

Sanjay Agrawal

Partner

Membership No: 49051

Pune

Date : 24 May 2012

For and on behalf of the Board of Directors

Pavan Kumar Jain

Director

Deepak Asher

Director

Suratha Satpathy

Company Secretary

Mumbai

Date : 24 May 2012

Financial Information of Subsidiary Company

Amount in ₹

	Name of Subsidiary	Fame Motion Pictures Limited (Formerly known as Shringar Films Limited)	Big Pictures Hospitality Services Private Limited	Headstrong Films Private Limited
a)	Capital	9,999,000	500,000	100,000
b)	Reserves	185,476,012	(9,852,997)	(2,546,123)
c)	Total Assets	205,863,261	46,899	69,188
d)	Total Liabilities	10,388,249	(9,399,896)	(2,515,311)
e)	Investments	10,000	NIL	NIL
f)	Turnover	221,154	NIL	NIL
g)	Profit before taxation	10,594,943	(19,091)	(35,400)
h)	Provision for taxation	3,092,596	NIL	NIL
i)	Profit after taxation	7,502,347	(19,091)	(35,400)
j)	Proposed dividend	NIL	NIL	NIL
	Currency	INR	INR	INR
	Country	India	India	India



FORM OF PROXY

Fame India Limited

Citi Mall, 2nd Floor, Oshiwara Link Road, 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 Thirteenth Annual
General Meeting of the Company to be held at Conference Hall of Shree Vagad Visha Vikas 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
Thursday the 26th day of July 2012 at 11.00 a.m. and/or at any adjournment thereof.

Revenue
Stamp
I Re.

Signed this _____ day of _____ 2012.

(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

Citi Mall, 2nd Floor, Oshiwara Link Road, Andheri (West), Mumbai – 400 053

Regd. Folio No _____
DP ID _____
Client ID _____
No. of Shares held _____

I here record my presence at the Thirteenth Annual General meeting of the Company to be held at Conference Hall of Shree Vagad Visha Vikas 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 Thursday the 26th day of July 2012 at 11.00 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:

Citi Mall, 2nd Floor, Oshiwara Link Road, Andheri (West), Mumbai - 400 053.
Board No: +91 22 6640 3636 Fax: +91 22 6640 3637 Website: www.fame.co.in