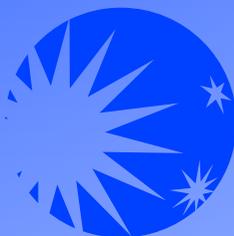


INOX
LIVE THE MOVIE



INOX LEISURE LIMITED

annual report

2010 - 2011



BOARD OF DIRECTORS

Mr. Pavan Jain	Non Executive Director
Mr. Vivek Jain	Non Executive Director
Mr. Deepak Asher	Non Executive Director
Mr. Siddharth Jain	Non Executive Director
Mr. Vimal Mittal*	Independent Director
Mr. Haigreave Khaitan	Independent Director
Mr. Sanjeev Jain	Independent Director
Mr. Amit Jatia	Independent Director

* Expired on 16th May, 2011

CHIEF EXECUTIVE OFFICER & MANAGER

Mr. Alok Tandon

DEPUTY COMPANY SECRETARY & SENIOR MANAGER - LEGAL

Mr. Miket Shashikant Bahuva

AUDITORS

M/s. Patankar & Associates
Chartered Accountants

REGISTERED OFFICE

ABS Towers,
Old Padra Road,
Vadodara - 390 007

CORPORATE OFFICE

5th Floor, Viraj Towers,
Next to Andheri Flyover,
Western Express Highway,
Andheri (E), Mumbai - 400 093

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NOTICE

Notice is hereby given that the Twelfth ANNUAL GENERAL MEETING of the Members of INOX LEISURE LIMITED will be held on Friday, 15th July, 2011 at 11.00 a.m., at Maple Hall, Hotel Express Residency, 18/19, Alkapuri Society, Vadodara – 390 007, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date, the report of Auditors thereon and the report of the Board of Directors for the said year.
2. To appoint a Director in place of Mr. Pavan Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vivek Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. To pass with or without modification 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 modification(s), enactments(s), re-enactments(s) thereof for the time being in force) and in terms of recommendation of Compensation & Remuneration Committee, subject to the approval of the Central Government and any other sanctions/approvals as may be necessary, approval of the Members be and is hereby given for payment of remuneration not exceeding Rs. 75 Lacs and other benefits such as earned / privileged leave, gratuity, leave encashment, provision of Company’s car and use of telephone at the residence for official purposes as per the rules of the Company and as may be agreed to between the Board of Directors and Mr. Alok Tandon – Manager of the Company for the period from 1st October 2010 to 30th September 2011.

RESOLVED FURTHER THAT the Board of Directors of the Company or Compensation & Remuneration Committee of the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute direction deem necessary, expedient, usual and proper in the best interest of the Company for the purpose of giving effect to this resolution.”

6. To pass with or without modification 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 in terms of recommendation of Compensation & Remuneration Committee, subject to approval of the Central Government and any other sanctions, approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. Alok Tandon, Chief Executive Officer, as Manager of the Company for a period of eighteen months with effect from 1st October 2011 to 31st March 2013, in such a manner as may be agreed to between Board of Directors of the Company or Compensation & Remuneration Committee of the Board (Board / Committee) and Mr. Alok Tandon in accordance with the approval of the Central Government being obtained at a remuneration not exceeding Rs. 90 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, provision of Company’s car and use of telephone at the residence for official purposes as per the rules of the Company.

RESOLVED FURTHER THAT pending the receipt of Central Government and till the period required for giving effect to the proposed enhancement in the remuneration within the above said limits by the Board / Committee, Mr. Alok Tandon shall draw such remuneration by way of salary, dearness allowance, perquisites and other allowances within the limits prescribed by Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force).

RESOLVED FURTHER THAT after the receipt of the approval from the Central Government, the above remuneration payable to Mr. Alok Tandon be given effect from such date as may be directed by the Central Government and agreed between the Board / Committee and Mr. Alok Tandon with a liberty to the Board / Committee to alter, vary and modify the terms and conditions, in such manner as may be agreed between the Board / Committee and Mr. Alok Tandon.

RESOLVED FURTHER THAT the Board / Committee be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute direction deem necessary, expedient, usual and proper in the best interest of the Company for the purpose of giving effect to this resolution.”

7. To pass with or without modification the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT Mr. Amit Jatia, who was appointed as an Additional Director and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. Amit Jatia as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**By order of the Board of Directors
for Inox Leisure Limited**

**Miket Shashikant Bahuva
Deputy Company Secretary &
Senior Manager - Legal**

Place: Mumbai

Date: 26th May 2011

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of special business as per Item No 5, 6 & 7 hereinabove is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 8th July 2011 to Friday, 15th July 2011 (both days inclusive).
- Re-appointment of Directors:

Mr. Pavan Jain and Mr. Vivek Jain retire by rotation, and being eligible, offer themselves for re-appointment.

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

Name of the Director	Brief resume and nature of expertise in functional area	Other Directorships
Mr. Pavan Jain (Non-Executive Director) (Age 60 years) DIN No: 00030098	Mr. Pavan Jain is a chemical engineer from Indian Institute of Technology, New Delhi, and an industrialist with over 35 years of experience. He is the Managing Director of Inox Air Products Limited for the last more than 20 years. He has been instrumental in diversifying the Inox Group into various industries such as refrigerant gases, chemicals, cryogenic engineering, entertainment and renewable energy.	<ol style="list-style-type: none"> Inox Air Products Limited Inox Leasing and Finance Limited Gujarat Fluorochemicals Limited Inox India Limited Fame India Limited Inox Renewables Limited Inox Chemicals Private Limited Siddhomal Investment Private Limited Siddhapavan Trading and Finance Private Limited Devansh Trading and Finance Private Limited Devansh Gases Private Limited Rajni Farms Private Limited Inox Infrastructure Private Limited Vindhyachal Hydro Power Limited Siddhomal Air Products Private Limited Sitashri Trading and Finance Private Limited Inox International Private Limited

NOTICE

Name of the Director	Brief resume and nature of expertise in functional area	Other Directorships
Mr. Vivek Jain (Non-Executive Director) (Age 55 years) DIN No: 00029968	Mr. Vivek Jain is a graduate in Economics from St. Stephens, New Delhi, and a post graduate in business administration with specialisation in finance, from the Indian Institute of Management, Ahemdabad. He has business experience of over 28 years and is currently the Managing Director of Gujarat Fluorochemicals Limited	<ol style="list-style-type: none"> 1. Gujarat Fluorochemicals Limited 2. Inox Air Products Limited 3. Inox India Limited 4. Inox Leasing and Finance Limited 5. Inox Renewables Limited 6. Inox Chemicals Private Limited 7. Siddho Mal Investments Private Limited 8. Siddhapavan Trading and Finance Private Limited 9. Devansh Trading and Finance Private Limited 10. Devansh Gases Private Limited 11. Rajni Farms Private Limited 12. Inox Infrastructure Private Limited 13. Inox International Private Limited 14. Inox DPNC Outsourcing Services Private Limited 15. Kingston Smith Inox-DC Outsourcing Private Limited 16. Vindyachal Hydro Power Limited 17. Megnasolace City Private Limited 18. Siddho Mal Air Products Private Limited 19. Sitashri Trading and Finance Private Limited

5. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., M/s Karvy Computershare Private Limited, Unit: Inox Leisure Limited, Plot No. 17-24, Vittal Rao Nagar, Madhopur, Hyderabad – 500 081, changes, if any, in their Bank details, registered address, Email ID, etc. along with their Pin Code. Members holding shares in electronic form may update such details with their respective Depository Participant.

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 2011 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.

6. Members desiring any relevant information on the accounts at the Annual General Meeting are requested to write to the Company Secretary at least seven days in advance at its Registered Office, so as to enable the Company to keep the information ready.
7. Members are requested to bring their copy of the Annual Report to the Meeting.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5 & 6:

An engineer by qualification, Mr. Alok Tandon is a key member of the senior management team of the Company. He has been with the Company since June 2001 and has close to 23 years of varied work experience. Mr. Alok Tandon joined the Company as Vice President – Technical and was elevated to the post of Chief Operating Officer (COO) with effect from May 2005. He was appointed as a Manager of the Company under Section 269 of the Companies Act, 1956 with effect from 18th June 2007. In April 2009, he was elevated to the post of Chief Executive Officer (CEO) of the Company. As the CEO and Manager of INOX Leisure Limited, Mr. Alok Tandon is at the helm of INOX’s expansion plans and concentrates on strengthening the INOX brand on a national scale; making it the first choice in the business of cinema exhibition in India. Mr. Alok Tandon also oversees the entire operations of the Company.

Mr. Alok Tandon was re-appointed as a Manager of the Company pursuant to the provisions of Section - 269 of the Companies Act 1956 for the period from 1st October 2010 to 30th September 2011 pursuant to an ordinary resolution passed by the Members at the last Annual General Meeting held on 9th July 2010 at a remuneration not exceeding Rs. 75 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company. At the time of re-appointment, this remuneration was within the limits of Section 198 and 387 read with Schedule XIII to the Companies Act, 1956.

During the Financial Year ended 31st March 2011, the Company has posted a Profit of Rs. 695.79 Lacs and it has paid a Managerial Remuneration to Mr. Alok Tandon, CEO & Manager of the Company. This remuneration is in excess of the limits prescribed under the provisions of Section 198 & 387 read with Schedule XIII of the Companies Act, 1956 to the extent of Rs. 20.03 lacs.

Under the provisions of Section 198, 387 and 388 read with Section II of Part II of Schedule XIII of the Companies Act, 1956, where in any financial year during the currency of the tenure of the managerial person, a Company has no profits or its profits are inadequate, it may pay remuneration to a managerial person by way of salary, dearness allowance, perquisites and any other allowances subject to the approval of the Remuneration Committee and the Members of the Company by way of a Special Resolution and Central Government.

The Compensation & Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 26th May, 2011 have approved payment of remuneration to Mr. Alok Tandon subject to the receipt of the approvals as aforesaid.

The Directors accordingly recommend the resolution as stated at item no. 5 of the Notice for approval of the Members by way of a Special Resolution for ratification and approval of the remuneration payable to Mr. Alok Tandon period from 1st October 2010 to 30th September 2011.

Considering his key role in the growth of Company, the Compensation & Remuneration Committee and the Board of Directors of the Company at its respective meetings held on 26th May 2011 has also approved the appointment of Mr. Alok Tandon as a Manager, subject to the approval of the Members and the Central Government, for a period of eighteen months from 1st October 2011 to 31st March 2013 at a remuneration not exceeding Rs. 90 Lacs per annum according to the provisions of Schedule XIII of the Companies Act, 1956.

The Directors also recommend the resolution as stated at item no. 6 of the Notice for approval of the Members by way of a Special Resolution for re-appointment for a further period of eighteen months from 1st October 2011 to 31st March 2013.

Both the above resolutions are subject to the approval of the Central Government to whom an application is being made. Pending the receipt of such approvals, Mr. Alok Tandon will be paid remuneration within the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956.

The resolution along with this explanatory statement may be treated as an abstract required to be circulated to the Members under Section 302 of the Companies Act, 1956.

None of the Directors of the Company are concerned or interested in these resolutions.

In terms of the amended Schedule XIII of the Companies Act, 1956, following information is given to the Members:

I. General Information:

(1) Nature of Industry:	The Company is engaged in the business of exhibition of cinematographic films.			
(2) Date of commencement of commercial Operation:	The Company commenced commercial operations of its First Multiplex Cinema Theatre situated at Pune on May 10, 2002.			
(3) Financial Performance:	(Rupees in Lacs)			
	Year	Income	Profit/ (Loss) before tax	Profit / (Loss) after tax
	2008-09	22,788.03	1,989.84	2,434.08
	2009-10	25,611.31	1,811.44	2,605.76
	2010-11	34,236.76	921.20	695.79
(4) Export Performance:	NIL			
(5) Foreign investments or Collaborators:	NIL			

NOTICE

II. Information about the appointee:

(1) Background details:	An engineer by qualification, Mr. Alok Tandon is a key member of the senior management team of the Company. He has been with the Company since June 2001 and has close to 23 years of varied work experience. Mr. Alok Tandon joined the Company as Vice President – Technical and was elevated to the post of Chief Operating Officer (COO) with effect from May 2005. He was appointed as a Manager of the Company under Section 269 of the Companies Act, 1956 with effect from 18 th June 2007. In April 2009, he was elevated to the post of Chief Executive Officer (CEO) of the Company. As the CEO and Manager of INOX Leisure Limited, Mr. Alok Tandon is at the helm of INOX's expansion plans and concentrates on strengthening the INOX brand on a national scale; making it the first choice in the business of cinema exhibition in India. Mr. Alok Tandon also oversees the entire operations of the Company.								
(2) Past Remuneration:	<table border="1"> <thead> <tr> <th>Year Ending 31st March</th> <th>Rupees in Lacs</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>49.21</td> </tr> <tr> <td>2010</td> <td>48.16</td> </tr> <tr> <td>2011</td> <td>70.57</td> </tr> </tbody> </table>	Year Ending 31 st March	Rupees in Lacs	2009	49.21	2010	48.16	2011	70.57
Year Ending 31 st March	Rupees in Lacs								
2009	49.21								
2010	48.16								
2011	70.57								
(3) Recognition and Awards:	NIL								
(4) Job profile and his suitability :	Mr. Alok Tandon is responsible for overall management of the Company subject to supervision, control and directions of Board of Directors. Mr. Alok Tandon has guided the Company successfully through various stages of expansion and enabled the Company to reach its present position. His day to day guidance on the operations of the Company has added immense value to the Company. He has been associated with the Company for over 10 years and possesses invaluable knowledge and experience in Entertainment & Media Industries.								
(5) Remuneration proposed:	<p>(a) For 1st October 2010 to 30th September 2011, the managerial remuneration not exceeding Rs. 75.00 Lacs and other benefits such as earned / privileged leave, gratuity, leave encashment, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company.</p> <p>(b) For 1st October 2011 to 31st March 2013, the managerial remuneration not exceeding Rs. 90.00 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company.</p>								
(6) Comparative remuneration with respect to industry, size of the Company, profile of the position and person:	Taking into consideration the size of the Company, its profits and the qualification and experience of Mr. Alok Tandon, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other Companies.								
(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:	Except for salary, perquisites and allowances, received from the Company, Mr. Alok Tandon does not have any pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel.								

III. Other Information

(1) Reasons for loss or inadequacy of profits	The year 2010-11 was not encouraging for the Company as well as for Entertainment and Media Industry as a whole. Lack of good quality of content, stiff competition from sports events like Indian Premier League (IPL), Cricket World Cup, etc., coupled with high incidence of tax and adverse terms with content providers have adversely affected the profitability of the Company for the year 2010-11.
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(2) Steps taken or proposed to be taken for improvement	The Company has impressive growth plans and is in process of formulating strategic plans with specific focus of increasing its profitability. The Company is also taking various steps for reducing operational costs, increasing average ticket price and focusing on increasing revenues from advertising business by way of national deal / corporate tie-ups.
(3) Expected increase in productivity and profits in measurable terms	The Company currently operates 39 Multiplex Cinema theatres with 147 screens across India. It proposes to add about 50 more screens by financial year end 2012. This coupled with strategic plans of the Company and various steps mentioned above, should lead to better profitability for the Company in the coming years.

ITEM NO. 7:

Pursuant to Section 260 and other applicable provisions of the Companies Act, 1956 and pursuant to Article 141 of the Articles of Association, Mr. Amit Jatia was appointed as an Additional Director of the Company at the Meeting of the Board of Directors of the Company held on 26th May, 2011. Mr. Amit Jatia will hold the office upto the date of forthcoming Annual General Meeting.

The Company has received a Notice in writing under Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Mr. Amit Jatia as a candidate for the office of Director of the Company.

Pursuant to the requirement under listing agreement with the Stock Exchanges, a statement containing brief resume of Mr. Amit Jatia is given herein below.

Name of the Director	Brief Resume and nature of expertise in functional areas	Other Directorships
Mr. Amit Jatia (Independent Director) (Age 44 Years) DIN No: 00016871	Mr. Amit Jatia has a degree in Business Administration from the University of Southern California, Los Angeles. It was under Amit Jatia's leadership, that McDonalds entered the West and South of India. Under his leadership, the brand has won accolades and awards for Business Excellence including ' Most Respected Company ' awards as the ' No 1 Food Services Company ' in India, in 2003 and 2004. In 2003, he was awarded the " Young Achievers Award " by the Indo - American Society of India.	<ol style="list-style-type: none"> 1. Hardcastle Petrofer Private Limited 2. Horizon Impex Private Limited 3. Saubhagya Impex Private Limited 4. Subh Ashish Exim Private Limited 5. Anand Veena Twisters Private Limited 6. Achal Exim Private Limited 7. Acacia Impex Private Limited 8. Akshay Ayush Impex Private Limited 9. Vandeeep Tradelinks Private Limited 10. Triple A Foods Private Limited 11. Westpoint Realtors Private Limited 12. Hardcastle Restaurants Private Limited 13. Fame India Limited 14. West Pioneer Properties Limited 15. Sterling Holiday Resorts (India) Limited 16. Fame Motion Pictures Limited

Except Mr. Amit Jatia, none of the other Directors are concerned or interested in this resolution.

The resolution at item no. 7 of the Notice is recommended to the Members for passing as an Ordinary Resolution.

**By order of the Board of Directors
For Inox Leisure Limited**

**Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal**

Place: Mumbai

Date: 26th May 2011

Registered Office:

ABS Towers, Old Padra Road,
Vadodara – 390 007

DIRECTORS' REPORT

To the Members of Inox Leisure Limited

Your Directors take pleasure in presenting to you the Twelfth Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Income		
Sales and other Income	34236.76	25611.31
Profit before Interest, Depreciation and Tax (PBIDT)	4324.80	3883.86
Less: Depreciation	1883.07	1542.45
Profit before Interest and Tax (PBIT)	2441.73	2341.41
Less: Interest	1520.53	529.97
Profit before Tax (PBT)	921.20	1811.44
Less : Provision for Taxation		
• For the year	218.38	363.69
• Earlier Years	7.03	(1158.01)
Profit after Tax (PAT)	695.79	2605.77
Add: Profit brought forward from previous year	6183.59	3577.82
Balance carried to Balance Sheet	6879.38	6183.59

During the year under review, the Company achieved Sales and other Income of Rs. 34236.76 lacs, showing a growth of 33.68% compared to the previous year. The PBIDT increased by 11.35% to Rs. 4324.80 lacs. The profit before tax was lower by 49.15 % to Rs. 921.20 Lacs. The profit after tax decreased by 73.30 % to Rs. 695.79 Lacs compared to Rs. 2605.77 Lacs in 2009-10.

As on 31st March 2010, Company had 32 Multiplex Cinema Theatres with 119 screens and seating capacity of 33,656 Seats. During the year ended 31st March 2011, 6 Multiplex Cinema Theatres with 25 screens and seating capacity of 6,484 was added taking the tally of Multiplex Cinema Theatres to 38 with 144 screens and 40,140 seats as of 31st March, 2011.

2. DIVIDEND:

With a view to conserve the resources for ongoing and future projects being implemented by the Company, your Directors do not recommend any Dividend for the financial year ended 31st March 2011.

3. APPROVAL OF PAYMENT OF EXCESS REMUNERATION TO MR. ALOK TANDON AND REAPPOINTMENT OF MR. ALOK TANDON AS A MANAGER:

Mr. Alok Tandon was re-appointed as the Manager for the period from 1st October 2010 to 30th September 2011 at the last Annual General Meeting with remuneration not exceeding Rs. 75 lacs per annum, to be decided by the Board. At the time of re-appointment, this remuneration was within the limits of Section 198 and 387 read with Schedule XIII to the Companies Act, 1956. In accordance with the said resolution, he has been paid managerial remuneration of Rs. 70.57 lacs during the financial year 2010-2011. In view of inadequacy of profits, this remuneration is in excess by Rs 20.03 Lacs of the limits prescribed under the Companies Act, 1956 as referred in Note 13 of Notes to Accounts. The Company is making necessary application to Central Government after obtaining your approval by way of Special Resolution as mentioned in the Notice of Annual General Meeting.

The Compensation & Remuneration Committee and the Board of Directors of the Company at its respective meetings held on 26th May 2011 have decided to re-appoint Mr. Alok Tandon as a Manager, subject to the approval of the Members and the Central Government, for a period of Eighteen Months from 1st October 2011 to 31st March 2013 at a remuneration not exceeding Rs. 90 Lacs per annum according to the provisions of Schedule XIII of the Companies Act, 1956.

4. ACQUISITION OF FAME INDIA LIMITED:

The Company had acquired 1,75,65,288 Equity Shares of Fame India Limited (Fame) during the previous Financial Year ended 31st March 2010. As required under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, your Company made an open offer to the Shareholders of Fame which was open for a period from 16th December 2010 to 4th January 2011. The Company acquired further 1,075 Equity Shares of Fame India Limited in the Open Offer. Subsequent to the completion of the open offer formalities on 6th January 2011, your Company holds 1,75,66,363 Equity Shares of Fame representing 50.27% of the issued and paid-up capital of Fame. Consequently, Fame India Limited and its subsidiaries viz. Fame Motion Pictures Limited (formerly known as Shringar Films Limited) and Big Pictures Hospitality Services Private Limited have become subsidiaries of your Company with effect from 6th January 2011.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956, your Directors would like to confirm that:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- b. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the Annual Accounts on a going concern basis.

6. DIRECTORS:

Mr. Pavan Jain and Mr. Vivek Jain, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Pursuant to the Provisions of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, Mr. Amit Jatia was appointed as an Additional Director of the Company with effect from 26th May, 2011. He shall hold office upto the date of ensuing Annual General Meeting. The Company has received a Notice in writing from a Member proposing the candidature of Mr. Amit Jatia for the office of Director liable to retire by rotation.

In accordance with stipulation under Clause 49 of the Listing Agreement, brief resume of Mr. Pavan Jain, Mr. Vivek Jain and Mr. Amit Jatia together with nature of their expertise in specific functional areas and names of the Companies in which they hold office of a Director are given in the Notice convening the Annual General Meeting.

Mr. Vimal Mittal, Independent Director of the Company passed away in May, 2011 following ill health. Your Directors deeply mourn the sad demises of Mr. Vimal Mittal and offers condolences to his family. Your Directors also place on record their deep sense of appreciation for his exceptional role in advising and guiding the Company.

7. AUDITORS' REPORT:

There are no reservations, qualifications or adverse remarks in the Auditor's Report. 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.

8. AUDITORS:

The Audit Committee of the Board of Directors of the Company has recommended the re-appointment of M/s Patankar & Associates (Firm Registration No. 107628W), who retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate has been received from them that their appointment, if made, will be in accordance with the limit specified in Section 224 (1B) of the Companies Act, 1956.

DIRECTORS' REPORT

9. PERSONNEL:

We continue to have cordial and harmonious relationship with our employees.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Members of the Company excluding the aforesaid annexure. **The annexure is available for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.**

10. EMPLOYEE STOCK OPTION SCHEME:

During the year under review no options were granted to Employees of Company. 47,723 Equity Shares of Rs. 10 each were allotted to the employees of the Company pursuant to the options vested in them as per the Employee Stock Option Scheme. The disclosures as required under the Guidelines issued by Securities Exchange Board of India on Employee Stock Option Scheme / Employee Stock Purchase Scheme are given in Annexure – A".

11. CORPORATE GOVERNANCE:

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance and Auditors' Report thereon are included as a part of the Annual Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTFLOW:

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.
- Timers are being used to optimize the operational hours of lighting and other load within the premises. We have started energy conservation meeting for all the units so as to create awareness about the energy conservation. The units like Vijayawada, Lucknow, Hyderabad, Thane, Malleshwaram (Bangalore), Rajarhat, Central Mall (Indore) have provided Timers for common area lightings and Signage. Digital Timers are also used for the AHU which can precisely control the operation hours of AHU according to the schedule of Movies. Same is being standardized for all upcoming properties.
- Successfully installed Variable Frequency Drive (VFD) for Audi AHU motors in Multiplex Cinema theatres situated at Kanpur, Bangalore JP nagar, Thane, Vizag beach road, Vizag CMR, 'Rajapark, Bangalore mantri Mall, Lucknow and Vaibhav at Jaipur, 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.
- The operation timing of HVAC system and temperature is controlled with the help of Building Management System software (BMS) at some of the units of the Company.
- 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 Milan, Bangalore I, Chennai, Jaipur CP, Nagpur and Nariman Point property.
- Introduced movement sensor in toilets and back office area. This sensor functions upon the physical movement which helps to reduce electrical energy. This is being standardize for all upcoming properties.
- Auto Voltage Regulator (AVR) is installed at Pune which is maintaining constant Voltage in the said unit irrespective of any voltage fluctuation form electricity board. In effect the rate of failure of bulbs, tubes and other components has been reduced considerably.
- Emphasizing on CFL and LED lamps in existing units and upcoming project.
- Installed digital projectors at Bharuch, Vijayawada, Jaipur Crystal palm, Milan. This consumes 20% less amount of energy compared with conventional projection system. Upcoming properties are equipped with 80% digital projection system.
- Pune and Chennai properties converted into 100% digitalized format which will result in saving of approx 20% energy utilized earlier.
- LED based outdoor signage has been installed at Multiplex Cinema Theatre situated at Santacruz (Mumbai), Chennai, Vizag Beach road, Rajarhat (West Bengal) & Malleshwaram (Bangalore). LED façade signage has been added at Multiplex Cinema Theater at Korum Mall- Thane, JP Nagar - Bangalore, Belgaon and Kanpur.
- Electric MD reduced from 900KVA to 750 KVA at Baroda, from 500KVA to 250KVA at Raipur from 250KVA to 200 KVA at Bharuch.
- Multiplex Cinema Theatre situated at Nariman Point, Pune, Hyderabad and upcoming properties are equipped with Digital Projection Technologies which has resulted into electricity saving.
- Partial use of eco friendly source of electricity generated through wind mill for Multiplex Cinema Theatre situated at Pune, Vadodara, Bharuch.
- Partial use of eco friendly source of electricity generated through Mini hydro power plant for Multiplex Cinema Theatre situated at Vijayawada.

Your Company continues to use the latest technology for giving high quality viewing experience to the patrons.

The foreign exchange earning and outflow is as follows:

(Rs. in Lacs)

		Current Year	Previous Year
(a)	Foreign exchange earnings	Nil	Nil
(b)	Foreign exchange outflow		
	CIF value of Capital Goods imported	-	250.42
	Travelling	7.45	10.81
	Total	7.45	261.23

13. SUBSIDIARY:

The Company's subsidiary Fame India Limited has two Subsidiaries viz. Fame Motion Pictures Limited (formerly known as Shringar Films Limited) and Big Pictures Hospitality Services Private Limited. Fame India Limited is mainly engaged in the film exhibition business whereas Fame Motion Pictures Limited is mainly engaged in distribution of films and Big Pictures Hospitality Services Private Limited is mainly engaged in the food court business.

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

DIRECTORS' REPORT

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;

14. ACKNOWLEDGEMENT:

Your Directors place on record their deep sense of appreciation for the dedicated services rendered by the employees at all levels, enabling the Company to achieve satisfactory performance during the year under review.

Your Directors express their gratitude for the valuable co-operation and continued support extended by the Company's bankers, business associates and investors.

On behalf of the Board of Directors

Place : Mumbai
Date : 26th May 2011

Pavan Jain
Director

Vivek Jain
Director

Annexure "A"

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(Format as given in SEBI manual, point no. 12 of above guideline, page II.1061)

A	Options granted	NIL		
B	The price formula / Exercise Price	15		
C	Options vested	33,093		
D	Options exercised	47,723		
E	The total number of shares arising as a result of exercise of option	47,723		
F	Options lapsed	4,970		
G	Variation of terms of options	NOT APPLICABLE		
H	Money realized by exercise of option	NIL		
I	Total number of options in force	21,753		
J	Employee-wise details of options granted to			
	i. senior managerial personal	Nil		
	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	Nil		
	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		
K	Diluted Earnings Per Share (EPS) (as on 31 st March, 2011) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 'Earnings per Share'	1.13		
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: The ECC would have been higher by Rs. 0.58 Lacs. Impact of the difference on the Profit: Profit After Tax would have been lower by Rs. 0.58 Lacs. Impact on EPS: EPS would have been lower by less than Rs. 0.01 each.		
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		Nil	Nil
	Exercise price exceeds market price		Nil	Nil
	Exercise price is less than the market price		Rs. 15	For options granted on 29 th January 2007 - Rs. 153.01 For options granted on 27 th October 2009 - Rs. 43.91
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	Not Applicable		
	ii. expected life	Not Applicable		
	iii. expected volatility	Not Applicable		
	iv. expected dividends, and	Not Applicable		
	v. the price of the underlying share in market at the time of option grant	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. With a projected Compound Average Growth Rate (CAGR) of 9.6%** over the next five years, it is estimated that there will be an upward trend from the size of Rs. 70 billion in 2009 to Rs. 124 billion in 2014*. It is also worthy to mention here that 50 of the total 73 percent of Indian theatrical revenues that account for Indian film industry, is contributed by multiplexes. The industry which currently has approximately 1000 multiplex screens is likely to double its screen count over the next 5 years**.

In FY 2009-10 however, the estimated size of the Indian Film Industry stood at Rs. 83.3 billion which marked a negative CAGR of 3.5% from Rs. 89.3 billion in 2009. Industry experts believe that the content failed to generate mass appeal and was the primary reason for this decline. Though a number of movies had big budgets with superstars, all they could manage were decent opening week collections which dwindled in the following weeks.

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 are some of the major drivers of growth, riding on which, the industry is expected to be back on its 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 a few years back. Temperature controlled auditoriums, luxurious recliner seats, state-of-art sound - 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.

2010 witnessed significant capacity expansion by multiplex chains, including Inox Leisure Ltd. Urbanization and growing middle class, under-screened market and better viewing experiences have fuelled this growth.

With the length of Indian movies coming down in recent years and with emerging technologies like digital cinema and 3D exhibitors are being provided with the opportunity to garner additional revenues through alternate content offerings like screening of live cricket matches etc., thereby projecting an increase in footfalls.

The 3D experience however, is still a novelty for Indian audiences and the success of Avatar has paved the way for 3D cinema in India. With the release of Avatar, there is a spurt in installing 3D screens in India not only in cities like Mumbai, Delhi, Bangalore, Kolkata, Chennai and Hyderabad but also in smaller centres like Vadodara, Faridabad, Indore, Jaipur, Kanpur, Lucknow, Nagpur, Pune, Raipur and Thane. In July 2009, Fox Star Studios released ICE Age 3 in 12 3D screens across India and recently the studio released the Chronicles of Narnia in 120 3D screens across the country. There are now 22 3D English films expected to release in 2011 in India. It has also been observed that Hollywood movie sequels have done well in India. Successful movie brands have done almost 30% ** better on a sequel to sequel basis. Several sequels are slated for release in 2011 which includes: Harry Potter and the Deathly Hallows – 2, The Hangover 2, Kungfu Panda 2, Pirates of the Caribbean 4 amongst others.

Indian films vis-à-vis Hindi films have seen a gradual increase in the recent years. In the last one year, it has been very interesting to observe that Marathi and Bengali cinema are gaining popularity as their more popular Telugu, Kannada and Malayalam counter-parts. Besides this, large production houses such as UTV, Reliance Pictures and Mukta arts are showing interest in producing and distributing regional films.

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. This trend is likely to continue in 2011 as well. The Cricket World Cup and the IPL will ultimately leave movie releases with a shorter theatrical window.

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.

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:

MULTIPLEXES / FILM EXHIBITION

Total revenue from theatrical exhibition segment during the financial year ended 31st March 2011 amounted to Rs. 33811 Lacs. The profit from this Segment was Rs. 1979 Lacs for the financial year ended 31st March 2011. The increase in total revenue from this segment is attributed to commencement of operations of new properties across the country. As on date, the Company has 39 multiplexes, 147 screens in 26 cities across India (Multiplex Cinema Theatre with Three Screens situated at Liluah, Howrah commenced operations after 31st March 2011). With the additions of a number of 3D screens across the country, your company today has 3D screens in Baroda, Chennai, Faridabad, Indore, Jaipur, Kanpur, Lucknow, Nagpur, Pune, Raipur and Thane besides Mumbai, Bangalore, Pune, Kolkata and Hyderabad which has also contributed to the increase in total revenue.

FILM DISTRIBUTION

Total revenue from film distribution during the financial year ended 31st March 2011 amounted to Rs. 1 Lac. However, the Company suffered a loss to the tune of Rs. 4 Lacs for the financial year ended 31st March 2011.

POWER

The Company has set up wind mills in the State of Gujarat primarily for the purpose of generating electricity for its captive consumption. The total revenue and profit from this segment was Rs. 107 Lacs and Rs. 48 Lacs respectively, for the financial year ended 31st March 2011.

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, aviation, media and management schools. Our professional and successful management team is drawn from the above backgrounds.

The Current employee strength is around 2800 which includes employees on payroll of the company as well as employees on contractual basis.

B. TRAINING & DEVELOPMENT

Our employees continue to be our most valuable assets. We thrive upon the quality of our highly "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.

C. INDUSTRIAL RELATIONS

With our fair management practices across the board we ensure a congenial work environment and a good quality of work life.

* Indian Entertainment and Media Outlook 2010 - Pricewaterhouse Coopers.

** Hitting the High Notes – FICCI-KPMG Indian Media and Entertainment Industry Report 2011.

CORPORATE GOVERNANCE REPORT

1. A brief statement on the Company's philosophy on Code of Governance:

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of the Shareholders and others; ensuring greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its Shareholders.

Your Company believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, your Company has initiated significant measures for compliance with Corporate Governance.

2. Board of Directors:

The Board of your Company comprises of Seven Directors and all of them are Non-Executive Directors having considerable experience in their respective fields. There is no Chairman of the Company. The composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

Your Company held Five Board Meetings during the year on, 21st May, 2010, 30th July, 2010, 28th October, 2010, 19th January, 2011 and 29th January 2011.

The details of the Board of Directors, their positions, attendance record, other Directorships (excluding private limited and foreign companies and alternate Directorships) and the Membership of other Board Committees as on 31st March, 2011 are as under:-

Name of Director	Position	No. of Board meetings attended	Whether attended last AGM	No. of Directorships in other companies*	Member (Chairperson) of other Board Committees**
Mr. Pavan Jain	Non-Executive Director	5	No	7	4(3)
Mr. Vivek Jain	Non-Executive Director	5	No	6	4
Mr. Deepak Asher	Non-Executive Director	5	Yes	7	3
Mr. Siddharth Jain	Non-Executive Director	5	No	5	1
Mr. Vimal Mittal#	Non-Executive Independent Director	2	No	5	4(3)
Mr. Haigreave Khaitan	Non-Executive Independent Director	4	No	14	8
Mr. Sanjeev Jain	Non-Executive Independent Director	2	Yes	2	2
Mr. Amit Jatia\$	Non-Executive Independent Director	-	-	4	1(1)

* Excluding private limited companies and company in which Director is alternate Director.

** Other Committee means Audit Committee and Shareholder's Grievance Committee.

Mr. Vimal Mittal ceased to be a Director with effect from 16th May 2011 due to his death.

\$ Mr. Amit Jatia has been appointed as an Additional Director of the Company at the Meeting of the Board of Directors' held on 26th May 2011.

3. The Company has three Board-level Committees, namely

- Audit Committee
- Share Transfer & Investors' Grievance Committee
- Compensation & Remuneration Committee

a. Audit Committee:

The Audit Committee comprises of Four Non-Executive Directors with Mr. Sanjeev Jain as the Chairman of the Committee.

Composition of the Committee together with the Meetings held and attendance is as follows:

Name of Director	Position	Committee Meetings held during the year	Number of Meetings Attended
Mr. Sanjeev Jain	Chairman	4	2
Mr. Deepak Asher	Member	4	4
Mr. Haigreve Khaitan	Member	4	4
Mr. Vimal Mittal#	Member	4	2
Mr. Amit Jatia \$	Member	-	-

Mr. Vimal Mittal ceased to be a Member of Audit Committee with effect from 16th May 2011 due to his death.

\$ Mr. Amit Jatia has been appointed as a Member of Audit Committee with effect from 26th May 2011.

During the year under review, Four Meetings of the Committee were held on 21st May, 2010, 30th July, 2010, 28th October, 2010 and 29th January 2011.

The Company Secretary acts as the Secretary to the Committee. The terms of reference for the Audit Committee are in accordance with Clause 49 of the Listing Agreement.

The Terms of Reference of Audit Committee inter alia includes:

1. Oversight of the company's financial reporting process and the disclosure of Company's financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Appointment, removal and terms of remuneration of internal auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval
5. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

Mr. Sanjeev Jain, Chairman of the Audit Committee, attended the previous Annual General Meeting held on 9th July 2010.

b. Share Transfer & Investors' Grievance Committee:

Your Company has formed a Share Transfer & Investors' Grievance Committee under the Chairmanship of Mr. Pavan Jain, a non-executive Director of your Company. The Committee specifically looks into the redressal of Shareholders' and investors' complaints such as transfer of shares, non receipt of shares, non receipt of IPO refund orders, non receipt of dividend, etc. and to ensure their expeditious disposal. The Committee approves and monitors transfers, transmissions, dematerialization, re-materialization, issue of duplicate shares, splitting, consolidation of shares, etc.

CORPORATE GOVERNANCE REPORT

Composition of the Committee together with the Meetings held and attendance is as follows:

Name of Director	Position	Committee Meetings held during the year	Number of Meetings attended
Mr. Pavan Jain	Chairman	4	4
Mr. Vivek Jain	Member	4	0
Mr. Deepak Asher	Member	4	4

Mr. Miket Shashikant Bahuva, Deputy Company Secretary and Senior Manager - Legal acts as a Compliance Officer.

During the year ended 31st March 2011, your Company received 9 complaints from investors. All the complaints were resolved / replied. The complaints were mainly in respect of non receipt of Electronic Credits / Non receipt of Dividend Warrant / non receipt of Annual Report.

As on 31st March 2011, a total of 1900 equity shares remained in the in-transit account with National Securities Depository Limited / Central Depository Services Limited.

c. Compensation & Remuneration Committee:

Your Company has formed a Compensation Committee which consists of majority of independent Directors which has been renamed to Compensation & Remuneration Committee with effect from 26th May 2011.

The Terms of Reference of Compensation & Remuneration Committee inter alia includes:

1. Implementation, administration and superintendence of the ESOP Scheme and formulate the detailed Terms & Conditions of the ESOP Scheme.
2. To frame suitable policies and system to ensure that there is no violation of SEBI (Insider Trading) Regulations, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 by any employee.
3. To exercise roles, powers and duties as vested under Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges and to take decisions about remuneration payable to managerial personnel from time to time.

Composition of the Compensation & Remuneration Committee together with the Meetings held and attendance is as follows:

Name of Director	Position	Committee Meetings held during the year	Number of Meetings Attended
Mr. Sanjeev Jain	Chairman, Non-executive & Independent Director	2	2
Mr. Deepak Asher	Member, Non-executive Director	2	2
Mr. Haigreve Khaitan	Member, Non-executive & Independent Director	2	2
Mr. Vimal Mittal#	Member, Non-executive & Independent Director	2	-
Mr. Amit Jatia \$	Member, Non-executive & Independent Director	-	-

Mr. Vimal Mittal ceased to be a Member of Compensation & Remuneration Committee with effect from 16th May 2011 due to his death.

\$ Mr. Amit Jatia was appointed as a Member of Compensation & Remuneration Committee with effect from 26th May 2011.

Remuneration to Directors:

All the Directors of your Company are non-executive directors and are not entitled to any remuneration except sitting fees @ Rs.5,000 per meeting for attending the Board Meetings, Audit Committee Meetings, Share Transfer & Investors Grievance Committee Meetings and Compensation & Remuneration Committee Meetings. The details of sitting fees paid to the Non-Executive Directors for the year 2010-11 are given below:

Name of Director	Board Meeting Sitting Fees	Audit Committee Meeting Sitting Fees	Share Transfer Committee Meeting Sitting Fees	Compensation & Remuneration Committee Meeting Sitting Fees	Total
Mr. Pavan Jain	25000	-	20000	-	45000
Mr. Vivek Jain	25000	-	-	-	25000
Mr. Deepak Asher	25000	20000	20000	10000	75000
Mr. Vimal Mittal#	10000	10000	-	-	20000
Mr. Siddharth Jain	25000	-	-	-	25000
Mr. Haigreave Khaitan	20000	20000	-	10000	50000
Mr. Sanjeev Jain	10000	10000	-	10000	30000
					270000

Mr. Vimal Mittal has ceased to be a Director with effect from 16th May 2011 due to his death.

4. General Body Meetings:

The particulars of the last three Annual General Meetings (AGM) of your Company are given hereunder:

Year	Date and Time	Venue	Special Resolution Passed
2007-08	9 th AGM on 19 th September, 2008 at 3.00 p.m.	Maple Hall, Hotel Express Residency,	Nil
2008-09	10 th AGM on 29 th June, 2009 at 11.00 a.m.	18/19, Alkapuri Society,	Nil
2009-10	11 th AGM on 9 th July, 2010 at 11.00 a.m.	Vadodara – 390 007	Nil

During the year ended 31st March, 2011, no ordinary or special resolution was passed by your Company's Members through postal ballot.

5. Other Disclosures:

a) Materially significant related party transactions:

There are no pecuniary related party transactions that may have potential conflict with the interest of your Company at large. All related party transactions are disclosed in the financial statements.

b) Details of non-compliance:

During the last three years, there were no instances of non-compliance, penalties, strictures imposed on your Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

c) Disclosure about Directors being appointed / re-appointed:

The brief resume and other information required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

d) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section of this Annual Report and forms a part of this Report.

CORPORATE GOVERNANCE REPORT

e) CEO/CFO Certification:

Your Company has obtained a certificate from Manager & Chief Executive Officer and Vice President – Finance in respect of matters stated in Clause 49 (V) of the Listing Agreement.

6. Means of communication:

The quarterly / annual financial results of your Company during / for the year ended 31st March 2011 were sent to the Stock Exchanges immediately after they were taken on record by the Board and published in well-circulated Gujarati and English dailies as well. The said results were also posted on your Company's website viz.: www.inoxmovies.com.

7. General Shareholder information:

AGM:

Date : Friday, 15th July, 2011

Time : 11.00 a.m.

Venue : Maple Hall, Hotel Express Residency, 18/19, Alkapuri Society, Vadodara.

Financial year : 31st March, 2011

Book Closure Dates : Friday, 8th July 2011 to Friday, 15th July 2011 **(both days inclusive)**

Listing on Stock Exchanges:

1. National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai – 400051
2. Bombay Stock Exchange Limited
Jeejeebhoy Towers, Dalal Street, Mumbai – 400001

Stock Code

National Stock Exchange of India Limited **INOXLEISUR**

Bombay Stock Exchange Limited **INOXLEISUR / 532706**

Market Price Data: High, Low during each month in last financial year

Month	NSE High	NSE Low	BSE High	BSE Low
April' 10	73.20	62.05	73.35	62.90
May' 10	67.45	53.20	67.50	53.85
June' 10	65.90	50.90	66.00	55.05
July' 10	86.25	61.20	86.30	61.25
August' 10	87.30	68.25	87.00	68.75
September' 10	76.85	69.00	77.00	69.50
October' 10	79.10	69.95	79.80	69.80
November' 10	77.35	55.60	77.35	56.25
December' 10	72.00	59.10	71.50	59.90
January' 11	73.90	53.25	79.10	53.60
February' 11	55.85	41.10	55.45	41.00
March' 11	52.30	43.10	52.50	43.10

CORPORATE GOVERNANCE REPORT

As on 1st April, 2010 the opening BSE Sensex was 17,555.04 and as on 31st March, 2011 the closing BSE Sensex was 19,445.22 (10.77%). On 1st April, 2010, the Opening price of the Company's Share on BSE was Rs. 64.00 and as on 31st March, 2011 closing price on BSE was Rs. 44.55 (-30.39%).

As on 1st April, 2010 the opening NIFTY was 5249.20 and as on 31st March, 2011 the closing NIFTY was 5833.75 (11.14%). On 1st April, 2010, the Opening price of the Company's Share on NSE was Rs. 63.00 and as on 31st March, 2011 closing price on BSE was Rs. 44.55 (-29.29%).

Registrar and Transfer Agents:

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact your Company's Registrar and Transfer Agent at the following address:

Karvy Computershare Private Limited

Plot No. 17 -24, Vittal Rao Nagar, Madhopur, Hyderabad – 500 081.

Distribution of Shareholding & Shareholding Pattern:

Distribution of Shareholding as on 31 st March, 2011 is as follows:					
Shareholding of nominal value	No. of Shareholders	% to total	No. of Shares	Amount in Rupees	% to Total
1 – 5000	41954	92.35%	4493592	44935920	7.26%
5001 – 10000	1823	4.01%	1520172	15201720	2.46%
10001 – 20000	842	1.85%	1304811	13048110	2.11%
20001 – 30000	285	0.63%	733181	7331810	1.18%
30001 – 40000	129	0.28%	467493	4674930	0.76%
40001 – 50000	97	0.21%	460202	4602020	0.74%
50001 – 100000	155	0.34%	1148948	11489480	1.86%
100001 & Above	143	0.31%	51767149	517671490	83.64%
TOTAL	45428	100.00%	61895548	618955480	100.00%

Particulars of shares held by Non-Executive Directors

Name of the Director	No. of shares as on 31 st March 2011
Mr. Pavan Jain	* 16,15,177
Mr. Vivek Jain	** 12,50,100
Mr. Deepak Asher	*** 25,100

* Out of these shares 3,65,077 equity shares are held as Trustee of "Inox Leisure Limited – Employees Welfare Trust", 100 equity shares are held as nominee of Gujarat Fluorochemicals Limited and 6,00,000 equity shares are held jointly with Mr. Siddharth Jain.

** Out of these 100 equity shares are held as nominee of Gujarat Fluorochemicals Limited and 6,00,000 equity shares are held jointly with Mr. Devansh Jain.

*** Out of these 100 equity shares are held as nominee of Gujarat Fluorochemicals Limited.

Shareholding Pattern as on 31-March-11

Category	No. of Shares Held	Percentage of Shareholding
Promoter's holding		
- Indian Promoters	40828967	65.96%
Sub-Total	40828967	65.96%

CORPORATE GOVERNANCE REPORT

Non-Promoters Holding		
Institutional Investors		
- Banks, Financial Institutions	88418	0.14%
- FIs	34170	0.06%
Sub-Total	122588	0.20%
Others		
Bodies Corporate	7058353	11.40%
Indian Public	12731217	20.57%
NRIs / OCBs	556670	0.90%
Any other		
- Trusts	373540	0.60%
- Clearing Members	224213	0.36%
Sub-Total	20943993	33.84%
Grand Total	61895548	100.00%

Dematerialization of shares and liquidity:

Your Company's equity shares are traded compulsorily in dematerialized form. Approximately 34.26% of the equity shares of your Company are in dematerialized form. ISIN number for dematerialization of the equity shares of your Company is INE312H01016.

Outstanding GDRs/ADRs/Warrants:

Your Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

Property Locations:

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

Sr. No.	City	Location
1	Pune	Plot No. D, Bund Garden Road, Near Hotel Central Park, Pune.
2	Vadodara	Race Course, Gopal Baug, Ellora Park, Vadodara.
3	Kolkata	Forum, 10 / 3, Elgin Road, Kolkata.
4	Kolkata	City Centre, DC Block I, Sector I, Kolkata.
5	Goa	Old GMC Heritage Precinct, D. B. Road, Campal, Panaji, Goa.
6	Mumbai	CR2, 2nd Floor, Opp. Bajaj Bhavan, Nariman Point, Mumbai.
7	Bangalore	4th Floor, Garuda Mall, Magrath Road, Bangalore.
8	Jaipur	Amrapali Circle, Vaishali Nagar, Jaipur.
9	Indore	Sapna Sangeeta Mall, Sapna Sangeeta Road, Sneha Nagar, Indore.
10	Darjeeling	Rink Mall, 19, Laden La Road, Darjeeling, West Bengal.
11	Kota	Plot No. Sp 11, Indra Vihar, Kota.
12	Nagpur	Poonam Mall, Vardhaman Nagar, Nagpur.
13	Chennai	3rd floor, Chennai City center, 10/11, R.K. Salai, Near Kalyani Hospital, Mylapore, Chennai.
14	Jaipur	City Plaza, ,Nirman Marg, Jhotwara Road, Bani Park, Jaipur Rajashtan.
15	Bharuch	Shree Rang Palace, Zadeshwar Road, Bharuch, Gujarat.
16	Durgapur	Dream Plex, BSIDL Building, Durgapur.
17	Jaipur	4th Floor, Crystal Palm, Sahkar Circle Scheme, Sardar Patel Marg, Jaipur.
18	Lucknow	4th Floor, Riverside Mall, Vipin Khand, Gomti Nagar, Lucknow.
19	Raipur	3rd Floor, City Mall 36, G. E. Road, NH-6, Raipur.

20	Mumbai	2nd Floor, Milan Mall, Near Milan Subway, Santacruz (W), Mumbai.
21	Kolkata	89C, Moulana Abul Kalam Azad Sarani, Kolkata.
22	Vijayawada	Urvashi Theatre Complex, Andhra Ratna Road, Gandhi Nagar, Vijayawada.
23	Faridabad	3rd Floor, Crown Interiorz Mall, Sec-35, Delhi Mathura Road, Faridabad.
24	Nagpur Tuli Mall	Jaswant Tuli Mall, Kamptee Road, Indora Chowk, Nagpur.
25	Bangalore	4th Floor, Shree Garuda Swagath Mall, Tilak Nagar Main Road, Jayanagar, Bangalore.
26	Burdwan	4th Floor, Burdwan Arcade, 60, B.B Ghosh Road, Burdwan.
27	Hyderabad	5th Floor, GVK One Mall, Opposite Water Tank, Road No. 1, Banjara Hills, Hyderabad - 500 034.
28	Siliguri	5th Floor, Orbit Mall, 3rd Mile, Sevoke Road, Siliguri - 734401.
29	Rajarhath	3rd Floor, City Centre New Town Mall, New Town, Rajarhat, Kolkata - 700 157.
30	Indore 2	4th Floor, Indore Central, 170, R.N.T. Marg, Regal Square, Indore - 452 001.
31	Thane	3rd Floor, Korum Mall, Mangal Pandey Road, Eastern Express Highway, Thane (West) - 400 606.
32	Vizag 1	Survey No. 120 & 121, Maharani Pet, Rama Krishna Beach Road, Visakhapatnam.
33	Vizag 2	Survey No. 67, CMR Mall, Maddilapalem, Visakhapatnam.
34	Bangalore	3rd Floor, Mantri Square, No. 1, Sampige Road, Malleshwaram, Bangalore.
35	Belgaum	Head Post Office Road, Camp, Belgaum - 590002 Karnataka.
36	Jaipur	Pink Square Mall, Raja Park, Jaipur.
37	Kanpur	3rd Floor, Z Square Mall, Bada Chauraha, M. G. Road, Kanpur.
38	Bangalore	5th Floor, Bangalore Central, 45th Cross, J. P. Nagar 2nd Phase, Bangalore - 560 069.
39	Liluah*	R. D. Mall, 269 G. T. Road, Liluah, Howrah - 711204.

(*) Commenced operations after 31st March 2011.

Address for correspondence:

Registered Office:

ABS Towers, Old Padra Road, Vadodara – 390 007.

Corporate Office:

5th floor, Viraj Towers, Next to Andheri Flyover, Western Express Highway, Andheri (E), Mumbai - 400 093.
Phone No.: 4062 6900 Fax No.: 4062 6999 Email Address: investors@inox.co.in

Listing Fees:

Your Company has paid the annual listing fees for the financial year 2011-12 to the NSE and BSE on which the securities are listed.

8. Code of Conduct:

Company's Board has laid down a Code of Conduct for all Board Members and senior management of your Company. The Code of Conduct is available on the website of your Company. All Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

Declaration by the CEO:

As provided 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 31.3.2011.

Place : Mumbai
Date : 26th May 2011

Alok Tandon
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

Auditors' Certificate on Corporate Governance

To the Members of Inox Leisure Limited

We have examined the compliance of the conditions of Corporate Governance by Inox Leisure Limited for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

Compliance with the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure the compliance of the 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 the best of our information, as per the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement in all material respects.

We state that in respect of investor grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company.

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 : 26th May 2011

**(M Y Kulkarni)
Partner**

Mem. No. 35524

AUDITORS' REPORT

TO THE MEMBERS OF INOX LEISURE LIMITED

1. We have audited the attached Balance Sheet of Inox Leisure Limited, as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 31st March, 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

(M.Y. Kulkarni)
Partner
Mem. No. 35524

Place : Pune
Dated : 26th May 2011

AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF INOX LEISURE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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 quantitative details and situation of fixed assets.

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 granted loan to one company 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 Rs. 1200 lacs. In our opinion, the rate of interest and other terms and conditions on which the loan is granted are not prima-facie prejudicial to the interest of the Company. The company is regular in payment of interest and no amount was due towards repayment of the principal.

The Company has taken loans from two companies 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 Rs. 15100 lacs. In our opinion, the rate of interest and other terms and conditions on which these loans were taken are not prima-facie prejudicial to the interest of the Company. The Company is regular in payment of interest and no amount was due towards repayment of the principal.

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, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered. In our opinion, for purchase of services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, no comparison of prices could be made available as these legal services are of special nature. There were no transaction of purchase of goods and materials, and sale of goods, materials and services with parties covered in 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 (Auditors' 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. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for activities of the Company to which the said Rules are made applicable, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.

9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident 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. No payments were due in respect of Investors Education and Protection Fund and Excise Duty.

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.

Particulars of dues of Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty or Cess, which have not been deposited on account of disputes are as under:

Name of the Statute	Nature of dues and the period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
Service-tax	Levy of service tax on certain income	90.13	Commissioner of Service-tax, Mumbai

10. The Company does not have accumulated losses and 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 (Auditors' Report) Order, 2003 are not applicable to the Company.
14. The Company has invested in shares, mutual funds and other securities in the course of its investment activity. In our opinion, proper records have been maintained of the transactions and timely entries have been made therein. These investments are held by the Company in its own name, except as mentioned in the Schedule 7: Investments in the Balance Sheet.
15. The Company has not given any guarantee for the loans taken by others from banks or financial institution.
16. In our opinion, the term loans availed during the year by the Company were applied for the purpose for which they were raised other than amounts pending utilization of the funds intended to be used in the projects under implementation, temporarily kept in fixed deposit with banks.
17. The Company has not raised funds on short-term basis during the year.
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 (Auditors' Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by way of public issues during the year.
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

(M.Y. Kulkarni)
Partner
Mem. No. 35524

Place : Pune
Dated : 26th May 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March, 2011 Rs. in lacs	As at 31st March, 2010 Rs. in lacs
I SOURCES OF FUNDS			
I Shareholders' Funds			
(a) Capital	1	6,154.18	6,149.41
(b) Employee Stock Options Outstanding		25.43	78.02
(c) Reserves & Surplus	2	<u>25,624.41</u>	<u>24,863.77</u>
		31,804.02	31,091.20
2 Loan Funds			
(a) Secured Loans	3	6,096.30	5,929.33
(b) Unsecured Loans	4	<u>15,298.14</u>	<u>12,700.00</u>
		21,394.44	18,629.33
3 Deferred Tax Liability (Net)		1,744.56	1,559.18
TOTAL		<u>54,943.02</u>	<u>51,279.71</u>
II APPLICATION OF FUNDS			
I Fixed Assets			
(a) Gross block		41,636.32	38,015.93
(b) Less: Depreciation & Amortization		<u>7,655.81</u>	<u>6,666.62</u>
(c) Net block	5	33,980.51	31,349.31
(d) Capital work-in-progress		658.00	1,489.30
(e) Advances on Capital Account		4.79	68.79
(f) Pre-operative expenditure pending allocation	6	<u>255.32</u>	<u>629.55</u>
		34,898.62	33,536.95
2 Investments	7	8,536.36	8,269.53
3 (i) Current Assets, Loans and Advances			
(a) Inventories	8	262.06	195.34
(b) Sundry Debtors	9	1,270.17	896.10
(c) Cash and Bank balances	10	1,733.13	5,755.18
(d) Interest Accrued		93.37	8.00
(e) Loans and advances	11	<u>12,544.75</u>	<u>6,993.91</u>
Sub-Total (i)		15,903.48	13,848.53
(ii) Less : Current Liabilities and Provisions			
(a) Current liabilities	12	4,063.95	4,100.91
(b) Provisions	13	<u>331.49</u>	<u>274.39</u>
Sub-Total (ii)		4,395.44	4,375.30
Net Current Assets (i - ii)		<u>11,508.04</u>	<u>9,473.23</u>
TOTAL		<u>54,943.02</u>	<u>51,279.71</u>
Notes forming part of accounts	19		

As per our report of even date attached
For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune

Dated : 26th May 2011

Place : Mumbai

Dated : 26th May 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the year ended 31st March, 2011 Rs. in lacs	For the year ended 31st March, 2010 Rs. in lacs
INCOME			
Sales & Services	14	33,732.05	25,364.68
Other Income	15	504.71	246.63
Total		34,236.76	25,611.31
EXPENDITURE			
Entertainment tax		4,482.93	3,167.40
Exhibition Cost	16	9,515.32	6,888.99
Cost of Food and Beverages		1,775.39	1,368.93
Operating and other Expenses	17	14,138.32	10,302.13
Interest	18	1,520.53	529.97
Depreciation & Amortization	5	1,883.07	1,542.45
		33,315.56	23,799.87
Profit Before Tax		921.20	1,811.44
Provision for Taxation for the year			
Current tax		326.00	335.00
MAT Credit Entitlement		(293.00)	(292.00)
Deferred tax		185.38	320.69
		218.38	363.69
Profit After Tax		702.82	1,447.75
Add/(Less) : Taxation in respect of earlier years			
Reversal of tax provision and deferred tax for earlier years - see note no. 5 (a) in Notes to Accounts		-	192.63
MAT Credit Entitlement for earlier years - see note no.5 (b) in Notes to Accounts		-	978.00
Taxation Pertaining to Earlier Years - see note no. 5 (c) in Notes to Accounts		(7.03)	(12.61)
Profit for the year		695.79	2,605.77
Add: Balance brought forward		6,183.59	3,577.82
Balance carried to the Balance Sheet		6,879.38	6,183.59
Earnings Per Equity Share of Rs. 10 each			
Basic		1.13	4.24
Diluted		1.13	4.24
Notes forming part of Accounts	19		

As per our report of even date attached
For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune
Dated : 26th May 2011

Place : Mumbai
Dated : 26th May 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended 31st March, 2011 Rs. in lacs	For the year ended 31st March, 2010 Rs. in lacs
A Cash flow from operating activities		
Net profit before tax and extraordinary items	921.20	1,811.44
Adjustments for :		
Depreciation / Amortization	1,883.07	1,542.45
Loss on assets sold/written off	38.01	7.73
Bad debts written off	0.00	14.90
Provision for doubtful debts	58.42	14.38
Provision for doubtful advances	7.06	0.00
Liabilities written back	(83.25)	(51.07)
Profit on Sale of Movie Rights	0.00	(28.65)
Amortization of Value of Stock Options	9.87	16.22
Interest received	(410.45)	(194.80)
Profit on sale of current investments	(8.89)	0.00
Interest paid	1,520.53	529.97
Operating profit before working capital changes	3,935.57	3,662.57
Adjustments for :		
Trade and other receivables	(5,016.08)	(992.46)
Inventories	(66.72)	(32.60)
Trade payables	(610.57)	2,048.15
Cash generated from operation	(1,757.80)	4,685.66
Direct taxes paid (net)	183.18	(388.07)
Net cash from/(used in) operating activities	(1,574.62)	4,297.59
B Cash flow from investing activities		
Purchase of fixed assets (including change in Capital work-in-progress, capital advances and pre-operative expenses)	(2,569.85)	(4,711.08)
Sale of fixed assets	3.55	1.10
Acquisition of Intangible Assets	0.00	(81.35)
Sale of Movie Right	0.00	400.00
Purchase of investments	(4,466.84)	(8,214.59)
Intercompany Deposit given	(1,200.00)	0.00
Deposit in / release from Escrow Account for Open Offer - see note no.2 in Notes to accounts	4,221.54	(4,221.54)
Sale/redemption of investments	4,208.89	0.00
Interest received	325.08	218.80
Net cash from/(used in) investment activities	522.37	(16,608.66)
C Cash flow from financing activities		
Shares issued under ESOP	7.15	4.16
Proceeds from / Repayment of Inter-company Deposit (net)	2,400.00	11,095.90
Proceeds from / Repayment of Term Loans (net)	365.11	3,042.51
Interest paid	(1,520.53)	(529.97)
Net cash from / (used in) financing activities	1,251.73	13,612.60
Net increase in cash and cash equivalent	199.48	1,301.53
Opening cash and cash equivalents	1,533.65	232.12
Closing cash and cash equivalents	1,733.13	1,533.65

Note : Components of cash and cash equivalents are as per Schedule 10 to the Balance Sheet (excluding amount in Escrow Account - refer note no. 2 in Notes to Accounts).

As per our report of even date attached.

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune
Dated : 26th May 2011

Place : Mumbai
Dated : 26th May 2011

SCHEDULES TO BALANCE SHEET

	As at 31st March, 2010 Rs. in lacs	As at 31st March, 2009 Rs. in lacs
Schedule 1 : Share Capital		
Authorised Capital		
7,50,00,000 Equity Shares of Rs. 10/- each	7,500.00	7,500.00
Issued and Subscribed Capital		
6,18,95,548 Equity Shares of Rs. 10/- each, fully paid-up	6,189.55	6,189.55
Out of above:		
a) 4,06,15,092 (previous year 4,06,15,092) shares are held by the Holding Company, Gujarat Fluorochemicals Limited and 2,13,875 (previous year 7,14,420) shares are held by the Ultimate Holding Company, Inox Leasing and Finance Limited.		
b) 18,95,548 Equity Share issued to shareholders of erstwhile Calcutta Cine Private Limited pursuant to a Scheme of Amalgamation.		
Less: 3,53,737 (previous year 4,01,460) Equity Shares of Rs. 10/- each, fully paid-up, issued to ESOP Trust but not allotted to employees- see note no. 3 in Notes to Accounts	35.37	40.14
Adjusted Issued and Subscribed Capital	6,154.18	6,149.41
Schedule 2 : Reserves & Surplus		
Share Premium Account		
Balance as per last Balance Sheet	12,998.94	13,005.70
On account of Employee Stock Options	6.30	(6.76)
	13,005.24	12,998.94
Less: Premium on shares issued to ESOP Trust but not allotted to employees	48.11	106.66
	12,957.13	12,892.28
Amalgamation Reserve		
Balance as per last Balance Sheet	387.90	387.90
General Reserve		
Balance as per last Balance Sheet	5,400.00	5,400.00
Profit and Loss Account		
Balance as per Annexed Account	6,879.38	6,183.59
Total	25,624.41	24,863.77
Schedule 3 : Secured Loans		
(for securities, see note no. 7 in Notes to Accounts)		
Term Loans from Banks		
(Repayable within one year Rs. 2273.85 Lacs - Previous Year Rs.1786.22 Lacs)	6,096.30	5,929.33
Total	6,096.30	5,929.33
Schedule 4 : Unsecured Loans		
Inter-corporate Deposit		
- from Holding Company	13,300.00	12,200.00
- Interest accrued and due on above	198.14	-
- from Ultimate Holding Company	1,800.00	500.00
Total	15,298.14	12,700.00

SCHEDULES TO BALANCE SHEET

Schedule 5 : Fixed Assets

Rs. in lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 1st April 2010	Additions during the year	Deductions during the year	As at 31st March 2011	As at 1st April 2010	Additions during the year	Deductions during the year	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
A) Tangible Assets										
Land (Freehold)	2,182.42	-	-	2,182.42	-	-	-	-	2,182.42	2,182.42
Land (Leasehold)	367.58	-	-	367.58	28.34	5.86	-	34.20	333.38	339.24
Building (*)	11,289.51	148.03	-	11,437.54	1,015.58	186.11	-	1,201.69	10,235.85	10,273.93
Lease hold improvements	7,289.54	1,662.81	-	8,952.35	834.73	446.95	-	1,281.68	7,670.67	6,454.81
Plant & Machinery	11,129.69	1,646.98	5.45	12,771.22	2,350.25	722.60	1.47	3,071.38	9,699.84	8,779.44
Wind-Mills	725.41	-	-	725.41	88.30	38.30	-	126.60	598.81	637.11
Office Equipments including Computers	940.43	241.28	7.92	1,173.79	445.16	127.70	6.59	566.27	607.52	495.27
Furniture & Fixtures	2,793.58	708.81	59.77	3,442.62	762.26	308.82	28.40	1,042.68	2,399.94	2,031.32
Vehicles	41.40	90.53	12.21	119.72	16.29	5.03	7.33	13.99	105.73	25.11
Sub-Total (A)	36,759.56	4,498.44	85.35	41,172.65	5,540.91	1,841.37	43.79	7,338.49	33,834.16	31,218.65
B) Intangible Assets										
Software	266.78	57.39	-	324.17	136.12	41.70	-	177.82	146.35	130.66
Film Distribution Rights & Prints Cost	989.59	-	850.09	139.50	989.59	-	850.09	139.50	-	-
Sub-Total (B)	1,256.37	57.39	850.09	463.67	1,125.71	41.70	850.09	317.32	146.35	130.66
TOTAL (A + B)	38,015.93	4,555.83	935.44	41,636.32	6,666.62	1,883.07	893.88	7,655.81	33,980.51	31,349.31
PREVIOUS YEAR	33,934.95	5,169.46	1,088.48	38,015.93	5,832.48	1,542.45	708.31	6,666.62	31,349.31	

* Includes Rs. 4681.02 Lacs in respect of Building at Nariman Point, Deed of Apartment of which is to be executed.

	As at 31st March, 2011 Rs. in lacs	As at 31st March, 2010 Rs. in lacs
Schedule 6 : Pre-operative expenditure pending allocation		
1 Opening Balance	629.55	1,049.84
2 Add: Expenses incurred during the year		
Salaries, Bonus etc.	163.00	139.23
Contribution to PF, ESIC etc.	1.52	2.43
Staff Welfare	0.95	2.81
Legal, Professional and Consultancy Charges	81.68	207.96
Travelling & Conveyance	80.56	79.91
Insurance	0.14	6.51
Electricity Charges	10.07	10.72
Communication Expenses	2.67	2.68
Rates & Taxes	-	0.14
House Keeping	3.98	10.32
Outsourced Personnel Cost	21.50	20.60
Processing Fees	-	52.39
Security Charges	23.00	29.69
Brokerage	-	0.09
Miscellaneous Expenses	4.18	36.81
Interest on fixed loans	50.72	126.24
Sub-Total	443.97	728.53
3 Less: Pre-Operative Income earned during the year		
Miscellaneous Income	4.45	3.95
4 Sub-Total (1 + 2 - 3)	1,069.07	1,774.42
5 Less: Capitalised	785.41	1,144.87
Less: Expenses on Abandoned Projects Written off	28.34	-
6 Closing balance (4 - 5)	255.32	629.55

SCHEDULES TO BALANCE SHEET

	As at 31st March, 2011 Rs. in lacs	As at 31st March, 2010 Rs. in lacs
Schedule 7: Investments (Non-Trade, Long-term, at Cost)		
A] Unquoted (In Government Securities)		
National Savings Certificates (Held in the name of Directors/Employees and certificates worth Rs. 33.64 lacs (previous year Rs.21.14 lacs) are pledged with Government Authorities)	33.64	21.14
B] Quoted		
In Equity Shares 1,75,66,363 (previous year - 1,75,65,288) Equity shares of Fame India Limited of Rs.10/- each, fully paid-up. (A subsidiary with effect from 6th January 2011 - see note no. 2 in Notes to Accounts) Market value of quoted investment - Rs. 9819.59 lacs (previous year - Rs.14939.27 lacs)	8,502.72	8,248.39
Total	8,536.36	8,269.53
Notes:		
Following mutual fund units were purchased and redeemed during the year		
Name of the Mutual Fund	Nos.	Cost Amount Rs. In lacs
Axis Liquid Fund-Institutional Growth (Face value Rs. 1000/- each)	112451.397	1,200.00
BNP Paribas Overnight-Institutional Growth (Face value Rs. 10/- each)	6761645.244	1,000.00
HDFC Liquid Fund-Premium Plan-Growth (Face value Rs. 1000/- each)	5180837.120	1,000.00
Pramerica Ultra Short Term Bond Fund-Growth Opt (Face value Rs. 1000/- each)	97804.408	1,000.00
Schedule 8 : Inventories		
(for basis of valuation, see accounting policy in Notes to Accounts)		
Food & Beverages	150.28	108.66
Stores, Spares & Fuel	111.78	86.68
Total	262.06	195.34
Schedule 9 : Sundry Debtors		
(unsecured)		
Considered Good		
Exceeding 6 months	242.31	174.72
Others	1,027.86	721.38
	1,270.17	896.10
Considered Doubtful		
Exceeding 6 months	94.57	36.15
	1,364.74	932.25
Less: Provision for doubtful debts	94.57	36.15
Total	1,270.17	896.10
Schedule 10 : Cash & Bank balances		
Cash on Hand	113.29	93.12
With scheduled Bank		
in Current accounts	411.02	324.85
in Dividend accounts	3.84	3.88
in Deposit accounts (Kept as lien against bank guarantees - Rs.4.93 lacs - Previous Year Rs.4.93 lacs)	1,204.98	1,111.79
in Escrow account - see note no. 2 in Notes to Accounts	-	4,221.54
Total	1,733.13	5,755.18

SCHEDULES TO BALANCE SHEET

	As at 31st March, 2011 Rs. in lacs	As at 31st March, 2010 Rs. in lacs
Schedule 11 : Loans & Advances		
(unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	5,098.41	1,373.59
- Considered Doubtful	52.33	45.29
	<u>5,150.74</u>	<u>1,418.88</u>
Less: Provision for doubtful advances	52.33	45.29
	5,098.41	1,373.59
Deposits	3,600.71	3,282.22
Inter-corporate Deposit		
- to subsidiary company	1,200.00	-
Entertainment Tax Refund Claimed	846.13	795.66
Service Tax Credit Available	206.03	222.19
MAT Credit Entitlement	1,591.00	1,270.00
Income Tax paid (net of provisions)	2.47	50.25
Total	<u>12,544.75</u>	<u>6,993.91</u>
Schedule 12 : Current Liabilities		
Sundry Creditors		
- Dues to Micro and Small Enterprises	4.46	13.50
- Others	3,374.99	3,489.84
	<u>3,379.45</u>	<u>3,503.34</u>
Security Deposits	204.94	177.83
Investor Education and Protection Fund shall be credited by the following amounts:		
- Unclaimed Dividend (see note no. 28 in Notes to Accounts)	3.85	3.88
Advance from customers	166.67	168.59
Other Liabilities	309.04	247.27
Total	<u>4,063.95</u>	<u>4,100.91</u>
Schedule 13 : Provisions		
Provision for Fringe Benefit tax (net of taxes paid)	-	2.48
Provision for Gratuity & Leave encashment	199.69	152.91
Provision for Expenses	131.80	119.00
Total	<u>331.49</u>	<u>274.39</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For year ended 31st March, 2011 Rs. in lacs	For year ended 31st March, 2010 Rs. in lacs
Schedule 14 : Sales & Services		
Box office Revenues	25,440.49	18,835.74
Food & Beverages Revenues	5,436.20	4,162.86
Conducting Fees	1,059.36	783.54
Advertising Income	1,372.35	1,251.82
Film Distribution Income	1.26	13.14
Management Fees	69.29	41.95
Profit on Sale of Movie Produced	-	28.65
Parking Charges	76.81	78.89
Sale of Power	5.38	14.43
Other Operating Income	270.91	153.66
Total	33,732.05	25,364.68
Schedule 15 : Other Income		
Interest		
On Bank Fixed Deposits	254.96	50.92
On Long Term Investments	4.56	3.29
On Income Tax Refunds	21.75	52.79
On Inter-corporate Deposit	0.72	-
Other Interest	128.46	87.80
Profit on Sale of Current Investments	8.89	-
Liabilities Written Back	83.25	51.07
Miscellaneous Income	2.12	0.76
Total	504.71	246.63
Schedule 16 : Exhibition Cost		
Distributors' share	9,147.79	6,654.73
Other exhibition cost	367.53	234.26
Total	9,515.32	6,888.99

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For year ended 31st March, 2011 Rs. in lacs	For year ended 31st March, 2010 Rs. in lacs
Schedule 17 : Operating and Other Expenses		
Salaries, Wages, Allowances and Benefits	2,032.22	1,446.72
Contribution to Provident and other Funds	142.97	106.76
Gratuity	44.74	14.89
Staff Welfare Expenses	97.49	53.65
Outsourced Personnel Cost	980.89	530.07
Power & Fuel	1,938.38	1,303.23
Water Charges	49.24	33.36
Property Rent and Conducting Fees	4,337.78	3,009.31
Common Facility Charges	1,518.92	881.45
Rates & Taxes	172.97	158.90
Service Tax - see note no. 4 in Notes to Accounts	219.73	724.23
Travelling & Conveyance	175.57	173.88
Communication Expenses	143.10	125.80
Printing & stationary	148.08	130.32
Advertising & sales promotion	317.44	251.32
House keeping Charges	437.61	255.37
Security Charges	435.25	225.97
Repairs & Maintenance - Building	151.31	85.39
Repairs & Maintenance - Plant and Machinery	425.32	304.00
Repairs & Maintenance - Others	187.78	93.39
Legal & Professional Fees & Expenses	335.04	167.71
Director Sitting Fees	2.70	3.05
Insurance	66.90	49.62
Loss on fixed assets sold/scrapped (net)	38.01	7.73
Bad Debts Written Off	-	14.90
Provision for doubtful debts	58.42	14.38
Provision for doubtful advances	7.06	-
Miscellaneous Expenses	206.40	136.73
Expenses on Abandoned Projects Written Off	28.34	-
	<u>14,699.66</u>	<u>10,302.13</u>
Service Tax on lease rentals in respect of earlier years reversed - See Note No. 4 in Notes to Accounts	(561.34)	-
Total	<u>14,138.32</u>	<u>10,302.13</u>
Schedule 18 : Interest		
Interest on Fixed Loans	1,519.19	527.91
Other interest	1.34	2.06
Total	<u>1,520.53</u>	<u>529.97</u>

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE : 19

I. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting :

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

b) Revenue Recognition :

Income from Box Office and Film Distribution is recognized as and when the movie is exhibited. Income from Sale of Food & Beverages is accounted at the point of sale. Income is net of refunds and complimentary. Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes and recognized on accrual basis as per the contractual arrangements. Income from sale of power is recognized on the basis of actual units generated and transmitted to the purchaser.

c) Fixed Assets :

Fixed assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/ amortization, except freehold land, which is carried at cost. Project pre-operative expenses and expenditure incurred during construction period of Multiplexes are capitalized to various eligible assets in respective Multiplexes. Such expenses in respect of the Multiplexes under construction are carried forward for being capitalised at the time of completion.

d) Amortization and Depreciation of Fixed Assets :

Cost of leasehold land is amortized over the period of lease. On other fixed assets, excluding freehold land, depreciation is provided on straight-line basis as under:

I On Leasehold Improvements, electrical installations & air conditioners in leased premises, over the period of useful life on the basis of the respective agreements or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is shorter.

II On other fixed assets, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Individual items of Fixed Assets added during the period, costing Rs 5,000 or less, are fully depreciated in the first year. Based on technical opinion Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

e) Amortization of Film Distribution Rights and Prints Cost (intangible assets) :

Cost of film distribution rights acquired and prints cost is amortized over a period of one year from the date of release of the movie as under:

50%, 30%, 10% and 10% of the costs in the first, second, third and fourth quarter respectively and in a quarter, pro-rata for the completed weeks.

f) Impairment of assets :

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

g) Investments :

Long-term investments are carried at cost. Provision for diminution is made to recognize the decline, other than temporary, in the values of these investments. Current Investments are carried at lower of the cost and fair value. Income from investments is accounted for on accrual basis.

h) Inventories :

Inventories are valued at lower of the cost and net realisable value. Cost is determined using FIFO method.

i) Employee Benefits :

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which related services are rendered. Company's contribution towards provident fund paid / payable during the year are charged to the Profit and Loss Account. Post employment benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Profit and Loss Account at the present value of the amounts payable, determined on the basis of actuarial valuation techniques, using the projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss Account.

j) Borrowing Cost :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k) Taxes on Income :

Income tax expense comprises of current tax and deferred tax charge. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income-tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilization of such credit.

l) Foreign Currency Transactions :

Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or losses on settlement of the transactions are recognized in the Profit and Loss Account. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognized in the Profit and Loss Account.

m) Provisions :

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.

2. During the year ended 31st March 2010, the Company had acquired 1,50,57,751 equity shares in Fame (India) Limited ("Fame"), being the Promoters' shareholding, through a block deal carried out on the Bombay Stock Exchange. The Company had thereafter acquired another 25,07,537 equity shares in Fame, from the market, through two separate block deals carried out on the Bombay Stock Exchange. As a result of these acquisitions, the Company held 1,75,65,288 equity shares comprising of 50.48% stake in Fame. Pursuant thereto, as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, an Open Offer was made to the Shareholders of Fame for acquisition of 82,31,759 equity shares in Fame at a price of Rs 51 per share. In this regard, the Company had placed Rs. 42 crores, being 100% of the funds required under the Open Offer, in escrow with HDFC Bank, and the

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1,50,57,751 equity shares acquired from the Promoters of Fame were placed in escrow with Standard Chartered Bank, till the conclusion of the Open Offer formalities.

During the current year, the open offer was made from 16th December 2010 to 4th January 2011 and after completion thereof, on 6th January 2011 the amount of Rs. 42 crores and the equity shares placed in escrow were released. The Company's stake in Fame now stands at 50.27% of the existing issued and paid-up capital of Fame. Accordingly, as per the provisions of Companies Act, 1956, Fame has become a subsidiary of Inox Leisure Limited w.e.f. 6th January 2011.

- 3 During the year ended 31st March 2006, the Company had issued 500,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share to Inox Leisure Limited – Employees' Welfare Trust ("Trust") to be transferred to the employees of the Company under the scheme of ESOP framed by the Company in this regard. The Company has provided finance of Rs. 75 lacs to the Trust for subscription of these shares at the beginning of the plan.

As per the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, shares allotted to the Trust but not transferred to employees is required to be reduced from Share Capital and Reserves. Out of the 500,000 equity shares allotted to the Trust, 146,263 shares have been transferred to employees up to 31st March 2011. Accordingly, for the balance number of shares, the Company has reduced the Share Capital by the amount of face value of equity shares and Share Premium Account by the amount of share premium on such shares. The Company has also given effect to the above in the calculation of its Basic and Diluted earnings per share.

Following stock options have been granted to the employees:

On 29 th January 2007 (First Grant)	244,120 shares
On 27 th October 2009 (Second Grant)	33,332 shares

The vesting period for these equity settled options is between one to four years from the date of the grant. The options are exercisable within one year from the date of vesting. The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

The summary of stock options is as under:

Outstanding on 1st April 2010	91,112
Granted during the year	Nil
Lapsed during the year	4,970
Exercised during the year	47,723
Outstanding as on 31st March 2011	38,419
Exercisable as on 31st March 2011	21,753
Weighted average exercise price of all stock options	Rs. 15

All stock options are exercisable at the exercise price of Rs. 15 per option and the weighted average remaining contractual life is as under:

Options granted on 29 th January 2007	0.83 years
Options granted on 27 th October 2009	2.08 years

In respect of the options granted under the Employees' Stock Option Plan, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the accounting value of options is amortized over the vesting period. Consequently, 'Salaries, Wages, Allowances and Benefits' in Schedule 17 includes Rs. 9.87 lacs (previous year Rs. 16.22 lacs) being the amortization of employee compensation.

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 0.58 lacs, profit after tax lower by Rs. 0.58 lacs and the basic and diluted earnings per share would have been lower by less than Rs. 0.01 each.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

4. In respect of Service-tax Matters

As per the amendment made by the Finance Act 2010, renting of immovable property was defined as a taxable service with retrospective effect from 1 June, 2007. Accordingly, in the annual accounts for the year ended 31st March 2010, the Company had provided service tax for Rs. 561.34 lakhs in respect of rentals paid for the year ended 31st March, 2009 and 31st March, 2010.

During the current year, the Company has challenged this levy by filing Writ Petition with various High Courts. While Honourable High Court of Mumbai, Delhi and Karnataka have granted stay for the levy of service tax in respect of immovable properties of the Company situated within their respective jurisdictions, matter is pending for hearing at Honourable Andhra Pradesh High Court.

Based on legal advice obtained by the Company, the levy of service tax on renting of immovable property cannot be said to be final, and accordingly no provision of service tax of Rs 423.63 lakhs on lease rentals is made for the year ended 31st March, 2011. Further, the amount of Rs 561.34 lakhs provided in the accounts during the year ended 31st March 2010, towards service tax on lease rentals for the year ended 31st March 2009 and 31st March 2010, has been reversed and netted in Schedule 17: Operating and Other Expenses.

5. In respect of taxation matters

(a) In the appellate proceedings before the Commissioner of Income-tax (Appeals) the Company's contention that the amount of entertainment tax exemption availed for some of its multiplexes is a capital receipt has been accepted. Accordingly, treating the amount of entertainment tax exemption amounts as a capital receipt in respect of multiplexes in those States covered by the orders of the Commissioner of Income-tax (Appeals), during the year ended 31st March 2010 the Company had recomputed its current tax liability and deferred tax liability, and credited an amount of Rs. 192.63 lakhs in the Profit and Loss Account under 'Taxation in respect of Earlier Years'.

Provision for current tax is also made on the same basis and consequently the provision for current taxation is for Minimum Alternate Tax payable on book profit.

(b) The Minimum Alternate Tax (MAT) paid by the Company is entitled to be carried forward and utilized in subsequent years. In the opinion of management, on the basis of projections, estimates of future taxable income and the extension of period for utilization of MAT credit as per the amendment made by the Finance Act (No. 2), 2009, the Company would have normal tax liability within the specified period to avail such MAT credit. Consequently, during the year ended 31st March 2010, the Company had recognized the MAT credit entitlement of Rs. 978.00 lakhs in respect of earlier years.

Breakup of taxation pertaining to earlier years is as under

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Income-tax	37.51	12.61
Fringe Benefit tax	(2.48)	-
Mat Credit entitlement	(28.00)	-
Net debit	7.03	12.61

6. In the opinion of Board of Directors, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and the provisions of depreciation and of all known liabilities are adequate and not in excess of the amount reasonably necessary.

7. Term loan from Axis Bank is secured by mortgage of immovable property situated at Vadodara and charge on all stocks, debts and movable properties situated at Burdhan, Indore Central, Rajarhat (Kolkata), Jayanagar (Bangalore), Siliguri and Maleshwaram (Bangalore) multiplexes.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Term loan from Citi Bank is secured by mortgage of immovable property situated at Pune and charge on all movable assets situated at Pune, Thane and Rajapark (Jaipur) multiplexes and five future multiplexes.

Term loan from ING Vysya Bank is secured by charge on immovable property situated at Nariman Point and exclusive charge on all the current and fixed assets situated at Vizag Beach Road, Vizag CMR Mall, Kanpur, Belgaum, J.P.Nagar (Bangalore) multiplexes and two future multiplexes.

Term loan from Canara Bank was secured by mortgage of immovable property situated at Nariman Point and hypothecation of movable properties and current assets at Nariman Point.

8. Contingent Liabilities:

- a. Claims against the Company not acknowledged as debt – Rs. 79.45 lacs (Previous Year Rs. 58.95 lacs)
- b. Bank Guarantees in respect of:
 - i. Entertainment tax exemption availed – Rs. 498.20 lacs (previous year Rs. 384.47 lacs)
 - ii. Other matters – Rs. 6.07 lacs (previous year Rs. 7.07 lacs)
- c. Municipal Tax demand – Rs. 475.39 lacs (Previous Year Rs. 402.45 lacs)
- d. Entertainment Tax demand – Rs. 53.06 lacs (Previous Year Rs. 53.06 lacs)
- e. Service Tax demand – Rs. 97.31 lacs (Previous Year Rs. 55.74 lacs)
- f. ESIC demand – Rs. 9.71 lacs (Previous Year Rs. Nil)
- g. In respect of service tax on lease rentals – refer to note no. 4 above

9. In respect of Entertainment Tax liability of the Company and its treatment in these accounts: -

- a. The exemption from payment of Entertainment Tax in respect of Multiplexes of the Company, which are eligible for such exemption, is subject to fulfillment of the terms and conditions of the respective Government policies issued in this regard. The amount of Entertainment Tax exemption availed so far by the Company, which is liable to be paid if the relevant multiplex ceases operations prior to completing the minimum period of operations in terms of the respective policies of the States – Rs. 7404.63 lacs (previous year Rs. 6744.70 lacs).
- b. The Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criteria as laid down in the respective Schemes but is subject to final Orders yet to be received from respective authorities. Accordingly the amount of Rs 440.46 lacs (Previous Year Rs. 277.14 lacs) being Entertainment Tax in respect of such Multiplexes has not been charged to profit & loss account. Cumulative amount as on 31st March 2011 - Rs. 2812.86 lacs (as on 31st March 2010 - Rs. 2372.40 lacs).
- c. In respect of the Multiplex Cinema Theatre at Vadodara, the issues in respect of the eligibility for exemption from payment of entertainment tax and the method of computing the exemption availed, have been decided in favour of the Company by the Honourable High Court of Gujarat vide its order dated 26th June, 2009. The matter regarding method of computation of eligibility amount is challenged by the Government Department before the Honourable Supreme Court. Pending receipt of final eligibility certificate the figures indicated in the (b) above include the figures pertaining to the said Multiplex.

10. Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances - Rs. 174.50 lacs (Previous Year Rs. 1109.42 lacs)

11. In view of the diverse nature of food and beverages sold by the Company, in the opinion of the management, it is not practical to give quantitative details thereof. Consequently, quantitative information regarding purchases, turnover, opening / closing stocks in respect of the same are not given. All items of food and beverages are indigenously procured.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

12. Expenditure incurred/payments in Foreign Currency.

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Travelling expenses	7.45	10.81
CIF Value of Capital Goods imported	Nil	250.42

13. Particulars of remuneration to Manager:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Salary, Allowances & Perquisites	67.66	43.86
Contribution to Provident Fund	3.20	2.55
Total	70.86	46.41

Amount of amortization of the accounting value of options granted to the Manager – Rs. 1.87 lacs (previous year – Rs. 13.73 lacs)

Note: The Manager was re-appointed for the period from 1st October 2010 to 30th September 2011 at the last Annual General Meeting with remuneration not exceeding Rs. 75 lacs per annum, to be decided by the Board. At the time of re-appointment, this remuneration was within the limits of section 198 and 387 read with Schedule XIII to the Companies Act, 1956. However, in view of inadequacy of profits in the current financial year, the remuneration paid to the Manager during the year is in excess of the limits of section 198 and 387 read with Schedule XIII to the Companies Act, 1956 and requires approval of the Central Government. Such excess remuneration of Rs. 20.03 lacs paid to the Manager is subject to the approval of the Central Government, for which the Company is taking necessary action.

14. Amount of Rs. 94.58 lacs (Previous year Rs. 266.96 lacs) is paid towards Legal & Professional fees to four firms in which one of the directors is a partner.

15. Particulars of payment to Auditors :

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Statutory Audit	6.00	4.50
Tax Audit	3.00	1.75
Limited Review, Corporate Governance & Consolidated Accounts	4.50	1.25
For taxation matters	3.50	3.70
Certification matters	1.30	1.40
Fees for other matters	Nil	3.50
Out of pocket expenses	0.13	0.62
Service tax on above	1.90	1.41
Total	20.33	18.13

16. Tax deducted at source from Interest received is Rs. 32.45 lacs (Previous Year Rs. 4.81 lacs).

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

17. Following expenses in the Profit & Loss Account are net of recoveries of the amounts mentioned hereunder:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Power & Fuel	165.90	151.92
Salaries	39.69	41.78
Water Charges	0.60	0.51
Advertisement & Sales Promotion	0.07	1.47
Housekeeping Expenses	3.73	3.17
Security Expenses	5.51	4.45

18. Particulars of Prior period expenses:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Entertainment Tax	Nil	94.40
Service tax	1.01	Nil
Entry Tax	1.26	Nil
Other expenses	2.97	1.51
Total	5.24	95.91

19. The arbitration award in the matter of disputed recoveries pertaining to one of the multiplex of the Company has been received in favour of the Company and the arbitrator has further granted interest claimed on the unpaid amount at the rate of 15% p.a. The Company has accordingly accounted interest of Rs. 18.23 lakhs. (Previous Year Rs. 75.07 lacs, including for earlier years) Total amount of interest receivable upto 31st March, 2011 is Rs.93.30 lakhs. During the current year the said award has been challenged before the District Court and the matter is pending.

20. The major components of the deferred tax assets and liabilities are as under:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
<u>Deferred Tax Liabilities</u>		
Difference between book depreciation and tax depreciation (net of unabsorbed depreciation)	1890.24	1677.01
Total Liabilities	1890.24	1677.01
<u>Deferred Tax Assets</u>		
Expenditure allowable on payment basis under Income-tax Act	107.55	90.32
Provision for doubtful debts	30.68	12.01
Others	7.45	15.50
Total Assets	145.68	117.83
Net Deferred Tax Liability	1744.56	1559.18

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

21. The Company's significant leasing arrangements are in respect of :-

- Operating leases for premises (offices and residential accommodations for employees) - Generally, these lease arrangements are non-cancelable, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. Lease rentals of Rs. 2.62 lacs (Previous Year Rs. 3.01 lacs) are included in 'Property Rent and Conducting Fees' in Schedule 17 to the Profit and Loss Account.
- The Company is operating some of the multiplexes under Operating Lease / Business Conducting Arrangement. These arrangements are for a period of 9-25 years with a minimum lock-in period of 3-10 years and the agreement provides for escalation in rentals after pre-determined periods. Property Rent and Conducting Fees of Rs. 4335.15 lacs (Previous Year Rs. 3006.30 lacs) are included in 'Property Rent and Conducting Fees' in Schedule 17 to the Profit and Loss Account.

The future minimum lease / conducting fees payments under these arrangements are as under:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Not later than one year	4598.12	3613.57
Later than one year and not later than five years	19203.58	15271.70
Later than five years	74946.65	57192.93
Total	98748.35	76078.20

22. The operating licenses in respect of some of the multiplexes are not in the name of the Company.

23. Segment Information

A. Information about Primary Segment

Sr. No	Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
I	Segment Revenue		
	a. Theatrical Exhibition	33810.79	25360.08
	b. Film Distribution	1.26	19.21
	c. Film Production	Nil	28.65 (*)
	d. Power	106.72	140.53
	e. Un-allocable and Corporate	419.33	194.80
	Total revenue	34338.10	25743.27
	Less: Inter Segment revenue		
	a. Distribution	Nil	5.86
	b. Power	101.34	126.10
	Total Inter Segment revenue	101.34	131.96
	Total External revenue	34236.76	25611.31
II	Segment Result		
	a. Theatrical Exhibition	1978.55	2057.45
	b. Film Distribution	(4.31)	(22.37)
	c. Film Production	Nil	28.65
	d. Power	48.15	82.88
	Total Segment result	2022.39	2146.61
	Add: Un-allocable & Corporate Income	419.34	194.80
	Less: Interest expenses	(1520.53)	529.97

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Total Profit Before Tax	921.20	1811.44
	(Less)/Add: Taxation (including Deferred Tax, Fringe Benefit Tax and taxation pertaining to earlier years) – Net	(225.41)	794.32
	Profit After Tax	695.79	2605.76
III	Other Information		
	A. Segment Assets		
	a. Theatrical Exhibition	47217.48	39979.13
	b. Film Distribution	69.42	77.51
	c. Film Production	Nil	Nil
	d. Power	619.53	663.39
	e. Un-allocable and Corporate	11432.03	14934.98
	Total	59338.46	55655.01
	B. Segment Liabilities		
	a. Theatrical Exhibition	4371.00	4339.84
	b. Film Distribution	19.63	28.96
	c. Film Production	Nil	Nil
	d. Power	0.97	0.14
	e. Un-allocable and Corporate	23142.85	20194.87
	Total	27534.45	24563.81
	C. Capital Expenditure		
	a. Theatrical Exhibition	3286.30	4246.37
	b. Film Distribution	Nil	Nil
	c. Film Production	Nil	81.35
	d. Power	Nil	Nil
	Total	3286.30	4327.72
	D. Depreciation & Amortization		
	a. Theatrical Exhibition	1512.17	1493.87
	b. Film Distribution	0.74	9.37
	c. Film Production	Nil	Nil
	d. Power	29.54	39.20
	Total	1542.45	1542.44
	E. Non-cash expenses (other than depreciation and amortization)		
	a. Theatrical Exhibition	75.34	16.21
	b. Film Distribution	Nil	Nil
	c. Film Production	Nil	Nil
	d. Power	Nil	Nil
	e. Un-allocable and Corporate	Nil	Nil
	Total	75.34	16.21

(*) Gross revenue Rs. 400 lacs from sale of intangible asset – net revenue Rs. 28.65 lacs.

B. Information about Secondary (Geographical) Segment

All the multiplexes of the Company are located in India and all the movies are produced/distributed in India. The power is also generated and sold / captively consumed in India. Hence the Company is operating in a single geographical segment.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

C. Notes:

- a. The Company operates in following business segments:
 - i Theatrical Exhibition Business – Operating & Managing Multiplex Entertainment Centres and cinema theatres
 - ii Film Distribution Business – Distribution of Movies
 - iii Film Production Business – Production of Movies
 - iv Power Business – Generation of Wind Power
- b. Inter-segment revenue of Distribution Business comprises of film distributors' share in respect of movies distributed by the Company and exhibited in its multiplexes. Inter-segment revenue of Power Business comprises of power generated and consumed in Multiplex Business. Inter-segment revenues are priced at market price.
- c. The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

24. Employee Benefits:

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs. 121.16 lacs (Previous year Rs. 94.05 lacs) is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Profit and Loss Account and Rs. 1.32 lacs (Previous Year Rs. 2.35 lacs) is included in pre-operative expenses.
- b) Defined Benefit Plans: The amounts recognized in respect of Gratuity and Leave Encashment – as per Actuarial valuation

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment	
	As at 31.3.2011	As at 31.3.2010	As at 31.3.2011	As at 31.3.2010
1. Change in Benefit Obligation				
Liability at the beginning of the year	95.61	84.93	49.91	52.29
Interest Cost	7.26	5.80	3.34	3.30
Current Service Cost	40.61	31.85	43.75	35.00
Benefit paid	(9.68)	(4.21)	(16.19)	(10.31)
Actuarial (Gain)/Loss	(3.13)	(22.76)	(18.79)	(30.37)
Liability at the end of the year	130.67	95.61	62.02	49.91
2. Expenses recognized in the Profit and Loss Account				
Current Service Cost	40.61	31.85	43.75	35.00
Interest Cost	7.26	5.80	3.34	3.30
Actuarial (Gain)/Loss	(3.13)	(22.76)	(18.79)	(30.37)
Expenses recognized in the Profit and Loss Account	44.74	14.89	28.30	7.93
3. Actuarial Assumptions				
Discount Rate	8%	8%	8%	8%
Salary Escalation Rate	7%	7%	7%	7%
Retirement Age	58 years			
Withdrawal Rates	10%	10%	10%	10%
Mortality	LIC (1994-96) published table of rates			

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

The above defined benefit plans are unfunded. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

25. Related Party Disclosure:

(i) Where Control Exists

- a. Gujarat Fluorochemicals Limited – Holding Company
- b. Inox Leasing & Finance Limited – Ultimate Holding Company
- c. Fame India Limited – Subsidiary Company (w.e.f. 6th January, 2011)
- d. Fame Motion Pictures Limited (formerly Shringar Films Limited) – subsidiary of Fame India Limited
- e. Big Pictures Hospitality Services Private Limited – subsidiary of Fame India Limited

(ii) Other related parties with whom there are transactions:

- a. Inox Motion Pictures Limited – Fellow Subsidiary
- b. Mr. Alok Tandon (Manager) – Key Management Personnel

(iii) Particulars of Transactions:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A) Transactions during the year		
Interest Paid		
Gujarat Fluorochemicals Limited	906.07	192.45
Inox Leasing & Finance Limited	60.24	49.78
Inox Motion Pictures Limited	Nil	1.44
	966.31	243.67
Remuneration Paid		
Mr. Alok Tandon	70.86	48.16
Distributors' Share Paid		
Inox Motion Pictures Limited	Nil	14.61
Sale of Movie Rights		
Inox Motion Pictures Limited	Nil	401.00
Interest Received		
Fame India Limited	0.72	Nil
Rent Received		
Inox Motion Pictures Limited	0.12	0.60
Reimbursement of expenses received		
Fame India Limited	5.67	Nil
Inox Motion Pictures Limited	Nil	8.26
	5.67	8.26
Inter-corporate Deposits Received		
Gujarat Fluorochemicals Limited	1100.00	13200.00
Inox Leasing & Finance Limited	1300.00	500.00
Inox Motion Pictures Limited	Nil	80.00
	2400.00	13780.00

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Inter-corporate Deposit Given Fame India Limited	1200.00	Nil
	1200.00	Nil
Inter-corporate Deposits Repaid Gujarat Fluorochemicals Limited Inox Motion Pictures Limited	Nil Nil	2604.10 80.00
	Nil	2684.10
B) Amounts Outstanding		
Inter-corporate Deposits Received Gujarat Fluorochemicals Limited Inox Leasing & Finance Limited	13300.00 1800.00	12200.00 500.00
	15100.00	12700.00
Inter-corporate Deposit Given Fame India Limited	1200.00	Nil
	1200.00	Nil
Amount Payable Fame Motion Pictures Limited Gujarat Fluorochemicals Limited – interest payable	4.66 198.14	Nil Nil
	202.80	Nil
Other Receivables Inox Motion Pictures Limited Fame India Limited Fame India Limited – interest receivable	8.46 5.56 0.65	8.77 Nil Nil
	14.67	8.77

Note: There are no transactions with Fame Motion Pictures Limited from 6th January, 2011 when it became a related party. The amount outstanding as on 31st March 2011 is included above.

Additional disclosure as required by Listing Agreement in respect of loans given:

Name of the Loanee	Fame India Limited
Amount of loan at the year end	1200.00 lacs
Maximum balance during the year	1200.00 lacs
Investment by the loanee in the shares of the Company	Nil

26. The Company has recognised a provision towards estimated liability in respect of municipal taxes payable for one of its multiplexes as under:

Particulars	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Opening Balance	119.00	111.20
Provided during the year	52.80	52.80
Paid during the year	40.00	45.00
Closing balance	131.80	119.00

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

27. Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

Particulars	As at 31.3.2011 (Rs. in lacs)	As at 31.3.2010 (Rs. in lacs)
Principal amount due to suppliers under MSMED Act at the year end	1.80	11.30
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	0.03	0.31
Payment made to suppliers (other than interest) beyond the appointed day during the year	41.25	66.58
Interest paid to suppliers under MSMED Act during the year	0.00	0.00
Interest due & payable to suppliers under MSMED Act for payments already made	0.43	1.36
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act	2.66	2.20

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

28. In respect of amounts mentioned under unclaimed dividends, the actual amount to be transferred to the Investor Education and Protection Fund shall be determined on the due date.
29. Calculation of Earnings per share :

Particulars	Current Year	Previous Year
Profit after tax as per Profit and Loss Account (Rs. in lacs)	695.79	2605.76
Weighted average number of equity shares used in computing basic earnings per shares (nos.)	61516314	61481458
Weighted average number of equity shares used in computing diluted earnings per shares (nos.)	61537451	61508694
Basic Earnings per share – nominal value Rs. 10/- per share (Rs.)	1.13	4.24
Diluted Earnings per share – nominal value Rs. 10/- per share (Rs.)	1.13	4.24

30. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956, is enclosed vide Annexure.

As per our report of even date
For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Place : Pune

Dated : 26th May 2011

For Inox Leisure Limited

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Place : Mumbai

Dated : 26th May 2011

Pavan Jain
Director

Deepak Asher
Director

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No

State Code

Balance Sheet Date

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Right Issue

Bonus Issue

Private Placement*

*shares issued pursuant to ESOP

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Asset

Sources of Funds Paid-up Capital

ESOP Outstanding

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds Net Fixed Assets*

Intangible Assets

* Includes Capital work-in-progress, Advances on Capital Account, and Pre-operative expenditure pending allocation

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover

Total Expenditure

+/- Profit/Loss Before Tax

+/- Profit/Loss After Tax

Earnings per Share (in Rs.)*

Dividend Rate %

* Basic EPS

V Generic Names of Two Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

AUDITORS' REPORT

Auditors' Report to the Board of Directors of Inox Leisure Limited on Consolidated Financial Statements of Inox Leisure Limited, its subsidiaries and joint ventures.

We have audited the attached Consolidated Balance Sheet of Inox Leisure Limited (the "Company"), its subsidiaries and joint ventures (collectively "Group") as at 31st March 2011, and also the Consolidated Profit and Loss Account 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 consolidated financial statements of the subsidiary, Fame India Limited, which reflect the Group's share of total assets of Rs. 23363.62 lacs as at 31st March 2011, the Group's share of total revenue of Rs. 3340.29 lacs and net cash inflow amounting to Rs. 98.31 lacs for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements and other financial information of Fame India 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 31st March 2011;
- (b) in the case of the Consolidated Profit and Loss Account, 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 : 26th May 2011

M. Y. Kulkarni
(Partner)
Mem. No. 35524

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March 2011 Amount (Rs. in lacs)	
I SOURCES OF FUNDS			
1 Shareholders' Funds			
(a) Capital	1	6,154.18	
(b) Employee Stock Options Outstanding		25.43	
(c) Reserves and Surplus	2	<u>25,363.10</u>	31,542.71
2 Minority Interest			3,616.15
3 Loan Funds			
(a) Secured Loans	3	9,385.32	
(b) Unsecured Loans	4	<u>20,656.14</u>	
4 Deferred Tax Liability			30,041.46
Total			<u>1,744.56</u>
			<u>66,944.88</u>
II APPLICATION OF FUNDS			
1 Goodwill on consolidation			5,053.30
2 Fixed Assets	5		
(a) Gross Block		60,643.31	
(b) Less : Depreciation & Amortization		<u>14,138.44</u>	
(c) Net Block		46,504.87	
(d) Capital Work-in-progress		2,390.08	
(e) Advances on Capital Account		19.08	
(f) Pre-operative expenditure pending allocation	6	<u>610.13</u>	
			49,524.16
3 Investments	7		62.74
4 Deferred Tax Asset			35.40
5 (i) Current Assets, Loans and Advances	8		
(a) Inventories		340.10	
(b) Sundry Debtors		2,052.71	
(c) Cash and Bank Balances		3,612.39	
(d) Other Current Assets		152.23	
(e) Loans and Advances		<u>16,700.94</u>	
Sub-Total (i)		<u>22,858.37</u>	
(ii) Less : Current Liabilities and Provisions	9		
(a) Current Liabilities		10,174.47	
(b) Provisions		<u>414.62</u>	
Sub-Total (ii)		<u>10,589.09</u>	
Net Current Assets (i) – (ii)			<u>12,269.28</u>
Total			<u>66,944.88</u>
Notes forming part of Accounts	15		

As per our report of even date attached

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune

Dated : 26th May 2011

Place : Mumbai

Dated : 26th May 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	For the year ended 31st March 2011 Amount (Rs. in lacs)	
INCOME			
1 Sales and Services	10		37,031.55
2 Other Income	11		565.57
			<u>37,597.12</u>
EXPENDITURE			
1 Direct Costs	12	17,167.88	
2 Operating and other expenses	13	16,223.41	
3 Interest	14	1,617.00	
4 Depreciation & Amortization	5	2,294.94	
			<u>37,303.23</u>
5 Profit before Taxation			293.89
6 Provision for Taxation for the year			
Current tax		373.05	
MAT Credit Entitlement		(323.38)	
Deferred tax		178.62	
			<u>228.29</u>
11 Profit after tax			65.60
12 Add : Taxation in respect of earlier periods – see Note no. 7(c) in Notes to Accounts			<u>241.40</u>
13 Profit for the year			307.00
14 Add: Share of minority interest in loss			<u>193.34</u>
16 Net Profit			500.34
17 Opening balance in Profit and Loss Account of Parent Company			<u>6,183.59</u>
18 Balance carried to Balance Sheet			6,683.93
Earnings per Equity Share of Rs 10 each			
Basic			0.81
Diluted			0.81
Notes forming part of Accounts	15		

As per our report of even date attached

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune
Dated : 26th May 2011

Place : Mumbai
Dated : 26th May 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended 31st March 2011 (Rs. in lacs)
A Cash flow from operating activities	
Net profit before tax and extraordinary items	293.89
Adjustments for :	
Depreciation / Amortization	2,294.94
Loss on assets sold/written off	56.95
Bad debts written off	3.41
Advances written off	37.84
Provision for doubtful debts & advances	119.12
Liabilities written back	(90.74)
Foreing exchange fluctuation	(20.80)
Amortization of Value of Stock Options	9.87
Dividend from current investments	(1.97)
Interest received	(436.61)
Profit on sale of current investments	(9.55)
Interest paid	1,617.00
Operating profit before working capital changes	3,873.34
Adjustments for :	
Trade and other receivables	(4,536.74)
Inventories	(58.26)
Trade payables	(1,299.79)
Cash generated from operation	(2,021.45)
Direct taxes paid (net)	171.57
Net cash from/(used in) operating activities	(1,849.88)
B Cash flow from investing activities	
Purchase of fixed assets (including change in Capital work-in-progress, capital advances and pre-operative expenses)	(2,631.17)
Sale of fixed assets	12.43
Dividend received	1.69
Purchase of investments	(4,588.53)
Deposit in / release from Escrow Account for Open Offer – see note no. 4 in Notes to Accounts	4,221.54
Sale/redemption of investments	4,764.35
Interest received	249.33
Net cash from/(used in) investment activities	2,029.65
C Cash flow from financing activities	
Shares issued under ESOP	7.16
Proceeds from / Repayment of Inter-corporate Deposit (net)	2,400.00
Proceeds from / Repayment of Term Loans (net)	(857.21)
Interest paid	(1,430.73)
Net cash (used in)/from financing activities	119.22
Net increase in cash and cash equivalent	298.98
Add: Cash and bank balance on acquisition of subsidiary – see note no. 4 in Notes to Accounts	1,779.76
Total	2,078.74
Opeing cash and cash equivalents	1,533.65
Closing cash and cash equivalents	3,612.39

Note : Components of cash and cash equivalents are as per Schedule 8 to the Balance Sheet (excluding amount in Escrow Account – see note no. 4 in Notes to Accounts)

As per our report of even date attached

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune

Dated : 26th May 2011

Place : Mumbai

Dated : 26th May 2011

CONSOLIDATED SCHEDULES TO BALANCE SHEET

	As at 31st March 2011 (Rs. in lacs)	
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
75,000,000 Equity Shares of Rs. 10/- each		7,500.00
		<u>7,500.00</u>
Issued and Subscribed and Paid Up		
61,895,548 Equity Shares of Rs. 10/- each, fully paid-up		6,189.55
Out of above:		
a) 40,615,092 shares are held by Gujarat Fluorochemicals Limited, the Holding Company and 213,875 shares are held by Inox Leasing and Finance Limited, the Ultimate Holding Company.		
b) 1,895,548 Equity Share issued to shareholders of erstwhile Calcutta Cine Private Limited pursuant to a Scheme of Amalgamation.		
Less: 353,737 Equity shares of Rs. 10 each, fully paid-up, issued to ESOP Trust but not allotted to employees – see note no. 5 (a) in Notes to Accounts		35.37
Total		<u>6,154.18</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Share Premium Account		
Opening balance	12,998.94	
On account of Employee Stock Options	6.30	
Add: Exchange difference on account of restatement of the outstanding premium payable, net of provision for premium on redemption of FCCB for the period (see note no.10 in Notes to Accounts)	126.11	
Less: Provision for withholding tax on Yield-to-maturity ('YTM') (see note no. 10 in Notes to Accounts)	<u>(257.13)</u>	
	12,874.22	
Add: Adjustment for minority interest	65.15	
Less : Premium on shares issued to ESOP Trust but not allotted to employees	<u>48.10</u>	
		12,891.27
General Reserve		
Opening balance		5,400.00
Amalgamation Reserve		
Opening balance		387.90
Profit and Loss Account		
Balance as per Annexed Account		6,683.93
Total		<u>25,363.10</u>
SCHEDULE 3 : SECURED LOANS		
Term loans from banks		8,262.96
(Repayable within one year Rs. 3340.51 Lacs)		
Bank overdraft		1,122.36
Total		<u>9,385.32</u>
SCHEDULE 4 : UNSECURED LOANS		
Inter-corporate Deposits		
– from Holding Company		13,300.00
– Interest accrued and due on above		198.14
– from Ultimate Holding Company		1,800.00
Foreign Currency Convertible Bonds (see note no. 10 in Notes to Accounts)		
8,000 Zero-coupon Series A Foreign Currency Convertible Bonds of US \$ 1,000 per bond		3,572.00
4,000 0.5% per annum Series B Foreign Currency Convertible Bonds of US \$ 1,000 per bond		1,786.00
(Repayable within one year Rs. 5358.00 Lacs)		
		<u>20,656.14</u>

CONSOLIDATED SCHEDULES TO BALANCE SHEET

Schedule 5 : Fixed Assets

(Rs. in lacs)

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTIZATION					NET BLOCK
	Opening balance	Acquisition (*)	Additions during the year	Deductions during the year	As at 31st March 2011	Opening balance (*)	Acquisition (*)	Additions during the year	Deductions during the year	As at 31st March 2011	As at 31st March 2011
A) Tangible Assets											
Land (Freehold) (*)	2,182.42	483.60	-	-	2,666.02	-	-	-	-	-	2,666.02
Land (Leasehold)	367.58	-	-	-	367.58	28.34	-	5.85	-	34.19	333.39
Building (*)	11,289.51	230.31	148.03	-	11,667.85	1,015.58	14.16	186.99	-	1,216.73	10,451.12
Lease hold improvements	7,289.54	9,914.08	1,662.81	14.25	18,852.18	834.73	3,126.73	683.50	8.82	4,636.14	14,216.04
Plant & Machinery	11,129.69	4,844.37	1,646.98	5.45	17,615.59	2,350.24	1,239.58	811.15	1.47	4,399.50	13,216.09
Wind-Mills	725.41	-	-	-	725.41	88.30	-	38.30	-	126.60	598.81
Office Equipments including Computers	940.44	774.73	244.46	68.80	1,890.83	445.16	409.16	152.20	53.68	952.84	937.99
Furniture & Fixtures	2,793.58	2,038.95	708.81	99.22	5,442.12	762.26	658.24	355.21	58.13	1,717.58	3,724.54
Vehicles	41.40	49.58	90.53	12.21	169.30	16.31	35.90	6.09	7.33	50.97	118.33
Sub-Total (A)	36,759.57	18,335.62	4,501.62	199.93	59,396.88	5,540.92	5,483.77	2,239.29	129.43	13,134.55	46,262.33
B) Intangible Assets											
Software	266.79	137.39	57.39	-	461.57	136.11	137.22	41.88	-	315.21	146.36
Negative rights	-	2.66	-	-	2.66	-	2.66	-	-	2.66	-
Film Distribution Rights & Prints Cost	989.58	130.26	-	890.17	229.67	989.58	130.26	-	890.17	229.67	-
Sub-Total (B)	1,256.37	270.31	57.39	890.17	693.90	1,125.69	270.14	41.88	890.17	547.54	146.36
Share of joint venture	-	552.44	0.09	-	552.53	-	442.58	13.77	-	456.35	96.18
TOTAL	38,015.94	19,158.37	4,559.10	1,090.10	60,643.31	6,666.61	6,196.49	2,294.94	1,019.60	14,138.44	46,504.87

(*) Notes: 1. Addition to Gross Block and Accumulated Depreciation/Amortization on account of Acquisition is in respect of Fame India Limited, as on 6th January 2011 viz. the date on which the parent-subsidiary relationship came in existence - see note no. 4 in Note

2. Gross block of Building includes Rs. 4681.02 lacs in respect of building at Nariman Point, Deed of Apartment of which is to be executed.

3. Freehold Land includes Company's share of undivided plot of land in respect of one of its multiplexes.

		As at 31st March , 2011 (Rs. in lacs)
SCHEDULE 6 : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION		
Opening balance		941.53
Add: Expenses incurred during the year		
Salaries, Wages, Allowances and benefits	163.00	
Contribution to Provident and other funds	1.52	
Staff Welfare	0.95	
Legal, Professional and Consultancy charges	81.68	
Travelling and Conveyance	83.03	
Insurance	0.14	
Electricity Charges	20.30	
Communication expenses	2.67	
House Keeping	3.98	
Outsourced Personnel Cost	22.20	
Security Charges	25.21	
Miscellaneous expenses	4.35	
Interest on fixed loans	77.77	
	486.80	
Less: Pre-Operative Income earned during the year		
Miscellaneous income	4.45	
		482.35
Less: Capitalised		785.41
Less: Expenses on Abandoned Projects Written off		28.34
Closing Balance		610.13

CONSOLIDATED SCHEDULES TO BALANCE SHEET

		As at 31st March , 2011 (Rs. in lacs)	
Schedule 7: Investments (Non-Trade, Long-term, at Cost)			
A] Unquoted (In Government Securities)			
National Savings Certificates (Held in the name of Directors/Employees and certificates worth Rs. 52.32 lacs are pledged with Government Authorities)			52.32
Share of joint venture			10.42
Total			<u>62.74</u>
SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES			
A	Current Assets		
	I Inventories		
	Food & Beverages	225.75	
	Stores, Spares & Fuel	111.78	
		<u>337.53</u>	
	Group Share in joint ventures	2.57	
		<u>340.10</u>	
	2 Sundry Debtors (Unsecured)		
	Considered good		
	Exceeding 6 months	452.04	
	Others	1,576.40	
		<u>2,028.44</u>	
	Considered Doubtful		
	Exceeding 6 months	151.44	
	Others	-	
		<u>151.44</u>	
		<u>2,179.88</u>	
	Less : Provision for Doubtful Debts	151.44	
		<u>2,028.44</u>	
	Group Share in joint ventures	24.27	
			2,052.71
	3 Cash and Bank Balances		
	Cash on Hand	134.94	
	Bank Balances with Scheduled Banks		
	(a) in Current Accounts	816.02	
	(b) in Deposit Accounts	2,632.96	
		<u>3,583.92</u>	
	Group Share in joint ventures	28.47	
			3,612.39
	4 Other Current Assets		
	Interest accrued		152.23
B	LOANS AND ADVANCES		
	(Unsecured, considered good, unless otherwise stated)		
	I Advances recoverable in cash or in kind or for value to be received		
	Considered Good	5,967.56	
	Considered Doubtful	85.65	
		<u>6,053.21</u>	
	Less: Provision for Doubtful Advances	85.65	
		<u>5,967.56</u>	
	2 Deposits	7,269.42	
	3 Service Tax Credit Available	261.80	
	4 Entertainment Tax Refund Claimed	846.13	
	5 Income Tax paid (net of provisions)	314.26	
	6 MAT Credit Entitlement	1,856.18	
			16,515.35
	Group Share in joint ventures		185.59
	Total		<u>16,700.94</u>

CONSOLIDATED SCHEDULES TO BALANCE SHEET

	As at 31st March 2011 (Rs. in lacs)	
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS		
A Current Liabilities		
1 Sundry Creditors		
- dues to Micro and Small Enterprises	4.46	
- others	6,397.36	
	<u>6,401.82</u>	
2 Foreign Currency Convertible Bonds (see note no.10 in Notes to Accounts)	446.50	
3 Foreign Currency Convertible Bonds YTM provision (see note no.10 in Notes to Accounts)	2,178.38	
4 Security Deposits	450.19	
5 Investor Education and Protection Fund shall be credited by the following amounts namely:		
- Unclaimed dividends	3.85	
6 Advances from Customers	195.72	
7 Other Liabilities	437.96	
		<u>10,114.42</u>
8 Group Share in joint ventures		60.05
		<u>10,174.47</u>
B Provisions		
1 For Taxation (Net of Payment)	0.82	
2 For Gratuity & Leave Encashment	281.69	
3 For Expenses	131.80	
		<u>414.31</u>
4 Group Share in joint ventures		0.31
Total		<u>414.62</u>

	For the year ended 31st March 2011 (Rs. in lacs)	
SCHEDULE 10: SALES AND SERVICES		
Box Office Revenues		27,613.63
Food and Beverages Revenues		6,028.68
Conducting Fees		1,066.22
Advertising Income		1,724.30
Film Distribution Income		1.28
Management Fees		83.36
Parking charges		76.81
Sales of Power		5.38
Other Operating Income		311.69
Programming revenue		13.70
		<u>36,925.05</u>
Group Share in joint ventures		106.50
Total		<u>37,031.55</u>

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31st March 2011 (Rs. in lacs)	
SCHEDULE 11: OTHER INCOME		
Interest		
- On Bank Fixed Deposits	281.26	
- On long term investments	5.14	
- On Income-tax refunds	21.75	
- Others	128.46	
		436.61
Dividend from current investments		1.97
Profit on sale of current investments (Net)		9.52
Liabilities written back no longer required		90.74
Foreign Exchange Fluctuation Gain (net)		20.80
Miscellaneous Income		3.23
		562.87
Group Share in joint ventures		2.70
Total		565.57
SCHEDULE 12: Direct Costs		
Entertainment tax		4,923.15
Exhibition Cost		
Film Distributors' Share		9,832.30
Share of joint venture partners		4.25
Other exhibition cost		401.69
Programming Cost – Distributors' share		13.06
Cost of Food and Beverages		1,950.59
		17,125.04
Group Share in joint ventures		42.84
Total		17,167.88
SCHEDULE 13: OPERATING AND OTHER EXPENSES		
Salaries, Wages, Allowances and Benefits		2,278.95
Contribution to Provident and other funds		155.88
Gratuity		60.56
Staff Welfare expenses		109.32
Outsourced Personnel Cost		991.27
Power and Fuel		2,139.80
Water Charges		55.52
Property Rent and Conducting Fees		5,082.31
Common Facility charges		1,709.03
Rates and Taxes		497.34
Travelling and Conveyance		185.24
Communication Expenses		152.42
Printing & stationary		156.76
Advertisement and Sales Promotion		334.42
House keeping Charges		510.14

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31st March 2011 (Rs. in lacs)	
Security Charges		462.98
Repairs to		
- Buildings	155.23	
- Plant & Machinery	439.73	
- Others	230.61	
		825.57
Legal and Professional Fees and Expenses		368.14
Directors' Sitting Fees		2.70
Insurance		79.06
Loss on assets sold/scrapped (Net)		56.95
Bad debts and remissions		3.41
Provision for doubtful debts		98.42
Provision for doubtful advances		20.70
Miscellaneous Expenses		335.99
Expenses on Abandoned Project Written Off		28.34
		16,701.22
Less: Service tax on lease rentals in respect of earlier years reversed – see note no. 6 in Notes to Accounts		(561.34)
		16,139.88
Group Share in joint ventures		83.53
Total		16,223.41
SCHEDULE 14: INTEREST		
Interest on fixed loans		1,608.01
Interest on Bank overdraft		5.31
Other Interest		3.68
Total		1,617.00

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 15: NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

1. Basis of preparation and principles of consolidation

The Consolidated Financial Statements (“CFS”) relate to Inox Leisure Limited (the “Company” or “Parent Company”), its subsidiary companies and joint ventures (the “Group”). The CFS are prepared in accordance with AS-21 – Consolidated Financial Statements and AS-27 – Financial Reporting of Investment in Joint Ventures as prescribed by the Companies (Accounting Standard) Rules, 2006.

These CFS are prepared by the Company for the first time. Hence, in accordance with the transitional provisions of paragraph 30 of AS-21 – Consolidated Financial Statements, there are no figures for the previous year and there is no cash flow statement.

The CFS have been prepared on the following basis:

- The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses. The results of subsidiary acquired during the year are included in the CFS from the date on which parent-subsidiary relationship came in existence. Inter-company balances, inter-company transactions and unrealized profits are fully eliminated. Unrealized losses resulting from inter-company transactions are eliminated unless cost cannot be recovered.
- Interest in Joint Ventures is accounted for using proportionate consolidation method.
- Goodwill on consolidation represents excess of the cost to the parent of its investment in a subsidiary over the parent’s position of equity of the subsidiary, at the date on which parent-subsidiary relationship came in existence, and is recognized as an asset in the consolidated financial statement. For this purpose, the Company share of equity is determined on the basis of the latest financial statement prepared by the Management, prior to the date of acquisition, after making necessary adjustment for material events between the date of such financial statements and the date on which parent-subsidiary relationship came in existence. The goodwill on consolidation is evaluated for impairment whenever there is any indication that its carrying amount may have been impaired.
- The CFS are prepared using uniform accounting policies for the like transactions and other events in similar circumstances, except where it is not practicable to do so. The CFS are presented, to the extent possible, in the same manner as the Parent Company’s separate financial statements.
- The Minority interest in the net assets of consolidated subsidiary consist of the amount of equity attributable to minority at the date on which parent-subsidiary relationship came in existence and the minority’s share of movement in equity since the date the parent subsidiary relationship comes into existence.

2. The subsidiaries and joint ventures considered in the CFS are:

Name of the Company	Country of incorporation	Proportion of ownership interest as on 31 st March 2011
a) Direct Subsidiary		
Fame India Limited (FIL) (see note 4 below)	India	50.27%
b) Subsidiaries of Fame India Limited		
Fame Motion Pictures Limited (FMPL) (formerly Shringar Films Limited)	India	100%
Big Picture Hospitality Services Private Limited (BPHSPL)	India	100%

The financial statements of the subsidiaries are drawn upto 31st March 2011.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Joint ventures of Fame India Limited considered in these CFS are:

Name of the Company	Country of incorporation	Proportion of ownership interest as on 31 st March 2011
Swanston Multiplex Cinemas Private Limited	India	50%
Headstrong Films Private Limited	India	50%

The financial statements of the Joint Ventures are drawn upto 31st March 2011.

Swanston Multiplex Cinemas Private Limited is engaged in exhibition of films in India, including managing a multiplex. Headstrong Films Private Limited is engaged in production and distribution of films.

3. Other significant accounting policies:

a) Basis of Accounting:

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

b) Revenue Recognition:

Income from Box Office and Film Distribution is recognized as and when the movie is exhibited. Income from Sale of Food & Beverages is accounted at the point of sale. Income is net of refunds and complimentary. Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes. Income from conducting fees and management of multiplexes / theatres is recognized on accrual basis as per the contractual arrangements. Advertisement income is recognized on the date of exhibition of the advertisement / event or over the period of the contract, as applicable. Revenue from programming is recognized as and when the movie is exhibited and comprises of proceeds from sale of tickets, net of taxes and theatre owner's share. As the Group is the primary obligor with respect to the programming activities, the share of distributor in these proceeds is disclosed as programming cost. In respect of Movie Rights, revenue from theatrical exhibition is recognized as and when the movie is exhibited and revenue from film's satellite, video and other rights are recognized from effective date of exploitation of rights or when the rights are made available to the assignee for exploitation, in terms of the agreement. Income from sale of power is recognized on the basis of actual units generated and transmitted to the purchaser. Dividend income is recognized when the unconditional right to receive payment is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportion basis.

c) Fixed Assets and Intangible Assets:

Fixed assets and intangible assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/amortization, except freehold land, which is carried at cost. Project pre-operative expenses and expenditure incurred during construction period of Multiplexes are capitalized to various eligible assets in respective Multiplexes. Such expenses in respect of the Multiplexes under construction are carried forward for being capitalised at the time of completion.

d) Depreciation and Amortization of Fixed Assets:

Cost of leasehold land is amortized over the period of lease. On other fixed assets, excluding freehold land, depreciation is provided on straight-line basis as under:

I. On Leasehold Improvements, electrical installations & air conditioners in leased premises, over the period of useful life on the basis of the respective agreements or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is shorter.

II. On other fixed assets, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Individual items of Fixed Assets added during the period, costing Rs 5,000 or less, are fully depreciated in the first year. Based on technical opinion Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Certain fixed assets of the subsidiary are depreciated on the written down value method. However, the difference between the straight-line basis and written down value basis is not material.

- e) Amortization of Film Distribution Rights, Prints Cost and Negative Rights (intangible assets):
Cost of Film Distribution Rights (and corresponding prints cost) and Negative Rights is amortized in proportion to the management's estimate of gross revenues expected to be realized over a period.
- f) Impairment of assets :
Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's asset. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.
- g) Investments :
Long-term investments are carried at cost. Provision for diminution is made to recognize the decline, other than temporary, in the values of these investments. Current Investments are carried at lower of the cost and fair value. Income from investments is accounted for on accrual basis.
- h) Inventories :
Inventories are valued at lower of the cost and net realisable value. Cost is determined using FIFO method.
- i) Employee Benefits :
Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account in the year in which related services are rendered. Company's contribution towards provident fund paid / payable during the year are charged to the Profit and Loss Account. Post employment benefits in the form of Gratuity and Leave Encashment are recognized as an expense in the Profit and Loss Account at the present value of the amounts payable, determined on the basis of actuarial valuation techniques, using the projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss Account.
- j) Borrowing Cost :
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- k) Leases:
Lease rentals in respect of assets acquired on operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.
- l) Taxes on Income :
Income tax expense comprises of current tax and deferred tax charge. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax is recognized only if there is a virtual certainty of realization of such assets. The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income-tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilization of such credit.
- m) Foreign Currency Transactions:
Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or losses on settlement of the transactions are recognized in the Profit and Loss Account. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognized in the Profit and Loss Account.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

n) Provisions :

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.

4. During the year ended 31st March 2010, the Parent Company had acquired 1,50,57,751 equity shares in Fame (India) Limited (“Fame”), being the Promoters’ shareholding, through a block deal carried out on the Bombay Stock Exchange. The Parent Company had thereafter acquired another 25,07,537 equity shares in Fame, from the market, through two separate block deals carried out on the Bombay Stock Exchange. As a result of these acquisitions, the Parent Company held 1,75,65,288 equity shares comprising of 50.48% stake in Fame. Pursuant thereto, as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, an Open Offer was made to the Shareholders of Fame for acquisition of 82,31,759 equity shares in Fame at a price of Rs 51 per share. In this regard, the Parent Company had placed Rs. 42 crores, being 100% of the funds required under the Open Offer, in escrow with HDFC Bank, and the 1,50,57,751 equity shares acquired from the Promoters of Fame were placed in escrow with Standard Chartered Bank, till the conclusion of the Open Offer formalities.

During the current year, the open offer was made from 16th December 2010 to 4th January 2011 and after completion thereof, on 6th January 2011 the amount of Rs. 42 crores and the equity shares placed in escrow were released. The Parent Company’s stake in Fame now stands at 50.27% of the existing issued and paid-up capital of Fame. Accordingly, as per the provisions of Companies Act, 1956, Fame has become a subsidiary of Inox Leisure Limited w.e.f. 6th January 2011. Consequently, the consolidated results of Fame are included in the CFS from 6th January 2011 on the basis of the financial statements prepared by the Fame’s management for the period ended on 31st December 2010, after making necessary adjustment for material events between 31st December 2010 and 6th January 2011.

5. Employee Stock Options

a) In case of the Parent Company

During the year ended 31st March 2006, the Parent Company had issued 500,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share to Inox Leisure Limited – Employees’ Welfare Trust (“Trust”) to be transferred to the employees of the Company under the scheme of ESOP framed by the Company in this regard. The Company has provided finance of Rs. 75 lacs to the Trust for subscription of these shares at the beginning of the plan.

As per the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, shares allotted to the Trust but not transferred to employees is required to be reduced from Share Capital and Reserves. Out of the 500,000 equity shares allotted to the Trust, 146,263 shares have been transferred to employees up to 31st March 2011. Accordingly, for the balance number of shares, the Company has reduced the Share Capital by the amount of face value of equity shares and Share Premium Account by the amount of share premium on such shares. The Company has also given effect to the above in the calculation of its Basic and Diluted earnings per share.

Following stock options have been granted to the employees:

On 29 th January 2007 (First Grant)	244,120 shares
On 27 th October 2009 (Second Grant)	33,332 shares

The vesting period for these equity settled options is between one to four years from the date of the grant. The options are exercisable within one year from the date of vesting. The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

The summary of stock options is as under:

Outstanding on 1 st April 2010	91,112
Granted during the year	Nil
Lapsed during the year	4,970
Exercised during the year	47,723
Outstanding as on 31 st March 2011	38,419

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Exercisable as on 31 st March 2011	21,753
Weighted average exercise price of all stock options	Rs. 15

All stock options are exercisable at the exercise price of Rs. 15 per option and the weighted average remaining contractual life is as under:

Options granted on 29 th January 2007	0.83 years
Options granted on 27 th October 2009	2.08 years

In respect of the options granted under the Employees' Stock Option Plan, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the accounting value of options is amortized over the vesting period. Consequently, 'Salaries, Wages, Allowances and Benefits' in Schedule 13 includes Rs. 9.87 lacs being the amortization of employee compensation.

Had the Parent Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 0.58 lacs, profit after tax lower by Rs. 0.58 lacs and the basic and diluted earnings per share would have been lower by less than Rs. 0.01 each.

b) In case of the Fame India Limited

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

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

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

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

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

Employee stock option activity under the scheme is as follows.

	Nos.
Outstanding at the beginning of the year	1,063,300
Granted during the year	-
Forfeited during the year *	(637,750)
Vested and Exercised during the year	(151,770)
Outstanding at the end of the year #	273,780

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

On 21 May 2011, the second tranche of options have vested to the eligible employees.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

6. In respect of Service-tax Matters

As per the amendment made by the Finance Act 2010, renting of immovable property was defined as a taxable service with retrospective effect from 1st June 2007. Accordingly, in the annual accounts for the year ended 31st March 2010, the Group had provided eservice tax for Rs. 1041.07 lakhs in respect of rentals paid for the year ended 31st March, 2009 and 31st March, 2010.

During the current year, the Group has challenged this levy by filing Writ Petition with various High Courts. While Honourable High Court of Mumbai, Delhi and Karnataka have granted stay for the levy of service tax in respect of immovable properties of the Company situated within their respective jurisdictions, matter is pending for hearing at Honourable Andhra Pradesh High Court.

Based on legal advice obtained by the Group, the recovery of service tax on renting of immovable property cannot be said to be final, and accordingly no provision of service tax on lease rentals is made for the year ended 31st March, 2011. Further, the amount provided in the accounts during the year ended 31st March 2010, towards service tax on lease rentals for the year ended 31st March 2009 and 31st March 2010, has been reversed during the year ended 31st March 2011. The amount of service tax on lease rentals not charged to the consolidated Profit and Loss Account for the year ended 31st March 2011 is Rs. 483.64 lacs and the cumulative amount for the Group as at 31st March 2011 is Rs. 1722.41 lacs.

7. In respect of taxation matters

- a) In the appellate proceedings before the Commissioner of Income-tax (Appeals) the Parent Company's contention that the amount of entertainment tax exemption availed for some of its multiplexes is a capital receipt has been accepted. Accordingly, provision for current tax is computed on the same basis and is for Minimum Alternate Tax payable on book profit, in the case of the Parent Company and Fame India Limited.
- b) The Minimum Alternate Tax (MAT) paid by the Parent Company and Fame India Limited is entitled to be carried forward and utilized in subsequent years. In the opinion of management, on the basis of projections, estimates of future taxable income and the extension of period for utilization of MAT credit as per the amendment made by the Finance Act (No. 2), 2009, the Parent Company and Fame India Limited would have normal tax liability within the specified period to avail such MAT credit. Consequently, the Group has recognized the MAT credit entitlement.
- c) Breakup of taxation pertaining to earlier years is as under

Particulars	Amount (Rs. in lacs)
Income tax (*)	105.53
Fringe Benefit tax	2.48
Mat Credit entitlement	133.39
Net credit	241.40

(*) Including Rs. 149.18 lacs tax provision made by Fame India Limited prior to 6th January 2011 and reversed thereafter.

8. Contingent Liabilities:

- a. Claims against the Company not acknowledged as debt – Rs. 814.54 lacs
- b. Bank Guarantees in respect of:
 - i. Entertainment tax exemption availed – Rs. 529.73 lacs
 - ii. Other matters – Rs. 26.07 lacs
- c. Municipal Tax demand – Rs. 475.39 lacs
- d. Entertainment Tax demand – Rs. 53.06 lacs
- e. Service Tax demand – Rs. 97.31 lacs
- f. ESIC demand – Rs. 9.71 lacs
- g. In respect of service tax on lease rentals – refer to note no. 6 above.
- h. Custom duty payable on import of cinematographic films – amount is not ascertainable

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

9. In respect of Entertainment Tax liability and its treatment in these accounts: -
- The exemption from payment of Entertainment Tax in respect of Multiplexes of the Group, which are eligible for such exemption, is subject to fulfillment of the terms and conditions of the respective Government policies issued in this regard. The amount of Entertainment Tax exemption availed so far by the Group, which is liable to be paid if the relevant multiplex ceases operations prior to completing the minimum period of operations in terms of the respective policies of the States – Rs. 14311.39 lacs.
 - In respect of Parent Company, the Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criteria as laid down in the respective Schemes but is subject to final Orders yet to be received from respective authorities. Accordingly the amount of Rs 440.46 lacs being Entertainment Tax in respect of such Multiplexes has not been charged to Profit & Loss Account. Cumulative amount as on 31st March 2011 - Rs. 2812.86 lacs.
 - In respect of Parent Company, in respect of the Multiplex Cinema Theatre at Vadodara, the issues in respect of the eligibility for exemption from payment of entertainment tax and the method of computing the exemption availed, have been decided in favour of the Company by the Honourable High Court of Gujarat vide its order dated 26th June, 2009. The matter regarding method of computation of eligibility amount is challenged by the Government Department before the Honourable Supreme Court. Pending receipt of final eligibility certificate the figures indicated in note (b) above includes the figures pertaining to the said Multiplex.

10. Foreign Currency Convertible Bonds

On 21 April 2006, Fame India Limited, 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 USD 20,000,000 due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the “Bonds”). The Series B Bonds bear interest at the rate of 0.5 per cent per annum which accrues semi-annually in arrears on 31 December and 30 June of each year. Interest will accrue on each interest payment date and on maturity, accrued interest will be paid. The Bonds will mature on 22 April 2011.

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

- Rs 90 per share for Series A Bonds; and
- Rs 107 per share for Series B Bonds

(as defined in terms and conditions of the Bonds) at the rate of exchange equal to the US Dollar to Rupees exchange rate as announced by the Reserve Bank of India (the “RBI”) on the business day immediately prior to the issue date. The conversion price is subject to adjustment in certain circumstances.

Unless previously converted, redeemed or repurchased and cancelled,

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

During the year ended 31 March 2008: 1,504,999 equity shares of Rs 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US \$ 1,000 each at an exercise price of Rs 90 per share and 1,687,850

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

equity shares of Rs 10 each were allotted against 4,000 Series B FCCB of US \$ 1,000 each at an exercise price of Rs 107 per share, thus aggregating to a total allotment of 3,192,849 equity shares of Rs 10 each of the Company. There has been no conversion of FCCBs during the year ended 31 March 2011. Exchange gain / loss arising on such conversion have been adjusted against share premium account. Premium on FCCB amortised and adjusted to the share premium account upto the date of conversion has been reversed. The bond issue expenses have been adjusted against share premium as per the provision of Section 78 of the Act.

As at 31 March 2011, in accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year ended 31 March 2010, certain bondholders had opted for early redemption aggregating to USD 1365,445 (face value of USD 1,000,000 and YTM of USD 365,445, subject to tax), which is subject to approval from Reserve Bank of India.

During the year ended 31 March 2011, provision of Rs. 257.13 lacs is made towards potential withholding tax liability on account of redemption of the Bonds and is the same is adjusted to the share premium account.

11. Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances - Rs. 348.23 lacs
12. Foreign currency exposure not hedged as at the year ended 31 March 2011 by a derivative instrument or otherwise are as under:

Particulars	Amount	
	In US \$	Rs. in lacs
FCCB liability	13,000,000	5804.50
YTM on FCCB	4,878,785	2178.38

13. In respect of Parent Company, the arbitration award in the matter of disputed recoveries pertaining to one of the multiplex of the Company has been received in favour of the Company and the arbitrator has further granted interest claimed on the unpaid amount at the rate of 15% p.a. The Company has accordingly accounted interest of Rs. 18.23 lakhs. Total amount of interest receivable upto 31st March, 2011 is Rs.93.30 lakhs. During the current year the said award has been challenged before the District Court and the matter is pending.
14. Deferred Tax

Major components of the deferred tax assets and liabilities recognized by the Group are as under:

(Rs. in lacs)

Particulars	Net deferred tax liability	Net deferred tax asset
A: Deferred Tax Liabilities		
Difference between book depreciation and tax depreciation (net of un-absorbed depreciation)	1890.24	--
B: Deferred Tax Assets		
Expenditure allowable on payment basis under Income-tax Act	(107.55)	(12.24)
Provision for doubtful debts	(30.68)	(23.16)
Others	(7.45)	--
Net Deferred Tax Liability / (Asset)	1744.56	(35.40)

Note: Amount of deferred tax recognized in the CFS exclude the net deferred tax asset of Rs. 2288.76 lacs (including Group share in joint ventures of Rs. 53.46 lacs) in the case of Fame India Limited, one of its subsidiary and one of its joint venture, as the same is not recognized in the standalone financials of these companies due to absence of virtual certainty of realization.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

15. The significant leasing arrangements are in respect of :-

- a. The Group is operating some of the multiplexes under Operating Lease / Business Conducting Arrangement. These arrangements are for a period of 9-25 years with a minimum lock-in period of 3-10 years and the agreement provides for escalation in rentals after pre-determined periods. Property Rent and Conducting Fees are included in 'Property Rent and Conducting Fees' in Schedule 13 to the Profit and Loss Account .

The future minimum lease / conducting fees payments under these arrangements are as under:

Particulars	Current Year (Rs. in lacs)
Not later than one year	7,818.75
Later than one year and not later than five years	32,369.70
Later than five years	84,243.32
Total	1,24,431.77

- b. In respect of other operating leases for premises (offices and residential accommodations for employees) - generally, these lease arrangements are non-cancelable, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. Lease rentals are included in 'Property Rent and Conducting Fees' in Schedule 13 to the Profit and Loss Account.

16. Segment Information

A. Information about Primary Segment

Sr. No	Particulars	Amount (Rs. in lacs)
I	Segment Revenue	
	a. Theatrical Exhibition	37125.55
	b. Film Distribution	4.74
	c. Power	106.72
	d. Other segments	14.04
	e. Un-allocable and Corporate	447.51
	Total revenue	37698.56
	Less: Inter Segment revenue	
	a. Distribution	0.10
	b. Power	101.34
	Total Inter Segment revenue	101.44
	Total External revenue	37597.12
II	Segment Result	
	a. Theatrical Exhibition	1579.53
	b. Film Distribution	(68.47)
	c. Power	48.15
	d. Other segments	0.63
	Total Segment result	1559.84
	Add: Un-allocable & Corporate Income (net of un-allocable and corporate expenses)	351.04
	Less: Interest expenses	1617.00
	Total Profit Before Tax	293.88
	Add: Taxation (including Deferred Tax, Fringe Benefit Tax and taxation pertaining to earlier periods) – Net	13.11
	Profit After Tax	306.99

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

III	Other Information	
	A. Segment Assets	
	a. Theatrical Exhibition	66318.64
	b. Film Distribution	185.90
	c. Power	619.53
	d. Other segments	302.81
	e. Un-allocable and Corporate	10107.08
	Total	77533.97
	B. Segment Liabilities	
	a. Theatrical Exhibition	7918.57
	b. Film Distribution	119.46
	c. Power	0.97
	d. Other segments	118.69
	e. Un-allocable and Corporate	34217.42
	Total	42375.11
	C. Capital Expenditure	
	a. Theatrical Exhibition	3391.92
	b. Film Distribution	Nil
	c. Power	Nil
	d. Other segments	Nil
	Total	3391.92
	D. Depreciation & Amortization	
	a. Theatrical Exhibition	2292.85
	b. Film Distribution	2.09
	c. Power	Nil
	d. Other segments	Nil
	Total	2294.94
	E. Non-cash expenses (other than depreciation and amortization)	
	a. Theatrical Exhibition	118.35
	b. Film Distribution	51.05
	c. Power	Nil
	d. Other segments	Nil
	e. Un-allocable and Corporate	Nil
	Total	169.40

B. Information about Secondary (Geographical) Segment

All the multiplexes/theatres of the Group are located in India and all the movies are produced/distributed in India. The power is also generated and sold / captively consumed in India. Hence the Group is operating in a single geographical segment.

C. Notes:

a. The Group operates in following business segments:

- i. Theatrical Exhibition – Operating & managing multiplex entertainment centres and cinema theatres.
- ii. Film Distribution – Distribution of Movies.
- iii. Power – Generation of Wind Power
- iv. Other segments comprise of programming business, production of movies and food courts & malls management.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- b. Inter-segment revenue of Distribution Business comprises of film distributors' share in respect of movies distributed by the Group and exhibited in its multiplexes. Inter-segment revenue of Power Business comprises of power generated and consumed in Multiplex Business. Inter-segment revenues are priced at market price.
- c. The above segment information includes the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

17. Employee Benefits:

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs. 144.61 lacs is recognized as an expense and included in 'Contribution to Provident & Other Funds' in the Profit and Loss Account and Rs. 1.32 lacs is included in pre-operative expenses.
- b) Defined Benefit Plans: The amounts recognized in respect of Gratuity and Leave Encashment – as per Actuarial

(Rs. in lacs)

Particulars	Gratuity As at 31.3.2011	Leave Encashment As at 31.3.2011
1. Change in Benefit Obligation		
Liability at the beginning of the year	162.47	85.57
Interest Cost	7.38	4.04
Current Service Cost	34.50	47.15
Benefit paid	(25.92)	(28.23)
Actuarial (Gain)/Loss	0.19	(12.46)
Liability at the end of the year	178.62	96.07
Group share in joint ventures	0.15	0.12
2. Expenses recognized in the Profit and Loss Account		
Current Service Cost	34.50	47.15
Interest Cost	7.38	4.04
Actuarial (Gain)/Loss	0.19	(12.46)
Expenses recognized in the Profit and Loss Account	42.07	38.73
Group share in joint venture	Nil	(0.03)
3. Actuarial Assumptions		
Discount Rate	8%	8%
Salary Escalation Rate	7% / 12 %	7% / 12 %
Retirement Age		58 Years
Mortality	LIC (1994-96) published table of rates	

The above defined benefit plans are unfunded. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

18. Related Party Disclosures:

- (i) Where Control Exists
 - a. Gujarat Fluorochemicals Limited – Holding Company
 - b. Inox Leasing & Finance Limited – Ultimate Holding Company
- (ii) Other related parties with whom there are transactions:
 - Fellow Subsidiary - Inox Motion Pictures Limited (IMPL)

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Key Management Personnel (KMP)

- a. Mr. Alok Tandon – Manager

Following parties have become 'related parties' w.e.f. 6th January 2011 viz. the date on which Fame India Limited has become a subsidiary of the Company. Accordingly, transactions with these parties w.e.f. 6th January 2011 are considered in related party disclosures.

Key Management Personnel (KMP)

- a. Aditya Shroff - Director in FIL (resigned on 21 January 2011)
 b. Rishi Negib - Chief Operating Officer in FIL (resigned on 28 February 2011)
 c. Shyam Shroff - Director in FMPL (resigned on 21 January 2011)
 d. Balkrishna Shroff - Director in FMPL (resigned on 21 January 2011)

Enterprise over which KMP have significant influence

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

(iii) Particulars of Transactions:

a. Transactions during the year	Amount (Rs. in lacs)
Interest paid	
Gujarat Fluorochemicals Limited	906.07
Inox Leasing & Finance Limited	60.24
Total	966.31
Remuneration Paid	
Mr. Alok Tandon	70.86
Rishi Negi	6.99
Shyam Shroff	1.69
Balkrishna Shroff	1.69
Aditya Shroff	0.39
Total	81.62
Rent Paid	
Shringar Films	6.69
ASMCP	52.41
Total	59.10
Reimbursement of expenses (paid)	
ASMCP	1.73
Deposit refund received	
Shringar Films	19.68
Rent received	
Inox Motion Pictures Limited	0.12
Inter-corporate deposits received	
Gujarat Fluorochemicals Ltd.	1100.00
Inox Leasing and Finance Ltd.	1300.00
Total	2400.00
b. Amounts outstanding	
Inter-corporate deposits received	
Gujarat Fluorochemicals Ltd.	13300.00
Inox Leasing and Finance Ltd.	1800.00
Total	15100.00

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Interest payable	
Gujarat Fluorochemicals Ltd.	198.14
Amounts receivable	
Inox Motion Pictures Limited	8.46

19. The Parent Company has recognised a provision towards estimated liability in respect of municipal taxes payable for one of its multiplexes as under:

Particulars	Current Year (Rs. in lacs)
Opening Balance	119.00
Provided during the year	52.80
Paid during the year	40.00
Closing balance	131.80

20. Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

Particulars	As at 31.3.2011 (Rs. in lacs)
Principal amount due to suppliers under MSMED Act at the year end	1.80
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	0.03
Payment made to suppliers (other than interest) beyond the appointed day during the year	41.25
Interest paid to suppliers under MSMED Act during the year	0.00
Interest due & payable to suppliers under MSMED Act for payments already made	0.43
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act	2.66

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

21. Calculation of Earnings per share :

Particulars	Amount
Profit after tax as per Profit and Loss Account – after minority interest (Rs. in lacs)	500.34
Weighted average number of equity shares used in computing basic earnings per shares (nos.)	61516314
Weighted average number of equity shares used in computing diluted earnings per shares (nos.)	61537451
Basic Earnings per share – nominal value Rs. 10/- per share (Rs.)	0.81
Diluted Earnings per share – nominal value Rs. 10/- per share (Rs.)	0.81

As per our report of even date attached

For Inox Leisure Limited

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Shashikant Bahuva
Deputy Company Secretary
& Senior Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune

Place : Mumbai

Dated : 26th May 2011

Dated : 26th May 2011

Financial Information of Subsidiary Companies

(Rs. in lacs)

Name of Subsidiary Company		Fame India Limited	Fame Motion Pictures Limited (Formerly known as Shringar Films Limited)	Big Pictures Hospitality Services Private Limited
a)	Capital	3,494.80	99.99	5.00
b)	Reserves	3,380.58	1,779.74	(98.34)
c)	Total Assets	24,382.59	2,004.38	0.50
d)	Total Liabilities	17,507.21	124.65	93.84
e)	Investments (other than investment in subsidiary)	173.20	0.10	Nil
f)	Turnover	16,123.23	679.31	0.36
g)	Profit/(Loss) before taxation	135.46	(35.70)	(0.12)
h)	Provision for taxation	(63.35)	(0.61)	Nil
i)	Profit/(Loss) after taxation	198.81	(35.09)	(0.12)
j)	Proposed dividend	Nil	Nil	Nil
k)	Currency	INR	INR	INR
l)	Country	India	India	India



INOX LEISURE LIMITED

Regd. Office: ABS Towers, Old Padra Road, Vadodara – 390 007

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

PLEASE FILL IN ATTENDANCE SLEEP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name and Address of MEMBER: _____ Folio No: _____
_____ No. of Shares held: _____

I hereby record my presence at the TWELFTH ANNUAL GENERAL MEETING of the Company held on Friday 15th July 2011 at 11.00 a.m. at Maple Hall, Hotel Express Residency, 18/19, Alkapuri Society, Vadodara – 390 007.

Signature of Member(s) / Proxy



INOX LEISURE LIMITED

Regd. Office: ABS Towers, Old Padra Road, Vadodara – 390 007

PROXY FORM

Folio No. _____

I/We _____

of _____ being a Member / Members of

Inox Leisure Limited hereby appoint _____ of _____ or failing

him/her _____ of _____

_____ as my/our proxy to vote for me / us on my/our behalf at the TWELFTH ANNUAL GENERAL MEETING of the Company to be held on Friday 15th July 2011 at 11.00 a.m. at Maple Hall, Hotel Express Residency, 18/19, Alkapuri Society, Vadodara – 390 007 and at any adjournment(s) thereof.

Signed this _____ day of _____ 2011

Affix Re.
I/-
Revenue
Stamp

Signature of Member(s)

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for commencement of the aforesaid meeting. The Proxy need not be a Member of the Company.

BOOK - POST



If undelivered please return to:

INOX Leisure Ltd.
5th Floor, Viraj Towers,
Next to Andheri Flyover,
Western Express Highway,
Andheri (East),
Mumbai - 400 093.

www.inoxmovies.com