Fame India Limited

Annual Report 2010-2011

Fame makes my day

BOARD OF DIRECTORS

Mr. Pavan Kumar Jain - Director

Mr. Deepak Asher - Director

Mr. Kishore Biyani - Independent Director

Mr. Amit Jatia - Independent Director

Mr. Vishal Nevatia - Director *

Mr. Shyam Shroff - Chairman **

Mr. Shravan Shroff - Managing Director **

Ms. Susan Thomas - Director **

Mr. Salim Govani - Director **

* Resigned with effect from 12th August 2010

** Resigned with effect from 21st January 2011

COMPANY SECRETARY

Mr. Suratha Satpathy

STATUTORY AUDITORS

B S R & Co., Chartered Accountants, Mumbai

BANKERS

Axis Bank Limited

IDBI Bank Limited

Standard Chartered Bank

ADVOCATES & SOLICITORS

Naik Paranjpe & company

REGISTERED OFFICE

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

REGISTRARS & TRANSFER AGENT

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

12th Annual General Meeting

Day	:	Thursday
Date	:	14th July 2011
Time	:	11.00 am
Venue	:	Conference Hall of Shree Vagad Visha Oswal Samaj Mahajanwadi, Plot No.A-6, S.N.(P.T.), 41, Adarsh Nagar, Jogeshwari-Oshiwara, Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400 102

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NOTICE

NOTICE is hereby given that the twelfth Annual General Meeting of the Members of the Company of Fame India Limited will be held on Thursday, the 14th July 2011 at 11.00 am at the Conference Hall of Shree Visha Oswal Vikas Samaj, Mahajanwadi, 41, Adarsh Nagar, Jogeshwari – Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshawari (W), Mumbai – 400 102 for the purpose of transacting the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2011; the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. Amit Jatia, who retires by rotation, and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Deepak Asher, who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint Auditors to hold the office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration. In this connection, Members are hereby informed that M/s. B S R & Co., Chartered Accountants, the present Auditors of the Company, retire at the ensuing Annual General Meeting, and have conveyed their inability to continue as Statutory Auditors of the Company. The Company has received a Special Notice under Section 225 of the Companies Act, 1956, proposing the following Ordinary Resolution for appointment of M/s. Patankar & Associates, Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, M/s. B S R & Co., Chartered Accountants, which the Board of Directors recommend for your approval.

   "RESOLVED THAT pursuant to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Patankar & Associates, Chartered Accountants, Pune, be appointed as Statutory Auditors of the Company, in place of the retiring Auditors M/s. B S R & Co., Chartered Accountants, Mumbai; to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be fixed by the Board of Directors of the Company, plus service tax and such other tax(es), as may be applicable and re-imbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending 31st March 2012."

Special Business:

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

   "RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII or any re-enactment(s) or modification(s) thereof and all other applicable statutory provision(s), if any, and subject to the approval of Central Government and subject to such approvals as may be necessary, the Consent of the Members be and is hereby accorded to the re-appointment and payment of remuneration to Mr. Shravan Shroff as Managing Director of the Company for a period between 19th December 2010 to 21st January 2011 on a salary of Rs.1.00 crores per annum plus commission @ 1% on net profit and other perks as per Company's Rules."

By Order of the Board

Suratha Satpathy
Company Secretary

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

Place: Mumbai
Date: 26th May 2011

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IF ANY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from 8th July 2011 to 14th July 2011 (both days inclusive).
3. Members are requested to notify change in address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares, to the Share Transfer Agents quoting their folio nos.

   The Ministry of Corporate Affairs (MCA) has issued Circulars No. 17/2011 dated 21.04.2011 and No. 18/2011 dated 21.04.2011, propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). With a view to lend a strong support to this environment friendly initiative of the Government of India, Annual Reports for Financial Year 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.
4. Directors retiring by rotation – Brief Profile Directors who are retiring by rotation & proposed for re-appointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Section, which forms part of this Annual Report.
5. Shareholders seeking any information with regard to accounts are requested to write to the Compliance Officer at the Registered Office of the Company at least 10 days in advance, so as to keep the information ready at the meeting.
6. Members are requested to bring their Client Id and DP Id for easy identification.
7. Members / Proxies are requested to bring their attendance slip duly filled in and their copy of the Annual Report to the meeting.
8. Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.
9. Corporate members intending to send their Authorised Representative(s) to attend the Annual General Meeting are requested to send duly certified copy of the Board Resolution authorizing such representative(s) to attend and vote at the Annual General Meeting.
10. Members are requested to contact and send the correspondence relating to all transfer of shares and other related matters in physical as well as demat categories to the Registrar & Transfer Agent of the Company:

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

By Order of the Board

Suratha Satpathy
Company Secretary

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

Place**:** Mumbai
Date**:** 26th May 2011

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

ITEM NO. 5

The terms of appointment of Mr. Shravan Shroff, as the Managing Director of the Company had expired on 18th December 2010. The Remuneration Committee of the Board, by passing a Resolution by Circulation dated 18th December 2010, re-appointed Mr. Shravan Shroff as Managing Director of the Company for a further period of six months, i.e. from 19th December 2010 to 18th June 2011 on a salary of Rs.1.00 crores per annum plus commission @ 1% on net profit and other perks as per Company's Rules.

Post completion of Open Offer made by Inox Leisure Limited to the shareholders of your Company under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Mr. Shravan Shroff tendered his resignation as Director and consequently as Managing Director of the Company with effect from 21st January 2011.

The proposed remuneration of Mr. Shravan Shroff during the period from 19th December 2010 to 21st January 2011 exceeds the ceiling limits prescribed under Schedule XIII of the Companies Act, 1956 and hence approval of members and Central Government will be required. Consequently approval of the members is sought through a Special Resolution as stated under item no. 5 of the notice of the Annual General Meeting. Pending approval from members, the Company has already applied to the Central Government for its approval.

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

I. General Information

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

Rs. Lakhs

		2010-11	2009-10	2008-09
i.	Income from operation	16123.23	15073.43	11643.35
ii.	Net profit after tax	198.81	(624.49)	187.72

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

II. Information about the Managing Director – Mr. Shravan Shroff

1. Background details - Mr. Shravan Shroff holds a MBA degree from Melbourne. He has been instrumental in spearheading the concept of introducing modern, plush and comfortable cinema halls in Mumbai.
2 Past Remuneration - Rs.1.00 crores per annum plus commission @ 1% on net profit and other parks as per Company's Rule
3 Recognition or Awards - Mr. Shravan Shroff's name has been included in Society Magazines's Top 100 Young Achievers list (2005). Shravan's name also figures in the prestigious India Today Young Guns, the 50 on the fast track list (2005), Filmfare's list of Film Industry's Top Fifty most powerful list (2006 and 2008).

			Mr. Shravan Shroff has also been chosen by the UB Group in its McDowell's Signature Campaign as an 'Icon of Success'. In 2005, Shravan was invited by the I & B Ministry to join the Censor Board of India as a member. Shravan was also the Co-Chairman of the Entertainment Sub-Committee of CII (Confederation of Indian Industries), Mumbai for the year 2004-2005.
4	Job profile and his suitability	-	Mr. Shravan Shroff was looking after the day to day affairs and management of the Company.
5	Remuneration proposed	-	Rs.1.00 crores per annum plus commission @ 1% on net profit and other parks as per Company's Rule.
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	-	The remuneration proposed is in line with the remuneration drawn by executives in similar industry.
7	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any	-	Mr. Shravan Shroff does not have any relationship with the managerial personnel in the Company.

III. Other Information

1. Reason for loss or inadequate profit – The year 2010-11 and the industry in particular witnessed a slow growth primarily due to lack of good and quality contents release, coupled with stiff competition from sport events like Indian Premier League (IPL), Cricket World Cup, with high incidence of tax and adverse terms with the distributors for supply of content, which have adversely affected the profitability of the Company during the year 2010-11.
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.
3. Expected increase in productivity and profits in measurable terms – The Company currently operates 26 Multiplex Cinema theatres with 97 screens across India. It is expected that the company will achieve better profitability in the coming years.

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

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

By Order of the Board

Suratha Satpathy
Company Secretary

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

Place: Mumbai
Date: 26th May 2011

DIRECTORS' REPORT

To,
The Members,

Fame India Limited

Your Directors are pleased to present the twelfth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Revenue from Operations and Other Income	16123.23	15073.43
Profit Before Interest, Depreciation and Tax (PBIDT)	2453.50	1761.64
Less : Interest	608.30	688.54
Less : Depreciation	1709.74	1697.59
Profit before Tax (PBT)	135.46	(624.49)
Provision for taxation	(63.35)	–
Profit after Tax (PAT)	198.81	(624.49)
Add : Profit brought forward from previous year	370.53	995.02
Balance carried forwarded to Balance Sheet	569.34	370.53

During the year under review, your Company has achieved an operational and other income of Rs.16123.23 lacs. The Company has posted a net profit of Rs.198.81 lacs during the year as compared to a net loss of Rs.624.49 lacs in the previous year.

DIVIDEND:

Your Company has not recommended any dividend for the year ended 31st March 2011.

SUBSIDIARIES:

The Company has two subsidiary companies in which it holds 100% shareholding namely Fame Motion Pictures Limited (earlier Shringar Films Limited, name changed to Fame Motion Pictures Limited with effect from 14th April 2011) and Big Pictures Hospitality Services Pvt. Ltd.

Fame Motion Pictures Limited is primarily engaged into distribution of films and is gradually consolidating its business. Big Pictures Hospitality Services Pvt. Ltd. is engaged in food court business.

The Ministry of Corporate Affairs, vide General Circular No.2/2011 dated 8th February 2011 has granted general exemption to the Holding Company under Section 212 of the Companies Act, 1956 from attaching to its Annual Report, the accounts of its subsidiaries. On the basis of said Circular, the Company has obtained the approval of the Board of Directors for not attaching the accounts of its subsidiaries. However, the accounts of the subsidiaries are accounted for in the consolidated accounts of the Company. 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.

DIRECTORS:

Mr. Amit Jatia and Mr. Deepak Asher, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

During the year, Mr. Shyam Shroff, Mr. Shravan Shroff, Ms. Susan Thomas and Mr. Salim Govani, resigned from the Directorship of the Company, with effect from 21st January 2011. The Board places on record its sincere appreciation of the valuable contribution and support extended by Mr. Shyam Shroff, Mr. Shravan Shroff, Ms. Susan Thomas and Mr. Salim Govani during their tenure as Directors of the Company.

CHANGE OF REGISTERED OFFICE OF THE COMPANY

During the year, the Registered Office of the Company was shifted from Fame Adlabs, 2nd Floor, Oshiwara Link Road, Andheri-W, Mumbai-400 053 to 2nd Floor, Citi Mall, Oshiwara Link Road, Andheri-W, Mumbai-400 053.

INCREASE OF AUTHORISED SHARE CAPITAL OF THE COMPANY

During the year, the authorized share capital of the Company was increased from Rs.52.00 crores to Rs.63.00 crores and consequently the Company amended the capital clause, i.e. Clause V of the Memorandum of Association of the Company with the approval of the members of the Company, by passing a Postal Ballot under provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

DIRECTORS' RESPONSILBILITY STATEMENT:

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

(i) That in the preparation of annual accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) That the Board of Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at 31st March, 2011, and of the profit of the Company for the said financial year;

(iii) That the Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Board of Directors have prepared the accounts on a "going concern basis" and on a "accrual basis".

AUDITORS:

M/s B S R & Co., Chartered Accountants, Auditors of the Company will retire from the office of the Auditors at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment at the ensuing Annual General Meeting. However, they have conveyed their inability to continue as Statutory Auditors of the Company. The Company has received a Special Notice under Section 225 of the Companies Act, 1956, from M/s. Patankar & Associates, Chartered Accountants, proposing to act as Statutory Auditors of the Company in place of the retiring Auditors, M/s. B S R & Co., Chartered Accountants, which the Board of Directors recommend for approval of the Members.

M/s. Patankar & Associates, Chartered Accountants, have furnished a certificate of their eligibility for appointment under Section 224(1B) of the Companies Act, 1956 and they have not been disqualified under provisions of Section 226(3)(e) of the said Act.

AUDITORS' REPORT

The Auditors' Report to the Shareholders contains a remark in respect of Fixed Assets records, which is self explanatory.

STATUS ON POST COMPLETION OF OPEN OFFER

Consequent upon the acquisition by Inox Leisure Limited (ILL) of shares from the erstwhile promoters of the Company and post completion of open offer made by ILL to the shareholders of your Company under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, ILL now holds 50.27% of the issued and paid-up capital of the Company and hence your Company has become the subsidiary of ILL with effect from 6th January 2011.

EMPLOYEE STOCK OPTION SCHEME 2009

During the current financial year, in accordance with the terms and conditions of the Employees Stock Option Scheme, the vesting of stock options for eligible employees for second year has taken place on 21st May 2011.

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

LISTING FEES

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai for the Financial Year 2011-12 have been paid.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, your Company has ensured continued compliance of Corporate Governance requirements during the financial year ended 31st March, 2011 and a Management Discussion and Analysis, Corporate Governance Report and a Certificate from a Company Secretary in practice regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

In compliance with the requirements of clause 49(V), a certificate from the Director and Chief Financial Officer of the Company was placed before the Board and made part of Corporate Governance Report.

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

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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 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 out to all the Shareholders of the Company excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of the Company. Any Shareholders interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2010-2011 (Rs. in Lacs)	2009-2010 (Rs. in Lacs)
Foreign Exchange Earned	-	-
Foreign Exchange Used	-	70.06

EMPLOYEE RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Pavan Kumar Jain
Director

Deepak Asher
Director

Place: Mumbai
Date: 26th May 2011

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as at 31st March 2011.

	Particulars	2010-11
	Options outstanding as at the beginning of the year	1,063,300
a	Options granted during the year	0
b	Pricing Formula	
c	Options Vested**	151,770
d	Options Exercised**	151,770
e	Total no. of shares arising as result of exercise of Options	151,770
f	Options lapsed *	637,750
g	Variation in terms of Options	None
h	Money realised by exerise of Options (in lakhs)	21.96
i	Total number of options in force**	273,780
	** The number of options have been reported as on 31.03.2010	
	* Lapsed Options includes options cancelled/lapsed.	
j	Employee wise details of options granted to:	**For the Grant made in 2010-11**
	- Senior Management	**None**
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	**None**
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	**None**
k	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'	0.37
l	Pro Forma Adjusted Net Income and Earning Per Share	
	Particulars	**Rs. in Lakhs**
	Net Income	
	As Reported	198.81
	Add: Intrinsic Value Compensation Cost	0.00
	Less: Fair Value Compensation Cost	-0.95
	Adjusted Pro Forma Net Income	199.76
	Earning Per Share: Basic	
	As Reported	0.57
	Adjusted Pro Forma	0.60
	Earning Per Share: Diluted	
	As Reported	0.37
	Adjusted Pro Forma	0.40

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

MEDIA & ENTERTAINMENT

Though performance of the media and entertainment industry has not been very encouraging of late, it is expected to reach a size of ~Rs 1.3 trillion at a CAGR of 14% by 2015, according to FICCI KPMG report of 2011, primarily led by buoyant macro-economic indicators.

FILMED ENTERTAINMENT

The year 2010 continued to be a challenging year for the industry with poor box office performance of few big budget movies like 'Kites', 'Guzaarish', 'Tees Maar Khan' etc. However, some niche content such as 'Love Sex Aur Dhoka', 'Band Baaja Baarat', 'Tere Bin Laden', 'Udaan' etc. was warmly welcomed by audiences. Overall performance of filmed entertainment segment in 2010 was rather poor, registering a de-growth of 7% with a total industry size of Rs. 83.3 billion as compared to Rs. 89.3 billion in 2009.

OUTLOOK

The content pipeline for immediate future suggests that 'sequels' are here to stay, be it Hollywood or Bollywood. Further, continued emphasis on digitisation in both exhibition and production (3D and special effects etc.), coupled with growth in multiplex screens is expected to boost the Industry size to reach Rs 132 bn by 2015. The dominance of domestic box office contribution is expected to remain almost at 2/3rd level.

Your company recently launched multiplex under management model, thereby scaling to 97 operational screens as of date. The fit-outs are underway for couple of multiplexes which are expected to commence operations shortly.

OPPORTUNITIES

Growth in disposable income and gradual increase in younger population

Positive economic conditions resulting in higher disposable income especially in the hands of younger age group is expected to lead to higher spends on leisure & entertainment. Movies being an popular and affordable entertainment option, multiplexes have opportunities of cashing in on the same.

Language de-risking

The industry which was once heavily dependent on Hindi movies, is now witnessing a gradual language de-risking on the back of increased success of Hollywood films and improvement in quality and flow of regional films.

Rationalisation of tax structure

With the Goods and Services Tax rollout reaching advanced stage, entertainment tax is expected to be standardized across the nation. This is likely to result in enhanced margins on account of lower entertainment tax rates and ability to claim input tax credits.

Urbanisation in Tier 2 cities

The ever growing urbanisation & modernisation of Tier 2 cities bring in opportunities for deeper multiplex penetration in the under-screened market.

THREATS

Piracy

Apart from piracy in conventional formats such as DVDs/CDs, the internet piracy is becoming more challenging.

Lower patron turnout due to alternative entertainment

Considerable dip is seen in the interest levels of moviegoers with cricket-fever during the summer season. Further, movie releases are also limited during this time.

Influence of 'movie-ratings' on the patrons

The 'movie-ratings' released in print mediums / websites / radio / television channels etc. seem to be having an influence on patron's decision making of watching a particular movie.

SEGMENTWISE PERFORMANCE (CONSOLIDATED)

During 2010-11, segment revenue from theatrical exhibition amounted to Rs 165.17 crore and the profit from the segment amounted to Rs 9.29 crore. This was achieved primarily on the back of full year operation of the new multiplexes opened in 2009-10; increases witnessed in ATP, SPH, advertisement sales etc; partially offset by lower patron turnout in existing multiplexes due to lack of quality content etc.

Segment revenue from Distribution amounted to Rs 4.76 crore. However, a loss of Rs 1.52 crore was incurred in this segment.

Segment revenue from others (which primarily comprises of programming, management contracts etc.) amounted to Rs 1.68 crore with a segment profit of Rs 0.82 crore.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's financial performance is dealt with under the head with 'Financial Results' in Directors' Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

Relations with employees of the Company continued to cordial throughout the year. As of 31st March 2011, the employee strength was around 835.

IPO FUNDS UTILISATION

The funds raised by your company from the IPO in 2005 have been fully utilised towards funding the exhibition growth.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

In accordance with the terms and conditions of FCCB, the bonds have matured on 22 April 2011 and are due for payment. The Company is taking necessary steps in this regard.

CORPORATE GOVERNANCE REPORT

Introduction

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

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

I. Company's Philosophy on Corporate Governance:

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

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

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

II. Board of Directors:

(a) *Composition and Category:*

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

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

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

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

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

The Composition of the Board of Directors, the number of their other directorships and membership of Committees, is as under:

Name of the Director	Category of Directorship	Number of Outside Directorships*	No. of Committees in which Chairman / Member**	
			Member	Chairman
Mr. Pavan Kumar Jain	Non Executive - Non-Independent Director	7	1	3
Mr. Kishore Biyani	Non Executive - Independent Director	12	4	Nil

Name of the Director	Category of Directorship	Number of Outside Directorships*	No. of Committees in which Chairman / Member**	
			Member	Chairman
Mr. Deepak Asher	Non Executive - Non-Independent Director	7	3	Nil
Mr. Amit Jatia	Non Executive - Independent Director	4	Nil	Nil
Mr. Vishal Nevatia (Resigned as a Director w.e.f. 12.08.2010)	Non Executive - Independent Director	1	Nil	Nil
Mr. Shyam Shroff (Resigned as Director and Chariman w.e.f. 21.01.2011)	Non Executive Chairman, Promoter	1	Nil	Nil
Mr. Shravan Shroff (Resigned as a Managing Director w.e.f. 21.01.2011)	Promoter Executive Director, designated as Managing Director	1	Nil	Nil
Ms. Susan Thomas (Resigned as a Director w.e.f. 21.01.2011)	Non Executive - Independent Director	Nil	Nil	Nil
Mr. Salim Govani (Resigned as a Director w.e.f. 21.01.2011)	Non Executive - Independent Director	2	Nil	Nil

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

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

Subsequent to acquisition of shares by Inox Leisure Limited from erstwhile promoters of our Company, in February 2010, open offer was made to the Shareholders of the Company under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 **("Takeover Code").** The said open offer has been completed on 6th January 2011. Post completion of Open Offer, Inox Leisure Limited now holds 1,75,66,363 shares of our Company, representing 50.27% of issued and paid-up capital of the Company and consequently, the Company become the subsidiary of Inox Leisure Limited.

(b) Board Procedure:

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

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

The Company normally convenes at least one meeting in every three months and maximum time gap between any two meetings is normally not more than four months. During the financial year ended 31st March 2011, 5 (Five) Board Meetings were held and the same were held on 29th May 2010, 29th July 2010, 28th October 2010, 21st January 2011 and 12th February 2011.

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

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 22nd September 2010
Mr. Shyam Shroff**	3	Yes
Mr. Shravan Shroff**	4	Yes
Mr. Vishal Nevatia*	0	Nil
Mr. Salim Govani**	3	Yes
Ms. Susan Thomas**	3	No
Mr. Amit Jatia	2	No
Mr. Kishore Biyani	3	No
Mr. Pavan Kumar Jain	3	No
Mr. Deepak Asher	5	Yes

* Resigned with effect from 12th August 2010

** Resigned with effect from 21st January 2011

III. Audit Committee

(a) *Broad Terms of Reference*

The Audit Committee, *inter alia*, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The scope of activities of the Audit Committee is in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement. The broad terms of reference include:

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

(b) *Composition:*

The Audit Committee was reconstituted on 21st January 2011 and the Committee comprises of three directors. The composition of the Audit Committee is as follows :

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

(c) *Meetings and Attendance:*

During the financial year ended 31st March 2011, 4 (four) audit Committee meetings were held on 29th May 2010, 29th July 2010, 28th October 2010, 11th February 2011.

The attendance of Audit Committee meeting is as under:

Names of Members	No. of meetings attended
Ms. Susan Thomas **	3
Mr. Vishal Nevatia*	0
Mr. Amit Jatia	2
Mr. Shravan Shroff**	3
Mr. Salim Govani**	3
Mr. Kishore Biyani***	1
Mr. Deepak Asher***	1

* Resigned with effect from 12th August 2010

** Resigned with effect from 21st January 2011

*** Inducted with effect from 21st January 2011

Mr. Salim Govani, Chairman of the Audit Committee was present at the last Annual General held on 22nd September 2010.

IV. Remuneration Committee:

(a) *Broad Terms of Reference*

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

(b) *Composition:*

The Remuneration Committee was reconstituted on 21st January 2011 and comprises of three directors, all of whom are non executive directors. The composition of the Remuneration Committee is as follows:

Names of Members	Category
Mr. Pavan Kumar Jain	Chairman - Non Independent, Non Executive
Mr. Deepak Asher	Non Independent, Non Executive
Mr. Amit Jatia	Independent, Non Executive

(c) *Remuneration Policy:*

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

1. Employment Scenario
2. Remuneration package and practices in the industry
3. Performance of Company and individual performance

(d) *Meetings & Attendance:*

During the year, no meeting of Remuneration Committee was held. However, one Resolution by Circulation was passed by the members of Remuneration Committee on 18th December 2010.

(e) ***Remuneration to Executive Director:***

The details of remuneration paid to Managing Director during the year ended 31st March 2011 is as under:

Name of Director	Basic Salary & Other Benefits	Total
Mr. Shravan Shroff*	Rs. 71,50,535/-	Rs. 71,50,535/-

* Mr. Shravan Shroff resigned as Managing Director of the Company with effect from 21st January 2011 and the remuneration paid to him as stated above is upto 31st December 2010.

V. Shareholders/ Investor Relation Committee:

The Company constituted a Shareholders / Investor Relation Committee. The Committee was reconstituted on 21st January 2011 and comprises of Mr. Pavan Kumar Jain, Mr. Kishore Biyani and Mr. Deepak Asher. Mr. Pavan Kumar Jain is the Chairman of the Shareholders/Investor Relation Committee. The Committee normally meets as and when required. The Committee looks into redressal of shareholders complaints like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividend etc. The Committee also deals with various matters like transfer of shares, issue of duplicate share certificates etc. The Committee also oversees the performance of Registrar & Transfer Agents and recommends measures for overall improvement in the quality of investor services.

Details of Shareholders Complaints:

The total number of shareholders complaints received during the year ended 31st March 2011 was 2 (Two). Both these were replied to, to the satisfaction of the shareholders concerned. There were no outstanding complaints as on 31st March 2011. Shareholders' complaint and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer:

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

VI. Subsidiary Companies:

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

VII. General Body Meetings:

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

AGM	DATE	TIME	VENUE
11th	22-09-2010	10.00 A.M.	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari - Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
10th	30-09-2009	11. 00 A.M.	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari - Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102
9th	27-09-2008	11. 00 A.M.	Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari - Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai-400102

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

1. At the Annual General Meeting held on 30th September 2009, two special resolutions pertaining to Section 61 & Section 314 of the Companies Act, 1956; to Consent for revision in utilization of unutilized IPO proceeds and for an appointment of Mr. Aditya Shroff as Asst. Vice President – Programming & Corporate Sales of the Company, were passed respectively.

b) Postal Ballot / Special Resolutions:

1. The Company undertook a Postal Ballot for the purpose of obtaining approval of the Shareholders for two resolutions i.e. i) Increase of Authorised Share Capital of the Company; and ii) Amendment of Clause V of the Memorandum of Association of the Company.

   Mr. Nilesh Shah, Partner, Nilesh Shah & Associates, Company Secretaries was appointed as the scrutinizer for the Postal Ballot process.

   The last date of receipt of the Postal Ballot forms was till the close of business hours, i.e., at 5.00 p.m. on 7th April 2011. The Scrutinizer submitted his report to the Chairman on 9th April 2011.

   The voting pattern of the Postal Ballot for Resolution No. 1 was as follows:

Particulars	No. of Postal Ballot Forms
(a) Total Postal Ballot Forms received	215
(b) Less: Invalid postal ballot forms	22
(c) Valid Postal Ballot forms	192

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

Description	No of Postal Ballot Forms received	No of Shares Votes	Percentage of Total Votes
Total Postal Ballots Received	215	17931775	-
Postal Ballots Valid	192	17924807	100%
Postal Ballots Invalid	22	2868	-
Postal Ballots in favour of the Resolution	184	17923238	99.99%
Postal Ballots against the Resolution	8	1569	0.01%

One postal ballot form was not considered due to unavailability of signature with the depository.

The above resolution was carried with requisite majority.

The voting pattern of the Postal Ballot for Resolution No. 2 was as follows:

Particulars	No. of Postal Ballot Forms
(a) Total Postal Ballot Forms received	215
(b) Less: Invalid postal ballot forms	35
(c) Valid Postal Ballot forms	179

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

Description	No of Postal Ballot Forms received	No of Shares Votes	Percentage of Total Votes
Total Postal Ballots Received	215	17931745	-
Postal Ballots Valid	179	17920025	100%
Postal Ballots Invalid	35	7620	-
Postal Ballots in favour of the Resolution	169	17917336	99.98%
Postal Ballots against the Resolution	10	2689	0.02%

One postal ballot form was not considered due to unavailability of signature with the depository.

The above resolution was carried with requisite majority.

VIII. Disclosures:

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

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

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

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

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

The Company does not have a formal whistle blower policy. However, the Company follows as an open door policy wherein all the employees are free to express their feedback/suggestions/complaints.

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

The Company has adopted Code of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement and all the Board Members and Senior Management Personnel have affirmed compliance of the Code of conduct. The Annual Report of the Company contains a declaration to this effect signed by a Director of the Company.

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

IX. Means of Communication:

1. The Board of Directors of the Company approves and takes on record quarterly, yearly financial results in the proforma prescribed in clause 41 of the Listing Agreement.
2. The approved financial results are forthwith sent to relevant stock exchanges on which the shares of the Company are listed and are published in the leading national English Newspapers. In addition, the same are published in local language (Marathi) newspaper within forty eight hours of approval thereof.

   The Company's financial results are displayed on the Company's website www.fame.co.in.
3. Formal presentations were made to the institutional investors and analysts during the year under review and the same were posted on the Company's website.

   Generally, all relevant information is placed by the Company on its website viz. www.fame.co.in
4. Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the Company.

X. General Shareholder Information:

a) **Registered Office:**

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

b) **Annual General Meeting :**

- **Financial Year** : 1st April 2010 to 31st March 2011
- **Day, Date & Time** : Thursday**,** 14th July 2011 at 11.00 a.m.
- **Venue** : Conference Hall, Shree Visha Oswal Vikas Samaj Mahajanwadi, 41, Adarash Nagar, Jogeshwari - Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai - 400102
- **Date of Book Closure** : 8th July 2011 to 14th July 2011 (both days inclusive)

c) **Reporting of Unaudited/ Audited Financial Results**

i. First Quarter Results :- by 2nd week of August 2011

ii. Second Quarter Results with Half Yearly Results :- by 2nd week of November 2011

iii. Third Quarter Results :- by 2nd week of February 2012

iv. Fourth Quarter or Audited Results for the year ended 31st March 2012 :- by 30th May 2012

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

e) **Listing on Stock Exchanges:**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange Limited, Mumbai. The annual listing fees as prescribed have been paid to the Stock Exchange for the year 2011-2012.

f) **Stock Code:**

Bombay Stock Exchange Scrip Code - **532631**

National Stock Exchange Scrip Code - **FAME**

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

g) **Stock Market Data:**

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

Month	Bombay Stock Exchange Limited			National Stock Exchange Limited		
	High (In Rs.)	Low (In Rs.)	No. of shares traded	High (In Rs.)	Low (In Rs.)	No. of shares traded
Apr - 2010	89.00	81.35	227395	89.40	78.70	241086
May - 2010	83.00	74.30	428902	86.00	75.00	530423
Jun - 2010	84.45	80.30	172491	83.90	80.00	122318
Jul - 2010	89.80	81.05	132991	89.55	81.05	240740
Aug - 2010	86.60	80.05	215184	87.00	80.00	378285
Sep - 2010	84.75	79.50	120897	84.80	80.00	308577
Oct - 2010	82.95	75.00	377401	82.5	76.10	735139
Nov - 2010	81.90	70.00	97720	81.10	71.00	356017
Dec - 2010	84.25	73.00	1361354	84.45	73.20	2410356
Jan - 2011	92.95	59.35	2146585	92.95	59.40	3405310
Feb - 2011	63.00	43.05	38554	63.40	40.00	61947
Mar - 2011	80.65	39.50	2626893	80.80	36.50	5220229

h) **Registrar and Share Transfer Agents:**
Link Intime India Private Limited
C-13, Pannalal Silk Mill Compound, L.B.S Marg, Bhandup (West), Mumbai-400 078
Tel.: 022 2594 6970, Fax: 022 2594 6969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

i) **Share Transfer System :**

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

j) **Distribution of Shareholdings as on 31st March, 2011:**

No. of Equity Shares	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shareholding
upto 500	7045	92.1879	874263	2.5017
501-1000	331	4.3313	284167	0.8131
1001-2000	147	1.9236	234865	0.6721
2001-3000	33	0.4318	87713	0.2510
3001-4000	27	0.3533	97490	0.2790
4001-5000	18	0.2355	86520	0.2476
5001-10000	16	0.2094	114735	0.3283
10001 & above	25	0.3271	33167279	94.9073
Total	**7642**	**100**	**34947032**	**100**

k) **Shareholding Pattern as on 31st March 2011:**

Sr. No.	Category	No. of Shares held	% of Share Capital
1.	Promoters	17566363	50.27
2.	Public Financial Institutions, Banks & Insurance Companies	-	-
3.	Private Corporate Bodies	14575426	41.71
4.	NRIs/FIIs/OCBs	703430	2.01
5.	Indian Public & Others	2101813	6.01
	Total	**34947032**	**100.00**

l) **Dematerialisation of Shares and Liquidity:**

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

m) **Status of Dematerialization as on 31st March 2011:**

Particulars	No. of Shares	% of Total Capital
NSDL	16552613	47.36
CDSL	18392435	52.63
Total Dematerialised	34945048	99.99
Physical	1984	0.01
Grand Total	34947032	100.00

n) **Nomination:**

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

o) **Address For Correspondence:**

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

p) **Details of uses of Public Funds Obtained:**

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

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

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

The present status (as on 31st March, 2011) of IPO fund utilization is as follows: –

(Rs. lacs)

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2011
1	Funding exhibition growth	3370.00	*1390.56
2	Funding distribution growth through subsidiary	599.50	-
3	Issue expenses	350.00	**441.62
4	Repayment of loans	-	*2487.32
	Total	**4319.50**	**4319.50**

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

** The issue expense was higher by Rs 91.62 lacs as compared to the projections in the Prospectus. This is due to increase in lead management fee, underwriting and selling commission, advertising and marketing expenses and legal and professional charges. The issue expenses incurred were adjusted in the year of issue against the Securities Premium Account.

The shareholders of the Company, at their Annual General Meeting held on 30 September 2009 have approved vide a special resolution, the utilisation of balance un-utilised IPO proceeds of Rs 1600.00 lacs as at that date inter-alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, during the year , the Company utilised Rs 1195.06 lacs for repayment of term loans taken for capital expenses incurred on its multiplexes.

XI. COMPLIANCE:

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

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

XII. COMPLIANCE CERTIFICATE OF THE PRACTICING COMPANY SECRETARY

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

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

Mr. Amit Jatia

Mr. Amit Jatia holds a degree in business administration from the University of Southern California, Los Angeles. He also holds a degree in Humburgerology from the Hamburger University, USA in the year 1996. He is the managing director of Hardcastle Restaurants Private Limited which operates McDonald's India's operations in western region. He is a member of the Young Presidents' Organization.

Directorship in other Companies:

Sterling Holiday Resorts (India) Limited, West Pioneer Properties Limited, Hardcastle & Waud Manufacturing Company Limited, Houghton Hardcastle (India) Limited

Membership/Chairmanship of Board Committees:

Mr. Deepak Asher:

Mr. Deepak Asher is a graduate in commerce and law from the Maharaja Sayajirao University, Vadodara. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and Cost Accountant from the Institute of Costs and Works Accountant of India. He is associated with the Inox Group for more than 20 years, in different capacities. He is responsible for the Inox Group's corporate finance function and diversification into the cinema, emission trading and the wind energy businesses. He is a member of the Entertainment Committee of the Federation of Indian Chambers of Commerce and Industry and is the President of Multiplex Association of India. He was awarded the 'Theatre World Newsmaker of the Year 2002' award for his contribution to the cinema exhibition industry.

Directorship in other Companies:

Inox Leasing and Finance Limited, Inox Leisure Limited, Gujarat Fluorochemicals Limited, Inox Motion Pictures Limited, Inox Wind Limited, Inox Renewables Limited and Fame Motion Pictures Limited.

Membership/Chairmanship of Board Committees:

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

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

To,
The Members,

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

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

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

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

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

For A. Y. Sathe & Co.
Company Secretaries

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

Date: 26th May 2011

CERTIFICATION :

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

a) The Company has reviewed financial statements and the cash flow statement for the year ended 31st March 2011 & to the best of our knowledge and belief :

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee.

   (i) significant changes in internal control during the year;

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; a

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Date : 26th May2011

Place : Mumbai

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

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

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed Compliance with the Code of Conduct for the year ended 31st March 2011.

For and on behalf of the Board

Place: Mumbai
Date: 26th May 2011

Deepak Asher
Director

AUDITORS' REPORT

To the Members of Fame India Limited

We have audited the attached balance sheet of Fame India Limited ('the Company') as at 31 March 2011 and the related profit and loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
   a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
   d) in our opinion, the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
   e) on the basis of written representations received from the directors of the Company as at 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
   f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 March 2011;
      ii) in the case of the Profit and loss account, of the profit of the Company for the year ended on that date; and
      iii) in the case of the Cash flow statement, of the cash flows of the Company for the year ended on that date.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

Annexure to the Auditors' Report – 31 March 2011

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records to show full particulars including situation of fixed assets. *However, the Company is in the process of updating the quantitative details.*

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The management has verified certain fixed assets during the year. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

(ii) (a) The inventory of food and beverages has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has granted an interest-free loan to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs 9,328,965 and the year-end balance (gross) of such loan was Rs 9,328,965.

(b) In our opinion, the terms and conditions on which the interest-free loan was granted to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interests of the Company. The balance outstanding aggregating to Rs 9,328,965 is provided for as on 31 March 2011.

(c) The loan granted to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act is interest-free and repayable on mutually agreed terms. According to the information and explanations given to us, the loan receivable from the wholly-owned subsidiary company has been adjusted in the previous year under a contractual arrangement as mutually agreed, except for a sum of Rs 9,328,965 which has been provided for, being considered not recoverable.

(d) The interest-free loan granted to the wholly-owned subsidiary company listed in the register maintained under Section 301 of the Act of Rs 9,328,965 is considered not recoverable by management and has been provided for as on 31 March 2011.

(e) The Company has taken an unsecured loan from a company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs 120,065,096 and the year-end gross balance of such loan was Rs 120,065,096.

(f) In our opinion, the terms and conditions on which the unsecured loan and interest thereon has been taken from the company covered in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interests of the Company.

(g) According to the information and explanations given to us, the unsecured loan taken from the company covered in the register maintained under Section 301 of the Act is repayable within a period of three years.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of fixed assets for the Company's specialised requirements, sale of advertisement inventory are for the buyer's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and inventories (food and beverage items) and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. As regards loans to/from parties covered in the register maintained under Section 301 of the Act, refer Paragraph (iii) above.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products offered or services rendered by the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income-tax, Service tax, Customs duty, cess and other material statutory dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Wealth tax and Excise duty.

There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income-tax, Sales tax, Service tax, Customs duty and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except the following

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income tax Act, 1961	Income-tax	1,143,014*	Assessment year 2007-2008	Income tax Appellant Tribunal, Income tax.
The Income tax Act, 1961	Income-tax	17,717,630	Assessment year 2008-2009	Assessment officer, Income tax and Commissioner Appeals, Income tax.
* paid under protest				

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

(xi) In our opinion and according to the information and explanations given to us, Company has not defaulted in repayment of dues to its bankers and bondholders (also refer Schedule 30) during the year. The Company did not have any outstanding dues to any financial institution during the year.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment by the Company.

(xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding secured debentures during the year.

(xx) We have verified the end use of money raised during the year ended 31 March 2006 through the public issue as disclosed in Schedule 29 to the financial statements and during year ended 31 March 2007 through the FCCB issue as disclosed in Schedule 30 to the financial statements.

(xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

BALANCE SHEET AS AT 31 MARCH 2011

(Currency: Indian Rupees)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**349,480,320**	347,962,620
Reserves and surplus	4	**338,057,601**	391,184,010
		687,537,921	739,146,630
Loan funds			
Secured loans	5	**328,902,372**	603,842,231
Unsecured loans	6	**819,715,096**	703,030,000
		1,148,617,468	1,306,872,231
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA')		**-**	6,437,244
		1,836,155,389	2,052,456,105
APPLICATION OF FUNDS			
Fixed assets	7		
Gross block		**1,847,499,984**	1,859,141,036
Less: Accumulated depreciation / amortisation		**600,937,701**	438,598,357
Net block		**1,246,562,283**	1,420,542,679
Capital work-in-progress (including capital advances)		**209,493,406**	127,429,306
		1,456,055,689	1,547,971,985
Investments	8	**208,605,646**	213,555,646
Deferred tax asset (net)	9	**-**	-
Current assets, loans and advances			
Inventories (Food and beverage items)		**7,546,475**	7,037,952
Sundry debtors	10	**67,023,333**	38,598,840
Cash and bank balances	11	**172,671,842**	217,303,489
Loans and advances	12	**526,355,774**	647,221,947
		773,597,424	910,162,228
Less: Current liabilities and provisions			
Current liabilities	13	**593,821,435**	610,778,248
Provisions	14	**8,281,935**	8,455,506
		602,103,370	619,233,754
Net current assets		**171,494,054**	290,928,474
		1,836,155,389	2,052,456,105
Significant accounting policies	2		
Notes to the accounts	21-38		

The accompanying schedules form an integral part of this balance sheet.
As per our report of even date attached.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Deepak Asher
Director

Pavan Kumar Jain
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

Mumbai
26 May 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Currency: Indian Rupees)

	Schedules	2011	2010
INCOME			
Revenue from operations	15	**1,556,097,247**	1,448,854,165
Other income	16	**56,225,906**	58,488,438
		1,612,323,153	1,507,342,603
EXPENDITURE			
Direct costs	17	**577,160,976**	531,158,113
Personnel costs	18	**155,605,607**	134,044,214
Other administrative expenses	19	**641,836,941**	672,413,282
Depreciation / amortisation	7	**170,974,330**	169,759,088
Interest	20	**60,830,320**	68,854,230
Amortisation of FCMITDA		**(7,631 ,019)**	(6,437,244)
		1,598,777,155	1,569,791,683
Profit / (loss) for the year before tax		**13,545,998**	(62,449,080)
Less: Provision for taxation			
- Current tax (including for earlier years Rs 3,184,091 (31 March 2010: Rs Nil))		**7,284,091**	-
- MAT credit entitlement (including for earlier years Rs 10,538,992 (31 March 2010: Rs Nil))		**(13,619,076)**	-
Net profit / (loss) for the year after tax		**19,880,983**	(62,449,080)
Balance in the profit and loss account brought forward		**37,053,009**	99,502,089
Balance in profit and loss account carried forward to the balance sheet		56,933,992	37,053,009
Basic earnings per equity share of face value Rs 10 each	27	**0.57**	(1.79)
Diluted earnings per equity share of face value Rs 10 each	27	**0.37**	(1.79)
Significant accounting policies	2		
Notes to the accounts	21-38		

The accompanying schedules form an integral part of this profit and loss account.
As per our report of even date attached.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Deepak Asher
Director

Pavan Kumar Jain
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

Mumbai
26 May 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(Currency: Indian Rupees)

	2011	2010
Cash flow from operating activities		
Profit / (loss) for the year before tax	**13,545,998**	(62,449,080)
Adjustments for :		
Depreciation / amortisation	**170,974,330**	169,759,088
Amortisation of FCMITDA	**(7,631,019)**	(6,437,244)
Bad debts written off	**226,801**	819,311
Provision for doubtful debts / advances	**636,045**	2,034,446
Provision for dimunition in value of investments	**1,300,000**	-
Advances and receivables written off	**3,700,000**	9,462,974
Liability no longer required, written off	**-**	(463,011)
Interest expense	**60,830,320**	68,854,230
Loss on sale of fixed assets, net / asset written off	**2,194,192**	1,435,231
Dividend from non-trade investments	**(94,587)**	(1,295,831)
Interest on National Saving Certificates ('NSCs')	**(433,904)**	(1,725,245)
Interest received - others	**(61,101)**	(20,377)
Interest on fixed deposit	**(9,467,173)**	(11,354,691)
Profit on sale of investments (net)	**(233,758)**	-
Operating profit before changes in working capital	**235,486,144**	168,619,801
Adjustments for :		
Decrease / (increase) in working capital		
Sundry debtors	**(29,287,339)**	(28,014,760)
Loans and advances	**106,897,834**	(39,010,753)
Inventories	**(508,523)**	(1,867,620)
Current liabilities	**(31,237,129)**	87,330,573
Provisions	**(255,549)**	248,218
Net changes in working capital	**45,609,294**	18,685,658
Direct taxes paid	**(5,353,333)**	(6,989,561)
Net cash generated from operations	**275,742,105**	180,315,898
Cash flow from investing activities		
Purchase of fixed assets	**(137,709,010)**	(214,289,501)
Proceeds from sale of fixed assets	**4,757,403**	71,319
Proceeds from redemption of units in mutual funds	**258,801,969**	378,857,663
Purchase of units in mutual funds	**(258,018,514)**	(378,016,943)
Dividend income reinvested	**(549,697)**	(840,720)
Purchase of NSCs	**-**	(838,000)
Proceeds from maturity of NSCs	**12,400,000**	-
Refund of share application money from HFPL	**1,250,000**	-
Share application money paid to SMCPL	**-**	(12,500,000)
Interest received	**16,130,512**	10,729,214
Dividend received	**549,697**	840,720
Net cash (used in) investing activities	**(102,387,640)**	(215,986,248)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(Currency: Indian Rupees)

	2011	2010
Cash flow from financing activities		
Proceeds from issue of shares under the ESOS 2009 scheme	**1,517,700**	-
Securities premium received on above	**678,412**	-
Interest paid	**(69,049,083)**	(77,974,090)
Term loans from banks taken	**-**	250,000,000
Term loans from banks repaid	**(292,026,860)**	(180,791,845)
Bank overdraft taken during the year (net)	**18,393,719**	68,091,140
Inter-corporate deposit taken	**142,500,000**	116,600,000
Inter-corporate deposit repaid	**(20,000,000)**	(110,500,000)
Net cash (used in) / generated from financing activities	**(217,986,112)**	65,425,205
Net (decrease) / increase in cash and cash equivalents	**(44,631,647)**	29,754,855
Cash and cash equivalents at the beginning of the year	**217,303,489**	187,548,634
Cash and cash equivalents at the end of the year	**172,671,842**	217,303,489
Cash and cash equivalents at the year-end comprise:		
Cash on hand	**2,126,131**	2,381,245
Balances with Scheduled banks in		
- Deposit accounts	**142,798,072**	142,600,331
- Current accounts	**27,747,639**	72,321,913
	172,671,842	217,303,489

Cash and cash equivalents includes un-utilised amount of initial public issue which has been temporarily invested in fixed deposits aggregating to Rs Nil (31 March 2010: Rs 119,505,719), an amount pledged against bank guarantees issued and amount pledged against bank overdraft. Further, the cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks. (refer Schedule 11)

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

The accompanying schedules form an integral part of this cashflow statement.
As per our report of even date attached.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Deepak Asher
Director

Pavan Kumar Jain
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

Mumbai
26 May 2011

(Currency : Indian Rupees)

1 Background

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

The Company was a subsidiary of Fame Motion Pictures Ltd. ('FMPL') (formerly known as Shringar Films Limited ('SFL')), which held 51% of its equity share capital. FMPL is mainly engaged in distribution and programming of films. On 25 March 2004, FMPL sold its shareholding in the Company to South-Yarra Holdings ('SYH'), a partnership firm in which two of the Directors (resigned on 21 January 2011) were partners. Accordingly, the Company ceased to be a subsidiary company of FMPL effective that date.

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

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

During the year ended 31 March 2010, Inox Leisure Limited ('INOX') acquired from the partners of SYH 43.28% of the share capital of the Company, followed by acquisition of additional equity shares of the Company by INOX to the extent of 7.21% from Open Market.

On 16 December 2010, an open offer was made by INOX along with Gujarat Fluorochemicals Limited (the "Persons Acting in Concert" or "PAC") to the equity shareholders for acquisition of additional 8,231,759 equity shares at Rs 51 per equity share for cash representing 20.25% of the equity share capital of the Company. Further, an open offer was also made by Reliance MediaWorks Limited, Reliance Capital Partners and Reliance Capital Limited to the equity shareholders of the Company to acquire 21,700,000 fully paid-up equity shares at Rs 83.40 per equity share for cash, representing 62.09% of the equity share capital of the Company. Pursuant to the open offers, INOX acquired 1,075 equity shares of the Company and Reliance MediaWorks Limited, Reliance Capital Partners and Reliance Capital Limited acquired 6,819,815 equity shares of the Company. Post the open-offer, INOX holds 50.27% of the paid-up share capital of the Company. Accordingly, the Company is now a subsidiary of INOX with effect from 6 January 2011.

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

(Currency : Indian Rupees)

2 Summary of significant accounting policies (Contd...)

2.2 Going concern

As at 31 March 2011, the Company has term loans of Rs 106,666,668 lacs due for repayment within the next twelve months. Further, in accordance with the terms and conditions of the Foreign Currency Convertible Bonds ('FCCBs'), (a) an amount of Rs 62,893,145 (worth face value of USD 1 million and accrued interest) would become payable upon receipt of Reserve Bank of India ('RBI') approval and (b) unless converted into equity shares of the Company prior to 12 April 2011, an amount of Rs 761,107,600 (worth face value of USD 12 million and accrued interest as per the exchange rate as at 31 March 2011) would become payable on 22 April 2011 – the FCCBs have matured on 22 April 2011 and are due for payment.

Subsequent to the year-end, the Company has obtained sanction for a short term loan for the purpose of repayment of FCCB liability. Further, the Board of Directors at their meeting held on 19 April 2011, have accorded consent to issue equity shares on rights basis to the existing equity shareholders of the Company up to Rs 900,000,000. Based on the above, and management projections for the future, as also the financial strength and management support of INOX, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3 Use of estimates

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

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

Fixed assets, intangible assets and Capital work-in-progress ('CWIP')

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

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

In respect of accounting period commencing on or after 7 December 2006 and ending on or before 31 March 2011, consequent to the insertion of para 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in Schedule 2.10), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

(Currency : Indian Rupees)

2 Summary of significant accounting policies (Contd...)

2.4 Fixed assets, intangible assets, Capital work-in-progress and depreciation / amortisation (Contd...)

Depreciation/amortisation

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

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

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

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100% pro-rata over the period of one year.

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

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

2.5 Impairment of assets

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

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

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

2.6 Investments

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

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

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

(Currency : Indian Rupees)

2 Summary of significant accounting policies (Contd...)

2.7 Revenue recognition

Multiplex operations

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

Revenue from theatrical exhibition is recognised on the date of exhibition of the films and comprises proceeds from sales of tickets, net of discounts. As the Company is the primary obligor with respect to exhibition activities, the share of distributors and the joint-venture investors in these proceeds is disclosed as exhibition costs.

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

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

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

Other

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

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

2.8 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plans

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

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

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

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

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

(Currency : Indian Rupees)

2 Summary of significant accounting policies (Contd...)

2.8 Employee benefits (Contd...)

(c) Other long-term employee benefits

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

2.9 Inventories

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

2.10 Foreign currency transactions

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

The Central Government has vide its notification dated 31 March 2009 amended AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011.

As stipulated in the notification, the Company has exercised the option to adopt the following policy irrevocably and retrospectively for accounting periods commencing from 1 April 2007.

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

a) adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets and;

b) accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortised over the balance period of long-term monetary asset / liability but not beyond 31 March 2011, in cases other than those falling under (a) above.

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

2.11 Taxation

Tax expense comprises current tax and deferred tax charge or credit.

Current tax

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

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

(Currency : Indian Rupees)

2 Summary of significant accounting policies (Contd...)

2.11 Taxation (Contd...)

Current tax (Contd...)

MAT credit entitlement is reviewed as at each balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

Deferred tax

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

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

2.12 Leases

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

Assets taken on operating lease

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

2.13 Earnings per share ('EPS')

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

2.14 Employees' Stock Option Scheme ('ESOS')

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

2.15 Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions and loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recognised when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(Currency: Indian Rupees)

	2011	2010
3 Share capital		
Authorised *		
51,990,000 (31 March 2010: 51,990,000) equity shares of Rs 10 each	**519,900,000**	519,900,000
10,000 (31 March 2010: 10,000) preference shares of Rs 10 each	**100,000**	100,000
	520,000,000	520,000,000
* Subsequent to the balance sheet date, the Company has increased its authorised share capital to Rs 63,000,000 divided into 62,990,000 equity shares of Rs 10 each and 10,000 preference shares of Rs 10 each pursuant to resolution passed by the members through a postal ballot on 9 April 2011.		
Issued, subscribed and paid-up		
Equity shares		
34,947,032 (31 March 2010: 34,795,262) equity shares of Rs 10 each, fully paid-up	**349,470,320**	347,952,620
-- 17,566,363 (31 March 2010: Nil) equity shares of Rs 10 each, fully paid-up are held by Inox Leisure Limited ('INOX'), the Holding Company. (refer schedule 1)		
-- 18,833,000 equity shares of Rs 10 each, fully paid-up were issued as bonus shares on 10 July 2004 by utilising balance in securities premium account.		
-- 83,333 equity shares of face value Rs 10 each were allotted at a premium of Rs 35 per share to India Value Fund Trustee Company Private Limited on 24 December 2004 towards prepayment of interest on monies borrowed pursuant to the terms of the loan agreement dated 9 December 2004.		
As at 31 March 2011, 35,900 (31 March 2010: 35,900) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Shringar Employee Stock Options Scheme, 2004".		
As at 31 March 2011, 151,770 (31 March 2010: Nil) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Employee Stock Options Scheme 2009". (refer Schedule 28)		
-- 1,504,999 equity shares of Rs 10 each allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US $ 1,000 each at an exercise price of Rs 90 per share. (refer Schedule 30).		
-- 1,687,850 equity shares of Rs 10 each allotted against 4,000 Series B Foreign Currency Convertible Bonds ('FCCB') of US $ 1,000 each at an exercise price of Rs 107 per share. (refer Schedule 30).		
Preference shares		
1,000 (31 March 2010: 1,000) 10% non-cumulative redeemable preference shares of Rs 10 each, fully paid-up.	**10,000**	10,000
These preference shares are held by Fame Motion Pictures Limited, a wholly-owned subsidiary, and are redeemable at par on demand.		
	349,480,320	347,962,620

4 Reserves and surplus		
Securities premium		
At the beginning of the year	**354,121,001**	385,552,387
Add: Addition during the year	**678,412**	-
Less: Provision for Yeild to Maturity ('YTM') i.e. premium on redemption of FCCB (refer Schedule 31)	**73,685,804**	31,431,386
	281,113,609	354,121,001
Capital redemption reserve	**10,000**	10,000
Profit and loss account	**56,933,992**	37,053,009
	338,057,601	391,184,010

(Currency: Indian Rupees)

	2011	2010
5 Secured loans		
Term loans from banks	**216,666,665**	510,000,243
Bank overdraft	**112,235,707**	93,841,988
	328,902,372	603,842,231
The loans are secured as follows:		
Term loans from banks		
-- Secured against existing and future movable fixed assets and current assets of the respective multiplexes operated by the Company and against an equitable mortgage on the immovable property at Anand, Gujarat. The cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks.		
-- Further, two of the directors (resigned on 21 January 2011) of the Company have given personal guarantees for the above term loans *		
-- Further, the term loans are secured against liquidity reserve of Company's fixed deposits to the extent of Rs 4,300,000 (31 March 2010: Rs 4,300,000)		
-- Repayable within a year Rs 106,666,668 (31 March 2010: Rs 170,081,302)		
Bank overdraft		
-- Secured against fixed deposits to the extent of Rs 135,000,000 (31 March 2010: Rs 135,000,000) and against an equitable mortgage on the immovable property at Anand, Gujarat.		
-- Further, two of the directors (resigned on 21 January 2011) of the Company have given personal guarantees for the above overdraft facilities. *		
* Pursuant to the resignation of the erstwhile promoter directors of the Company and with respect to the term loans and cash credit facilities availed by it, the management has made an application to its bankers for replacing the personal guarantees issued by the said directors with a corporate guarantee to be issued by INOX.		

	2011	2010
6 Unsecured loans		
Foreign Currency Convertible Bonds (refer Schedule 30)		
8,000 (31 March 2010: 8,000) Zero-coupon Series A Foreign Currency Convertible Bonds of US $ 1,000 per bond	**357,200,000**	361,120,000
4,000 (31 March 2010: 4,000) 0.5% per annum Series B Foreign Currency Convertible Bonds of US $ 1,000 per bond	**178,600,000**	180,560,000
-- Repayable within one year Rs 535,800,000 (31 March 2010: Rs Nil)		
Inter-corporate deposits ('ICD') from FMPL	**163,850,000**	161,350,000
-- The above loan is repayable over a mutually agreed term, not less than 12 months		
Inter-corporate deposits ('ICD') from INOX	**120,065,096**	-
-- The above loan is repayable within a period of three years		
	819,715,096	703,030,000

(Currency : Indian Rupees)

7 Fixed assets

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2010	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2011	As at 1 April 2010	Charge for the year	On deductions / adjustments during the year	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Intangible										
Computer software	13,273,479	465,623	-	**13,739,102**	12,785,425	953,677	-	**13,739,102**	**-**	488,054
Tangible **										
Land (freehold)*	49,023,124	-	299,831	**48,723,293**	-	-	-	**-**	**48,723,293**	49,023,124
Leasehold improvements	998,179,578	464,361	3,414,199	**995,229,740**	238,754,027	101,370,263	757,116	**339,367,174**	**655,862,566**	759,425,551
Building	23,359,343	-	142,793	**23,216,550**	1,173,121	380,088	-	**1,553,209**	**21,663,341**	22,186,222
Air conditioners	161,830,405	211,496	409,057	**161,632,844**	36,973,768	12,981,194	-	**49,954,962**	**111,677,882**	124,856,637
Electrical fittings	40,587,155	50,536	-	**40,637,691**	4,194,130	1,931,452	-	**6,125,582**	**34,512,109**	36,393,025
Plant and machinery										
- Theatrical equipment	290,273,710	5,538,265	9,143,058	**286,668,917**	59,830,184	23,295,349	3,820,432	**79,305,101**	**207,363,816**	230,443,526
Computers	47,827,676	1,334,453	119,738	**49,042,391**	22,177,719	7,341,597	-	**29,519,316**	**19,523,075**	25,649,957
Furniture and fixtures	203,375,812	138,844	2,857,178	**200,657,478**	49,877,543	19,997,274	1,644,640	**68,230,177**	**132,427,301**	153,498,269
Office equipment	24,827,840	246,842	2,111,159	**22,963,523**	8,515,785	2,237,147	1,305,027	**9,447,905**	**13,515,618**	16,312,055
Vehicles	6,582,914	-	1,594,459	**4,988,455**	4,316,655	486,289	1,107,771	**3,695,173**	**1,293,282**	2,266,259
Total	**1,859,141,036**	**8,450,420**	**20,091,472**	**1,847,499,984**	**438,598,357**	**170,974,330**	**8,634,986**	**600,937,701**	**1,246,562,283**	1,420,542,679
31 March 2010	1,540,591,135	349,666,708	31,116,807	1,859,141,036	270,197,313	169,759,088	1,358,044	438,598,357	1,420,542,679	
Capital work in progress (including capital advances)									**209,493,406**	127,429,306

Notes:

1) Additions during the year includes borrowing cost capitalised Rs 6,845,736 (31 March 2010: Rs 8,482,400).

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

	March 2011	March 2010
-- Architectural and Professional fees	**1,058,610**	1,007,610
-- Operational expenses	**14,118,061**	9,078,666
-- Personnel cost	**6,933,337**	5,571,677
	22,110,008	15,657,953

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

* The above represents certain assets pending vacation of charge on prepayment of term loans.

	2011	2010
8 Investments		
Non trade, Unquoted		
Long-term, at cost		
Investment in government securities		
National Saving Scheme ('NSCs'): 186 (31 March 2010: 426) units of Rs 10,000 each; 1 (31 March 2010: 1) unit of Rs 5,000 each and 6 (31 March 2010: 6) units of Rs 500 each.	**1,868,000**	4,268,000
The investments made in NSCs are held in the name of one of the Company's erstwhile director, in trust for the Company. NSCs aggregating to Rs 1,868,000 (31 March 2010: Rs 4,268,000) are provided as security/pledged with the respective district collector as required by the respective State Government's multiplex policies.		
Investment in wholly-owned subsidiary companies		
999,900 (31 March 2010: 999,900) equity shares of Rs 10 each fully paid-up of Fame Motion Pictures Limited, India.	**190,785,336**	190,785,336
50,000 (31 March 2010: 50,000) equity shares of Rs 10 each fully paid-up of Big Pictures Hospitality Services Private Limited, India.	**500,000**	500,000

(Currency : Indian Rupees)

	2011	2010
Investments in joint ventures		
390,000 (31 March 2010: 390,000) equity shares of Rs 10 each fully paid-up of Swanston Multiplex Cinemas Private Limited, India.	**15,452,310**	15,452,310
5,000 (31 March 2010: 5,000) equity shares of Rs 10 each fully paid-up of Headstrong Films Private Limited, India.	**50,000**	50,000
Share application money paid to Headstrong Films Private Limited, India, pending allotment.	**1,250,000**	2,500,000
Less: Provision for diminution in value.	**(1,300,000)**	-
	208,605,646	213,555,646

Details of Investments purchased and sold / redeemed during the year

Unit Price	Particulars of investments	Face value	Cost
100	879,647.999 units of 1524 ICICI Prudential Flexible Income Plan Premium - Daily Dividend Plan	87,964,800	93,009,581
100	298,423.951 units of 1525 ICICI Prudential Flexible Income Plan Premium - Growth Plan	29,842,395	53,009,581
100	337,547.681 units of 1549 ICICI Prudential Liquid Super Institutional Plan - Daily Dividend Plan	33,754,768	40,004,126
100	725,286.639 units of 1564 ICICI Prudential Liquid Super Institutional Plan - Daily Dividend Plan	72,528,664	72,544,923

9 Deferred tax asset (net)		
The components of deferred tax balances are as follows:		
Deferred tax asset		
On timing difference arising on account of:		
Provision for doubtful debts and advances	**3,353,051**	3,156,513
Expenditure allowed on payment basis under Section 43B of the Income-tax Act, 1961	**7,178,322**	10,310,121
Provision for lease rentals	**9,146,639**	4,739,331
Unabsorbed depreciation	**169,744,475**	150,692,196
Carry forward losses	**49,290,124**	32,415,058
Amount deductible under Section 35D of the Income-tax Act, 1961	**-**	1,842,472
	238,712,611	203,155,691
Deferred tax liability		
On timing difference arising on account of:		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	**(17,424,217)**	(22,903,027)
	(17,424,217)	(22,903,027)
Net deferred tax asset *	**-**	-
* Deferred tax assets have been recognised only to the extent of deferred tax liabilities, as these assets are considered to be virtually certain of realisation.		

(Currency: Indian Rupees)

	2011	2010
10 Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	**14,824,376**	522,377
Considered doubtful	**1,293,812**	657,767
	16,118,188	1,180,144
Other debts		
Considered good	**52,198,957**	38,076,463
	68,317,145	39,256,607
Less: Provision for doubtful debts	**1,293,812**	657,767
	67,023,333	38,598,840

11 Cash and bank balances		
Cash in hand	**2,126,131**	2,381,245
Balances with scheduled banks in		
-- Current accounts	**27,747,639**	72,321,913
(Includes under escrow mechanism Rs 23,953,304 (31 March 2010: Rs 16,407,784))		
-- Deposit accounts	**142,798,072**	142,600,331
(Includes Rs 3,498,072 (31 March 2010: Rs 3,275,727) pledged against bank guarantees issued, Rs 135,000,000 (31 March 2010: Rs 135,000,000) pledged against bank overdraft and Rs 4,300,000 (31 March 2010: Rs 4,300,000) liquidity reserves against term loans).		
Balances with other banks in		
-- Current account with Axis Bank, Singapore	-	-
(Maximum amount outstanding Rs Nil (31 March 2010: Rs 80,958))		
	172,671,842	217,303,489

(Currency: Indian Rupees)

	2011	2010
12 Loans and advances		
(Unsecured)		
Considered good		
Advances to distributors	**8,779,309**	17,370,708
Deposits - others *	**366,811,250**	376,599,011
MAT credit entitlement	**26,380,680**	12,761,604
Advances recoverable in cash or in kind or for value to be received	**81,304,062**	195,013,328
Advance towards share application money	**12,500,000**	12,500,000
Accrued interest on fixed deposits and NSCs	**5,951,109**	6,499,152
Advance tax and tax deducted at source (net of provision for Income-tax and Fringe Benefits Tax ('FBT') Rs 28,535,112 (31 March 2010: Rs 25,632,519))	**24,629,364**	26,478,144
	526,355,774	647,221,947
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	**9,328,965**	9,328,965
Advances to distributors	**228,520**	228,520
	535,913,259	656,779,432
Less: Provision for doubtful advances	**9,557,485**	9,557,485
	526,355,774	647,221,947
* The Company may be subjected to forfeiture of deposit paid for one of its multiplexes in case of failure to enter into a formal lease deed between the parties.		
Advances to distributors includes:		
-- Advance given to Shringar Films ('SF'), a partnership firm in which two directors (directors upto 21 Febraury 2011) of the Company are partners (refer schedule 22)	**-**	-
Maximum amount due during the year	**5,103,165**	1,311,591
-- Advance given to FMPL, a wholly-owned subsidiary	**-**	-
Maximum amount due during the year	**-**	89,975
Advances recoverable in cash or in kind or for value to be received include:		
-- due from SMCPL, a company under the same management as defined u/s 370 (1B) of the Act	**-**	-
Maximum amount due during the year	**1,455,322**	972,188
-- due from BPHSPL, a wholly-owned subsidiary	**9,328,965**	9,328,965
Maximum amount due during the year	**9,328,965**	24,951,455
-- due from HFPL, a company under the same management as defined u/s 370 (1B) of the Act	**-**	2,503
Maximum amount due during the year	**2,503**	43,976
-- due from Shravan Shroff, the erstwhile Managing Director of the Company (refer Schedule 37)	**349,462**	-
Maximum amount due during the year	**349,462**	-
Advance towards share application money comprises:		
-- Advance towards share application money to SMCPL, a company under the same management as defined u/s 370 (1B) of the Act	**12,500,000**	12,500,000
Maximum amount due during the year	**12,500,000**	12,500,000

(Currency: Indian Rupees)

	2011	2010
13 Current liabilities		
Sundry creditors		
-- Dues to Micro, Small and Medium enterprises (refer Schedule 35)	**-**	-
-- Due to distributors	**21,722,291**	13,095,316
-- Due to joint venture partners	**377,622**	424,945
-- Others	**27,832,800**	49,613,204
Foreign Currency Convertible Bonds, at face value (refer Schedule 30)	**44,650,000**	45,140,000
Retention money	**17,610,881**	32,752,675
Outstanding liabilities	**428,743,285**	418,191,684
Other dues	**23,575,880**	28,294,046
Deposits received	**24,524,490**	23,266,378
Income received in advance	**2,904,801**	-
Temporary book overdraft	**1,879,385**	-
	593,821,435	610,778,248

	2011	2010
14 Provisions		
Leave encashment (refer Schedule 34)	**3,405,369**	4,247,099
Gratuity (refer Schedule 34)	**4,794,588**	4,208,407
Provision for tax (net of tax deducted at source Rs 4,018,022 (31 March 2010: Rs Nil))	**81,978**	-
	8,281,935	8,455,506

(Currency: Indian Rupees)

	2011	2010
15 Revenue from operations		
Theatrical exhibition	**1,305,901,984**	1,230,214,475
Less: Entertainment tax	**267,584,284**	226,275,423
Theatrical exhibition (net)	**1,038,317,700**	1,003,939,052
Sale of food and beverages	**366,028,650**	327,250,791
Advertisement and royalty	**138,895,200**	105,584,877
Income from management of multiplexes	**9,370,327**	6,869,716
Income from facilities within the multiplexes	**3,485,370**	5,209,729
	1,556,097,247	1,448,854,165

	2011	2010
16 Other income		
Entertainment tax refund (refer Schedule 36)	**34,526,913**	37,905,813
Interest on fixed deposit with banks	**9,467,173**	11,354,691
[Tax deducted at source: Rs 815,375 (31 March 2010: Rs 1,352,714)]		
Interest on National Saving Certificates	**433,904**	1,725,245
Interest - others	**61,101**	20,377
[Tax deducted at source: Rs 4,949 (31 March 2010: Rs Nil)]		
Dividend from non-trade investments (net)	**94,587**	1,295,831
Profit on sale of investments	**233,758**	-
Miscellaneous income	**11,408,470**	6,186,481
	56,225,906	58,488,438

	2011	2010
17 Direct costs		
Exhibition cost		
Distributors' share	**450,163,449**	413,424,997
Share of joint venture investors (refer Schedule 24)	**7,496,081**	8,326,976
Other exhibition cost	**11,763,687**	8,968,650
Food and beverages cost		
Opening stock	**7,037,952**	5,170,332
Purchases	**108,246,282**	102,305,110
Less: Closing stock	**7,546,475**	7,037,952
Cost of goods sold	**107,737,759**	100,437,490
	577,160,976	531,158,113

(Currency: Indian Rupees)

	2011	2010
18 Personnel costs		
Salaries, wages and bonus	**136,561,478**	120,408,310
Outsourced personnel cost	**4,409,302**	3,336,129
Contribution to provident and other funds	**9,689,027**	7,611,461
Staff recruitment expenses	**272,041**	148,924
Staff welfare	**4,673,759**	2,539,390
	155,605,607	134,044,214
19 Other administrative expenses		
Rent and charges (also refer schedule 25 (v))	**345,313,088**	394,545,866
Electricity and water charges	**116,034,443**	102,296,324
Repairs and maintenance		
-- Plant and machinery	**6,087,782**	5,766,162
-- Others	**43,994,226**	34,873,749
Rates and taxes	**28,591,940**	28,185,545
Professional and consultancy fees	**13,553,917**	18,068,092
Advertisement and marketing	**12,493,170**	17,069,532
Travelling and conveyance	**8,136,574**	10,920,075
Security charges	**10,645,899**	10,104,458
Communication expenses	**5,854,851**	7,062,776
Postage, printing and stationery	**5,437,520**	6,457,322
Insurance charges	**5,185,497**	6,193,545
Auditors' remuneration [refer Schedule 26.3]	**3,287,100**	3,090,078
Bad debts	**226,801**	819,311
Provision for doubtful debts and advances	**636,045**	2,034,446
Provision for dimunition in value of investments	**1,300,000**	-
Commission / brokerage	**2,152,972**	1,789,598
Loss on sale / discard of fixed assets, net	**2,194,192**	1,435,231
Call centre charges	**225,732**	508,303
Miscellaneous expenses	**30,485,192**	21,192,869
	641,836,941	672,413,282
20 Interest		
Term loans	**48,491,526**	53,631,476
Bank overdraft	**1,040,154**	2,785,263
Others	**11,298,640**	12,437,491
	60,830,320	68,854,230

Notes to the accounts

(Currency: Indian Rupees)

21 Segmental information

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

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

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

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

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

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

21.1 ***Segment information for the year ended 31 March 2011***

	2011			2010		
	Multiplex operations	**Others**	**Total**	Multiplex operations	Others	Total
Revenue						
Revenue from operations	**1,546,726,920**	**9,370,327**	**1,556,097,247**	1,441,984,449	6,869,716	1,448,854,165
Other income	**46,430,389**	**-**	**46,430,389**	45,837,916	-	45,837,916
Total revenue	**1,593,157,309**	**9,370,327**	**1,602,527,636**	1,487,822,365	6,869,716	1,494,692,081
Segment result	**99,219,584**	**9,337,096**	**108,556,680**	21,146,955	6,869,716	28,016,671
Dividend income			**94,587**			1,295,831
Interest income			**9,467,173**			11,354,691
Unallocated corporate income			**233,758**			-
Unallocated corporate expense			**(43,975,880)**			(34,262,043)
Profit before interest and tax			**74,376,318**			6,405,150
Interest expense			**(60,830,320)**			(68,854,230)
Income tax expense (net-of MAT credit)			**(6,334,985)**			-
Profit / (loss) for the year			**19,880,983**			(62,449,080)
Other information						
Segmental assets (refer note below)	**1,905,184,406**	**65,582,049**	**1,970,766,455**	2,091,178,623	55,528,364	2,146,706,987
Unallocated corporate assets			**442,862,939**			498,504,728
Total assets			**2,413,629,394**			2,645,211,715
Segmental liabilities	**317,856,061**	**9,148,417**	**327,004,478**	382,416,449	7,169,253	389,585,702
Unallocated corporate liabilities			**275,016,914**			229,648,052
Total liabilities			**602,021,392**			619,233,754
Capital expenditure			**90,514,520**			99,190,099
Depreciation / amortisation			**170,974,330**			169,759,088
Non-cash expenses other than depreciation			**4,357,038**			2,853,757
Total assets exclude:						
Advance tax and tax deducted at source (including FBT)			**24,629,364**			26,478,144
Total liabilities exclude:						
Secured loans			**328,902,372**			603,842,231
Unsecured loans			**819,715,096**			703,030,000
FCMITDA			**-**			6,437,244
Provision for tax			**81,978**			-

Note: Segmental assets include interest capitalised till year end.

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

22 Related party transactions

- **Parties where control exists**

Name of the Party	Nature of Relationship
Inox Leisure Limited ('INOX')	Holding Company (holds 50.27% of the equity share capital of the Company w.e.f. 6 January 2011)
Gujarat Fluorochemicals Limited ('GFL')	Intermediate holding company (holds 65.62% of the equity share capital of INOX as of 31 March 2011)
Inox Leasing & Finance Limited	Ultimate holding company (holds 52.54% of the equity share capital of GFL as of 31 March 2011)

- **Enterprises which have significant influence over the Company**

Name of the Party	Nature of Relationship
South Yarra Holdings (upto 3 February 2010)	Enterprise holding Nil (31 March 2010: Nil (upto 3 February 2010: 43.28% as shares were held in escrow account thereafter)) of the equity share capital of the Company

- **Subsidiary companies**

1 Fame Motion Pictures Limited ('FMPL')

2 Big Pictures Hospitality Services Private Limited ('BPHSPL')

Other related parties where transactions have taken place during the year

- **Enterprises over which Directors have significant influence**

1 M/s Shringar Films ('SF') (upto 21 January 2011)

2 Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCPL') (upto 21 January 2011)

3 M/s Toorak Holdings (upto 21 January 2011)

- **Joint venture**

1 Swanston Multiplex Cinemas Private Limited ('SMCPL')

2 Headstrong Films Private Limited ('HFPL')

- **Key managerial personnel**

1 Shravan Shroff – Managing director (Resigned on 21 January 2011)

2 Rishi Negi – Chief operating officer (Resigned on 28 February 2011)

3 Aditya Shroff – Asst. Vice President – programming and corporate sales (Resigned on 14 January 2011)

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

22 Related party transactions (Contd....) - for the year ended 31 March 2011

Nature of transactions	Parties where control exits	Subsidiary companies		Joint venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
Transactions	**INOX**	**FMPL**	**BPHSPL**				
Distributors' share	-	1,229,881	-	-	-	6,047,865+	7,277,746
Interest expense	72,329	10,099,083	-	-	-	-	10,171,412
Director's remuneration (Shravan Shroff)	-	-	-	-	7,150,535	-	7,150,535
Remuneration paid to Rishi Negi	-	-	-	-	3,846,700	-	3,846,700
Remuneration paid to Aditya Shroff	-	-	-	-	751,612	-	751,612
Rent paid (ASMCPL)	-	-	-	-	-	1,577,642^	1,577,642
Reimbursement of expenses (received)							
– Salaries, wages and bonus	-	-	-	962,072	-	-	962,072
– Rent	-	-	-	582,225	-	-	582,225
– Printing and stationery	-	7,455	-	28,163	-	-	35,618
– Communication expenses	-	883	-	48,892	-	-	49,775
– Advertising and marketing	-	-	-	205,685	-	-	205,685
– Traveling and conveyance	-	-	-	-	-	38,775+	38,775
– Professional and consultancy charges	-	-	-	40,314	-	-	40,314
– Repairs and maintenance	-	-	-	379,165	-	-	379,165
– Insurance	-	12,777	-	421,657	-	-	434,434
– Projector hiring charges	-	-	-	1,431,923	-	-	1,431,923
– Other	-	10,533	-	15,282	-	4,050+	29,865
Reimbursement of expenses (paid)							
– Property tax	-	-	-	319,584	-	-	319,584
– Communication expenses	-	-	-	110,337	-	-	110,337
– License charges	145,488	-	-	-	-	-	145,488
Travelling and local conveyance	422,036	-	-	-	-	-	422,036
– News paper books periodical	-	-	-	-	-	-	-
– Repairs and maintenance	-	-	-	-	-	-	-
– Other expenses	-	-	-	5,000	-	-	5,000
ICD taken	120,000,000	25,000,000	-	-	-	-	145,000,000
ICD repaid	-	22,500,000	-	-	-	-	22,500,000
Advances given	-	-	-	-	-	-	-
Advance / deposit repaid	-	-	-	-	-	-	-
Advance against share application money paid	-	-	-	-	-	-	-
Balances at year end							
Loans (credit balance)	120,065,096	163,850,000	-	-	-	-	
Outstanding liabilities	556,173	-	-	377,268	-	-	
Payables to distributors	-	84,700	-	-	-	-	
Advances recoverable in cash or kind	-	-	9,328,965	-	349,462	-	
Advance against share application money	-	-	-	12,500,000	-	-	

+ pertains to Shringar Films, ^ pertains to Adlabs Shringar Multiplex Cinemas Private Limited.

Note: The above transactions exclude the guarantees given by two of the directors of the Company (resigned on 21 January 2011) (refer Schedule 5) and investments made in subsidiaries/ joint ventures (refer Schedule 8).

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

22 Related party transactions (Contd....) - for the year ended 31 March 2010

Nature of transactions	Subsidiary companies		Joint venture	Key managerial personnel	Enterprises over which directors have significant influence	Total
Transactions	**FMPL**	**BPHSPL**				
Distributors' share	3,829,032	-	-	-	-	3,829,032
Interest expense	10,616,544	-	-	-	731,507 ^	10,616,54451
Director's remuneration (Shravan Shroff) –	-	-	-	9,250,000	-	9,250,000
Remuneration paid to (Rishi Negi)	-	-	-	3,700,000	-	3,700,000
Remuneration paid to (Aditya Shroff)	-	-	-	600,000	-	600,000
Rent paid (ASMCPL)	-	-	-	-	2,172,453 ^	2,172,453
Reimbursement of expenses (received)	-					
– Salaries, wages and bonus	-	-	2,899,890**	-	-	2,899,890
– Rent	-	-	588,246	-	-	588,246
– Printing and stationery	-	-	1,417	-	-	1,417
– Communication expenses	-	-	76,973	-	-	76,973
– Advertising and marketing	267,131	-	288,295	-	-	555,426
– Traveling and conveyance	-	-	-	-	1,393,802+	0
– Professional and consultancy charges	-	-	102,276***	-	-	102,276
– Repairs and maintenance	-	-	408,434	-	-	408,434
– Insurance	58,143	-	186,585	-	-	244,728
– Other	-	-	101,551	-	27,920+	129,471
Reimbursement of expenses (paid)						
– Property tax	-	-	319,582	-	-	319,582
– Communication expenses	-	-	94,017	-	-	94,017
– Salaries, wages and bonus	-	-	3,138,000	-	-	3,138,000
-Travelling and local conveyance	-	-	-	-	318,562+	318,562
– News paper books periodical	-	-	-	-	5,784+	0
– Repairs and maintenance	-	-	53,156	-	-	53,156
– Other expenses	3,097	-	82,890	-	4,571+	90,558
ICD taken	56,600,000	-	-	-	60,000,000 ^	116,600,000
ICD repaid	50,500,000	-	-	-	60,000,000 ^	110,500,000
Advances given	-	495,000	-	-	-	495,000
Advance / deposit repaid	-	15,622,490	-	-	8,280,000#	23,902,490
Advance against share application money paid –		-	12,500,000	-	-	12,500,000
Balances at year end						
Loans (credit balance)	161,350,000	-	-	-	-	
Payables to distributors	123,856	-	-	-	-	
Creditors (other dues)	-	990,743	626,573	-	-	
Advances recoverable in cash or kind	-	9,328,965	2,503*	-	-	
Provision for doubtful advances	-	9,328,965	-	-	-	
Advance against share application money	-	-	12,500,000			

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

Note: The above transactions exclude the guarantees given by three of the directors of the Company (refer Schedule 5) and investments made in subsidiaries/ joint ventures (refer Schedule 8)

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

23 Leases

Operating lease

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

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

Period	2011	2010
Amount due within one year from the balance sheet date	**302,761,947**	307,983,052
Amount due in the period between one year and five years	**1,298,919,857**	1,323,653,893
Amount due after five years	**929,666,907**	**961,360,558**
	2,531,348,711	**2,592,997,503**

The Company has entered into 43 (31 March 2010: 49) lease agreements / Memorandum of Understanding ('MOUs') for multiplex premises at various locations. The lease rentals for these premises accrue from the date of commencement of commercial operations. Accordingly, these leases have been excluded from the above disclosure.

24 Joint venture investors

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

25 Contingent liabilities

Sr no	Particulars	2011	2010
i)	Claims against the Company not acknowledged as debts.	**34,526,079**	12,452,721
ii)	The Company will be liable to pay the total entertainment tax that is currently exempted for every property that ceases operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State.	**607,425,792**	514,573,827
iii)	Bank guarantees given and bonds issued to		
	a) Deputy Commissioner of Customs for import of capital goods;	**-**	436,119
	b) Excise and Taxation Officer, Panchkula and Chandigarh towards guarantee for payment of local sales tax;	**300,000**	500,000
	c) Entertainment Tax Officer, Panchkula, Aurangabad and Bangalore towards guarantee for payment of entertainment tax and;	**3,153,331**	6,200,000
	d) Corporate guarantee issued	**1,700,000**	1,700,000
iv)	The Company may incur additional cost towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. The Company has paid the whole amount to the respective authorities under protest (which is included in loans and advances)	**38,983,278**	38,983,278

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

25 Contingent liabilities (Contd...)

v)	As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from 1 June 2007. Accordingly, during the year ended 31 March 2010, the Company accounted for Rs 46,334,870 being service tax on lease rentals for the period upto 31 March 2010 and continued to provide for service tax on lease rentals up to the quarter ending 30 September 2010. During the current year, this levy has been challenged by the Company by filing writ petitions with various Honorable High Courts and some of the Honorable High Courts have granted a stay against the levy of service tax in respect of immovable properties of the Company situated within their respective jurisdictions. Further, based on a legal opinion obtained in the quarter ended 31 December 2010, the levy of service tax on renting of immovable property cannot be said to be final. On the basis of the same, the Company reversed the entire service tax liability aggregating to Rs 57,689,609 accrued till 30 September 2010. Further, the Company has not provided for service tax liability aggregating to Rs 14,415,873 pertaining to the period from 1 October 2010 to 31 March 2011.	**72,105,482**	-

26 Supplementary information to the profit and loss account

26.1 Capital commitments

i. The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31 March 2011 aggregated to Rs 17,050,675 (31 March 2010: Rs 59,927,955).

26.2 Managerial remuneration

	2011	2010
Salary	**7,150,535**	**9,250,000**
	7,150,535	**9,250,000**

The above does not include gratuity benefit as the provision is determined for the Company as a whole and therefore liability, if any with respect to the directors is not separately available. No leave encashment benefit is available to the directors. (also refer Schedule 37)

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

26.3 Auditors' remuneration (including service tax)

	2011	2010
Audit fees	**3,143,550**	2,812,650
Reimbursement of out-of-pocket expenses	**143,550**	167,128
Other services	**-**	**110,300**
Total auditors' remuneration *	**3,287,100**	**3,090,078**

* Audit fees include service tax amounting to Rs 293,550 (31 March 2010: Rs 288,538)

26.4 *Expenditure in foreign currency*

	2011	2010
CIF value of capital imports (excluding capital advances)	**3,268,993**	4,257,654
Professional fees	**244,344**	1,239,866
Interest on FCCB	**1,125,456**	954,300
Repairs and maintenance – others	**986,993**	**553,932**
	5,625,786	**7,005,75**

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

26.5 Quantitative information of food and beverage items

Statement of sales

Sr. No	Particulars	Unit	2011		2010	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	**1,965,819**	**88,518,278**	2,180,041	84,789,520
2	Bottled beverages	Pcs	**1,054,901**	**44,335,437**	1,038,663	39,499,742
3	Non packaged food item	Pcs	**2,153,040**	**135,563,916**	2,129,168	118,472,169
4	Non bottled beverages	Pcs	**1,908,332**	**97,611,019**	1,772,111	84,489,360
	Total			**366,028,650**		327,250,791

Statement of purchases

Sr. No	Particulars	Unit	2011		2010	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	**2,078,154**	**35,587,952**	2,312,931	33,247,116
2	Bottled beverages	Pcs	**1,066850**	**21,216,522**	1,029,165	18,532,585
3	Non packaged food item	Kgs	**350,855**	**13,531,066**	357,508	12,980,404
		Ltrs	**99,303**	**3,737,436**	44,062	2,879,545
4	Non bottled beverages	Kgs	**21,972**	**792,653**	23,030	820,420
		Ltrs	**167,993**	**21,892,314**	170,599	22,288,855
5	Other			**11,488,339**		11,556,185
TG	**Total**			**108,246,282**		102,305,110110

Statement of opening stock

Sr. No	Particulars	Unit	2011		2010	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	**1,053**	**96,026**	11,476	103,170
2	Bottled beverages	Pcs	**38,846**	**790,517**	62,163	646,381
3	Non packaged food item	Kg	**25,398**	**1,449,263**	11,549	920,787
		Ltrs	**6,690**	**411,204**	5,425	359,954
4	Non bottled beverages	Kg	**1,317**	**62,214**	1,208	53,485
		Ltrs	**9,129**	**1,104,821**	6,768	825,260
5	Packing materials			**3,123,907**		2,261,295
	Total			**7,037,952**		5,170,332332

Statement of closing stock

Sr. No	Particulars	Unit	2011		2010	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	**3,064**	**199,933**	1,053	96,026
2	Bottled beverages	Pcs	**42,733**	**1,126,648**	38,846	790,517
3	Non packaged food item	Kg	**34,359**	**1,821,084**	25,398	1,449,263
		Ltrs	**4,245**	**253,943**	6,690	411,204
4	Non bottled beverages	Kg	**1,902**	**70,382**	1,317	62,214
		Ltrs	**6,903**	**974,887**	9,129	1,104,821
5	Packing materials			**3,099,598**		3,123,907
	Total			**7,546,475**		7,037,952

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

26.5 Quantitative information of food and beverage items (Contd...)

Statement of consumption

Sr. No	Particulars	Unit	2011		2010	
			Qty	Value Rs	Qty	Value Rs
1	Packaged food item	Pcs	**2,076,143**	**35,484,045**	2,323,354	33,254,260
2	Bottled beverages	Pcs	**1,062,963**	**20,880,391**	1,052,482	18,388,449
3	Non packaged food item	Kg	**341,894**	**13,159,245**	343,659	12,451,928
		Ltrs	**101,747**	**3,894,697**	42,797	2,828,295
4	Non bottled beverages	Kg	**21,387**	**784,485**	22,921	811,691
		Ltrs	**170,219**	**22,022,248**	168,238	22,009,294
5	Packing material			**11,512,648**		10,693,573
	Total			**107,737,759**		100,437,490

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

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

27. Earnings per share

	2011	2010
Net profit / (loss) after tax attributable to equity shareholders (A) (Numerator used for calculation of Basic EPS)	**19,880,983**	(62,449,080)
Add: Interest on FCCB	**901,147**	1,086,835
Add: Amortisation of FCMITDA *	**(6,110,119)**	(6,437,244)
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	**762,554**	1,469,802
Adjusted net profit/(loss) after tax attributable to equity shareholders (Numerator used for calculation of Dilutive EPS) **(B)**	**15,434,565**	(66,329,687)
Weighted average number of equity shares outstanding during the year – Basic (C)	**34,922,915**	34,795,262
Add: Weighted average number of equity shares arising out of outstanding stock options and on conversion of FCCB #that have dilutive effect on the EPS	**6,444,016**	6,880,884
Weighted average number of equity shares outstanding during the year – Diluted (D)	**41,366,931**	41,676,146
Basic earnings per share of face value of Rs 10 each (A)/(C)	**0.57**	(1.79)
Diluted earnings per share of face value of Rs 10 each (B)/(D)	**0.37**	(1.79)

* These adjustments have been made net of applicable taxes for the year ended 31 March 2011 and 31 March 2010.

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

Subsequent to the reporting date and consequent to the expiry of the option period to convert the FCCBs into equity shares of the Company, the entire FCCB outstanding as on the balance sheet date were due for redemption on 22 April 2011. However, for the computation of diluted EPS for the year ended 31 March 2011, the said options have been considered as potential equity shares in accordance with AS – 20 – Earnings Per Share.

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

28 Employee stock option scheme ('ESOS')

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

As per the Scheme, the Committee shall issue stock options to the employees at an exercise price of Rs 14.47 per option. Further, the participants shall exercise the options within a period of 5 years commencing on or after respective date of vesting of the options.

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

Period within which options will vest 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

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;

	2011	2010
Outstanding at the beginning of the year	**1,063,300**	-
Granted during the year	**-**	1,128,600
Forfeited during the year *	**(637,750)**	(65,300)
Vested and Exercised during the year	**(151,770)**	-
Outstanding at the end of the year #	**273,780**	1,063,300
Options vested and exercisable as at the year-end	**-**	-

* 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.

29 Initial Public Offering ('IPO')

Vide a special resolution passed at the Extra ordinary General Meeting of the members of the Company held on 23 December 2004, under Section 81(1A) of the Act, and the resolution passed by the Board of Directors at the meeting held on 21 December 2004, consent was accorded to offer /issue/ allot 8,150,000 equity shares of face value of Rs 10 each at a premium through the 100% book building process through an initial public offering ('IPO'). In this offering, 250,000 shares were reserved for employees of the Company. On 22 April 2005, pursuant to the IPO, the Company issued 8,150,180 equity shares of Rs 10 each at a premium of Rs 43 per share.

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

29 Initial Public Offering ('IPO') (Contd...)

The proceeds from the IPO were utilised as under :

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2011
1	Funding exhibition growth	337,000,000	*139,056,274
2	Funding distribution growth through subsidiary	59,950,000	-
3	Issue expenses	35,000,000	**44,161,726
4	Repayment of loans	–	*248,732,000
	Total	**431,950,000**	**431,950,000**

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

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

The shareholders of the Company, at their Annual General Meeting held on 30 September 2009 approved vide a special resolution, the utilisation of balance un-utilised IPO proceeds of Rs 160,000,000 as at that date inter-alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, during the year ended 31 March 2011 and the year ended 31 March 2010, the Company utilised Rs 119,505,719 and Rs 40,494,281 respectively for repayment of term loans taken for its multiplex capital expenses.

30 Foreign Currency Convertible Bonds

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

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

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

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

(i) Rs 90 per share for Series A Bonds; and

(ii) Rs 107 per share for Series B Bonds

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

Unless previously converted, redeemed or repurchased and cancelled,

(i) the Series A Bonds are redeemable on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

30 Foreign Currency Convertible Bonds (Contd...)

(ii) the Series B Bonds are redeemable on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

During the year ended 31 March 2008, 1,504,999 equity shares of Rs 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US $ 1,000 each at an exercise price of Rs 90 per share and 1,687,850 equity shares of Rs 10 each were allotted against 4,000 Series B FCCB of US $ 1,000 each at an exercise price of Rs 107 per share, thus aggregating to a total allotment 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 and 31 March 2010).

Exchange gain / loss arising on such conversion has been adjusted against securities premium account. Premium on FCCB amortised and adjusted to the securities premium account upto the date of conversion has been reversed.

The bond issue expenses have been adjusted against securities premium as per the provision of Section 78 of the Act.

In accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year ended 31 March 2010, certain bondholders have opted for early redemption aggregating to USD 1,365,445 (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.

Utilisation upto 31 March 2011 of the proceeds from the FCCB issue is as under:

Amounts in Rs

Purpose		2011	2010
a.	New cinema complexes	**824,324,235**	824,324,235
b.	Expansion / modernisation of existing cinema complexes	**24,561,411**	24,561,411
c.	FCCB issue expense	**24,207,236**	24,207,236
	Total	**873,092,882**	873,092,882
	Balance unutilised funds:	**-**	-

Events subsequent to 31 March 2011

None of the bondholders have exercised the option prior to 12 April 2011 for conversion of FCCB bonds into equity shares of the Company. Consequently, the bonds have matured on 22 April 2011 for redemption.

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

Particulars	2011	2010
Opening balance	**169,864,832**	138,433,532
Add: Provision for the year	**75,529,962**	47,217,343
(Less) / Add: Exchange difference on account of restatement of the outstanding premium payable	**(1,844,158)**	(15,786,043)
Closing balance #	**243,550,636**	169,864,832

32 Foreign currency exposures not hedged

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

Particulars	2011		2010	
	In US $	**In INR**	In US $	In INR
Total un-hedged funds				
– FCCB liability	**13,000,000**	**580,450,000**	13,000,000	586,820,000
– YTM on FCCB *	**4,878,785**	**217,837,755**	3,763,067	169,864,832

Closing balance of premium on redemption of Foreign Currency Convertible Bonds as at 31 March 2011 excludes potential withholding tax liability aggregating to Rs 25,712,881.

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

33 Interest in joint ventures

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

The interests in the joint ventures are reported as long-term investments (refer Schedule 8) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in the joint ventures, based on audited financial statements , is;

	2011	2010
I. ASSETS		
1. Fixed assets	**9,505,392**	15,302,345
2. Investments	**1,041,966**	-
3. Current assets, loans and advances		
a) Inventories	**257,393**	1,455,534
b) Sundry debtors	**2,427,150**	2,145,358
c) Cash and bank balances	**2,847,376**	8,865,103
d) Loans and advances	**18,559,286**	19,405,086
II. LIABILITIES		
1. Current liabilities		
a) Liabilities	**6,005,394**	8,557,133
b) Provisions	**30,877**	39,968
III. INCOME		
1. Revenue from operations	**58,315,272**	59,619,015
2. Other income	**636,219**	3,072,454
IV. EXPENSES		
1. Direct cost	**24,957,801**	24,665,234
2. Entertainment tax	**-**	8,477,256
3. Personnel cost	**3,118,609**	3,444,068
4. Other expenses	**33,660,511**	28,756,167
5. Depreciation	**5,908,776**	5,850,746
6. Provision for taxation (including deferred taxation and Provision for tax for earlier years written back, net)	**29,831**	(4,215,000)

Contingent liabilities

1. SMCPL will be liable to refund the entertainment tax to the extent of exemption claimed in the event that the multiplex does not continue operations for the period of ten years from 11 June 2002.
2. SMCPL has not provided for service tax liability on renting of immovable property aggregating to Rs 3,277,579 (Company's share Rs 1,638,790) pertaining to the period from 1 April 2008 to 28 February 2010. Based on a legal opinion obtained by the management for Fame India Limited in the current year, the levy of service tax on renting of immovable property cannot be said to be final. On the basis of the same, SMCPL has reversed the unpaid service tax liability aggregating to Rs 3,277,579 during the current year.

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

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

General description of significant defined benefit plans

i) Gratuity Plan

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

ii) Leave Plan

All employees can carry forward and avail / en-cash leave on superannuation, death, permanent disablement or resignation, subject to maximum accumulation of 60 days.

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

iii) Defined contribution plans

Amounts contributed to Provident Fund and Employees' State Insurance Corporation aggregating to Rs 9,689,027 (31 March 2010: Rs 7,611,461) recognised as an expense and included in "Personnel costs" (refer Schedule 18) in the profit and loss account.

iv) Defined benefit obligation

	2011		2010	
	Gratuity (Unfunded)	**Leave Liability (Unfunded)**	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation	**Rs.**	**Rs.**	Rs.	Rs.
Projected benefit obligation at beginning of the year	**4,208,407**	**4,247,099**	3,699,074	4,508,214
Current service cost	**1,246,406**	**1,548,533**	1,335,589	1,933,421
Interest cost	**309,321**	**381,633**	363,079	440,817
Actuarial loss/(gain) due to change in assumptions	**1,808,633**	**(721,456)**	(1,135,970)	(1,912,542)
Settlements	**(3,176,610)**	**(2,050,440)**	(53,365)	(722,810)
Past service cost – vested	**64,628**	**-**	-	-
Past service cost – non – vested	**333,803**	**-**	-	-
Projected benefit obligation at end of the year	**4,794,588**	**3,405,369**	4,208,407	4,247,099

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

	2011		2010	
	Gratuity (Unfunded)	**Leave Liability (Unfunded)**	Gratuity (Unfunded)	Leave Liability (Unfunded)
Projected benefit obligation at end of the year	**4,794,588**	**3,405,369**	4,208,407	4,247,099
Ending asset	**-**	**-**	-	-
Funded status (liability)	**(4,794,588)**	**(3,405,369)**	(4,208,407)	(4,247,099)
Unrecognised past service cost – non vested benefit	**-**	**-**	-	-
(Liability) recognised in balance sheet	**(4,794,588)**	**(3,405,369)**	(4,208,407)	(4,247,099)

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

34 Disclosure pursuant to Accounting Standard – 15 (revised 2005) 'Employee Benefits' (Contd...)

vi) Expenses recognised in the profit and loss account

	2011		2010	
	Gratuity (Unfunded)	**Leave Liability (Unfunded)**	Gratuity (Unfunded)	Leave Liability (Unfunded)
Current service cost	**1,246,406**	**1,548,533**	1,335,589	1,933,421
Interest cost	**309,321**	**381,633**	363,079	440,817
Expected return on plan asset	**-**	**-**	-	-
Net actuarial loss/(gain) to be recognised in year	**1,808,633**	**(721,456)**	(1,135,970)	(1,912,542)
Past service cost	**148,079**	**-**	-	-
Expense recognised in the statement of profit and loss account	**3,512,439**	**1,208,710**	562,698	461,695

vii) Actuarial assumptions

	Gratuity		Leave liability	
	2011	2010	**2011**	2010
Discount rate	**8.00%**	8.00%	**8.00%**	8.00%
Salary escalation	**12.00%**	12.00%	**12.00%**	12.00%

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

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

viii) Experience adjustments

Gratuity (unfunded)	**2011**	2010	2009	2008
Present value of defined benefit obligation	**4 ,794,588**	4,208,407	3,699,074	2,288,978
Fair value of the plan assets	**-**	-	-	-
Deficit in the plan	**(4 ,794,588)**	(4,208,407)	(3,699,074)	(2,288,978)
Actuarial (gain)/loss due to change in assumptions	**-**	(246,270)	(54,826)	(526,926)
Experience actuarial loss/(gain) adjustments on;				
Plan liabilities	**(1,808,633)**	(889,700)	(100,619)	879,013
Plan assets	**-**	-	-	-

ix) Experience adjustments *(Continued)*

Leave encashment (unfunded)	**2011**	2010	2009	2008
Present value of defined benefit obligation	**3,405,369**	4,247,099	4,508,214	3,122,770
Fair value of the plan assets	-	-	-	-
Deficit in the plan	**(3,405,369)**	(4,247,099)	(4,508,214)	(3,122,770)
Actuarial (gain)/loss due to change in assumptions	**-**	(269,209)	420,653	(1,377,151)
Experience actuarial (gain) adjustments on;				
Plan liabilities	**(721,456)**	(1,643,333)	(912,101)	(209,913)
Plan assets	**-**	-	-	-

Notes to the accounts (Contd...)

(Currency: Indian Rupees)

35 Micro, Small and Medium Enterprises

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

36 In case of its multiplex at Hiland park, Kolkata, the Company had received exemption from payment of entertainment tax pursuant to an order dated 20 October 2008 from Government of West Bengal for a period of four years commencing from 2 December 2005 up to a maximum amount as notified in the order. The Company has recouped the amount fully till 19 November 2009 and has commenced paying entertainment tax from that date. In the current year, the Company has recognised an income of Rs Nil (31 March 2010: Rs 5,141,534) as entertainment tax refund / subsidy with respect to the above multiplex.

Similarly, in case of its multiplex at Southcity, Kolkatta, the Company received exemption from payment of entertainment tax pursuant to an order dated 17 December 2009 from Government of West Bengal for a period of four years commencing from 14 March 2008 upto a maximum amount as notified in the Order. The Company is not required to pay entertainment tax in the future till such time as the certified eligible amount is not recouped or up to the end of 4 years from the commencement date, whichever is earlier. With respect to the entertainment tax already paid aggregating to Rs 50,289,802 up to the date of Order, the Company has filed the necessary application for refund of such taxes paid and the same has been duly received. In the current year, the Company has recognised an income of Rs 34,526,913 (31 March 2010: Rs 32,764,279) as entertainment tax subsidy with respect to the above multiplex.

37 Mr. Shravan Shroff was reappointed as Managing Director of the Company with effect from 19 December 2010. The remuneration with effect from 19 December 2010 till the date of his resignation, being in excess of limits prescribed under the Companies Act, 1956, is subject to requisite approvals of the shareholders and the Central Government. The Company has applied for approval from Central Government on 15 March 2011 and pending approval of the same, the said remuneration has been considered as recoverable from the director as on 31 March 2011.

38 Resignation of Directors

On 21 January 2011, Mr Shravan Shroff resigned as a Director and consequently as Managing Director of the Company. The Company is yet to appoint a Managing Director or a whole-time director or a manager.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Currency: Indian Rupees)

I Registration details

Registration No	1 2 2 3 8 1	State Code	1 1
Balance sheet date	3 1 0 3 1 1		

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

Public issue	NIL
Right issue	NIL
Bonus issue	NIL
Private placement*	1518

*shares issued pursuant to ESOS

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

	Total liabilities	2438259	Total asset	2438259
Sources of funds	Paid-up capital	349480	Reserves and surplus	338057
	Secured loans	328902	Unsecured loans	819715
Application of funds	Net fixed assets	1456055	Investment	208605
	Deferred tax asset	-	Net current assets	171494

IV Performance of Company (Amount in Rupees thousands)

Turnover / Other income	1612323	Total expenditure	1598777
Profit/Loss before tax	13546	Profit/Loss after tax	19881
Earnings per share (in Rs.)*	Basic 0.57	Dividend %	- -
	Diluted 0.37		

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

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

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

Auditors' Report

To the Members of
Fame India Limited

We have audited the attached consolidated balance sheet of Fame India Limited ('FIL' or 'the Company' or 'the Parent Company') and its subsidiaries and joint ventures (as per the list appearing in Schedule 1 to the consolidated financial statements) (collectively referred to as the 'Group') as at 31 March 2011 and the related consolidated profit and loss account and 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. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We have not audited the financial statements of the subsidiaries, Fame Motion Pictures Limtied (formerly known as Shringar Films Limited) and Big Pictures Hospitality Services Private Limited and joint venture, Headstrong Films Private Limited, which reflect the Group's share of total assets of Rs 200,535,673 as at 31 March 2011 (31 March 2010: 5,397,452) and the Group's share of total revenue of Rs 67,967,383 (31 March 2010: Rs Nil) and net cash inflow amounting to Rs 6,231,996 (31 March 2010: cash inflow Rs 845,585) as considered in the consolidated financial statements. These financial statements and other financial information of the subsidiaries and the joint venture have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries and joint venture is based solely on the reports of the other auditors.

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

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the separate audit reports on individual audited financial statements of the subsidiaries and joint venture, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2011;

ii) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Group for the year ended on that date; and

iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2011

(Currency : Indian Rupees)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**349,470,320**	347,952,620
Reserves and surplus	4	**381,737,027**	445,697,318
		731,207,347	793,649,938
Loan funds			
Secured loans	5	**328,902,372**	603,842,231
Unsecured loans	6	**655,865,096**	541,680,000
		984,767,468	1,145,522,231
Foreign Currency Monetary Item Translation Difference Account ('FCMITDA')		**-**	6,437,244
		1,715,974,815	1,945,609,413
APPLICATION OF FUNDS			
Goodwill on consolidation		**46,729,824**	46,729,824
Fixed assets	7		
Gross block		**1,910,919,317**	1,942,805,321
Less: Accumulated depreciation / amortisation		**655,237,247**	505,798,399
Net block		**1,255,682,070**	1,437,006,922
Capital work-in-progress (including capital advances)		**209,493,406**	127,429,306
		1,465,175,476	1,564,436,228
Investments	8	**2,909,966**	20,888,003
Deferred tax asset (net)	9	**3,540,425**	3,439,608
Current assets, loans and advances			
Inventories	10	**7,803,868**	8,493,485
Sundry debtors	11	**79,276,233**	70,172,633
Cash and bank balances	12	**187,925,929**	230,995,246
Loans and advances	13	**542,999,954**	668,336,060
		818,005,984	977,997,424
Less: Current liabilities and provisions			
Current liabilities	14	**612,074,048**	657,409,097
Provisions	15	**8,312,812**	10,472,577
		620,386,860	667,881,674
Net current assets		**197,619,124**	310,115,750
		1,715,974,815	**1,945,609,413**
Significant accounting policies	2		
Notes to the accounts	22 - 37		

The accompanying schedules form an integral part of this consolidated balance sheet.
As per our report of even date attached.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

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

(Currency : Indian Rupees)

	Schedules	2011	2010
Income			
Revenue from operations	16	**1,668,962,557**	1,697,048,645
Other income	17	**58,660,108**	61,723,273
		1,727,622,665	1,758,771,918
Expenditure			
Direct costs	18	**650,882,359**	724,201,746
Entertainment tax		**-**	8,477,256
Personnel costs	19	**166,341,995**	145,165,332
Other administrative expenses	20	**687,122,466**	718,453,721
Depreciation / amortisation	7	**177,494,556**	176,576,079
Interest	21	**50,731,238**	58,265,651
Amortisation of FCMITDA		**(7,631,019)**	(6,437,244)
		1,724,941,595	1,824,702,541
Profit / (loss) for the year before tax		**2,681,070**	(65,930,623)
Less: Provision for taxation			
-- Current tax		**4,265,000**	382,338
-- Previous year tax charge / (release)		**3,225,862**	(5,077,903)
-- Deferred tax (release) / charge		**(100,817)**	2,107,966
-- MAT credit entitlement (including for earlier years Rs 10,538,992 (31 March 2010: Rs Nil))		**(13,756,076)**	-
Net profit / (loss) for the year after tax		**9,047,101**	(63,343,024)
Balance in the profit and loss account brought forward		**79,550,939**	142,893,963
Balance in profit and loss account carried forward to the balance sheet		**88,598,040**	79,550,939
Basic earnings per equity share of face value Rs 10 each	27	**0.26**	(1.82)
Diluted earnings per equity share of face value Rs 10 each	27	**0.11**	(1.82)
Significant accounting policies	2		
Notes to the accounts	22 - 37		

The accompanying schedules form an integral part of this consolidated profit and loss account.
As per our report of even date attached.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

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Director

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Chief Financial Officer

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Company Secretary

Mumbai
26 May 2011

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

(Currency : Indian Rupees)

	2011	2010
Cash flow from operating activities		
Profit / (loss) for the year before tax	**2,681,070**	(65,930,623)
Adjustments for :		
Depreciation / amortisation	**177,494,556**	176,576,079
Amortisation of FCMITDA	**(7,631,019)**	(6,437,244)
Bad debts written off	**588,026**	18,698,410
Provision for doubtful debts / advances	**5,784,975**	(2,870,449)
Interest expense	**50,731,238**	58,265,651
Loss on sale / discard of fixed assets (net)	**2,283,269**	1,960,679
Dividend from non-trade investments	**(812,638)**	(1,415,834)
Interest on National saving certificates (NSC)	**(433,904)**	(1,725,245)
Interest received - others	**(61,101)**	(20,377)
Interest on fixed deposit	**(9,765,654)**	(11,698,064)
Liability no longer required, written back	**(970,855)**	(1,770,081)
Advances and receivables written off	**3,783,552**	9,462,974
Amortisation of stock	**1,200,796**	-
Profit on sale of investments (net)	**(233,758)**	-
Operating profit before changes in working capital	**224,638,553**	173,095,876
Adjustments for :		
Decrease / (increase) in working capital		
Sundry debtors	**(14,058,594)**	(27,248,822)
Loans and advances	**110,635,526**	(56,103,202)
Inventories	**(587,954)**	(2,660,588)
Current liabilities	**(59,564,833)**	103,153,497
Provisions	**(859,539)**	258,813
Net changes in working capital	**35,564,606**	17,399,697
Direct taxes paid	**(6,642,255)**	(11,789,525)
Net cash generated from operations	**253,560,904**	178,706,048
Cash flow from investing activities		
Purchase of fixed assets	**(137,828,292)**	(217,550,412)
Proceeds from sale of fixed assets	**5,611,826**	80,996
Proceeds from redemption of units in mutual funds	**285,098,058**	378,857,663
Purchase of units in mutual funds	**(268,661,401)**	(394,516,943)
Dividend income reinvested	**(624,861)**	(960,723)
Purchase of NSCs	**-**	(838,000)
Proceeds from maturity of NSCs	**12,400,000**	-
Interest received	**16,493,731**	11,030,026
Dividend received	**1,267,748**	960,723
Net cash (used in) investing activities	**(86,243,191)**	(222,936,670)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011 (CONTD...)

(Currency : Indian Rupees)

	2011	2010
Cash flow from financing activities		
Interest paid	**(58,950,001)**	(67,357,552)
Proceeds from issue of shares under the ESOS 2009 scheme	**1,517,700**	-
Securities premium received on above	**678,412**	-
Term loans obtained from banks	**-**	250,000,000
Term loans from banks repaid	**(292,026,860)**	(180,791,845)
Bank overdraft disbursed during the year (net)	**18,393,719**	68,091,140
Inter-corporate deposit taken	**120,000,000**	-
Net cash (used in) / generated from financing activities	**(210,387,030)**	69,941,743
Net (decrease) / increase in cash and cash equivalents	**(43,069,317)**	25,711,121
Cash and cash equivalents at the beginning of the year	**230,995,246**	205,284,125
Effect of exchange gain on cash and cash equivalents	**-**	-
Cash and cash equivalents at the end of the year	**187,925,929**	230,995,246
Cash and cash equivalents at the year-end comprise:		
Cash on hand	**2,263,834**	2,724,403
Balances with scheduled banks in		
-- Deposit accounts	**144,906,192**	147,463,491
-- Current accounts *	**40,755,903**	80,807,352
	187,925,929	230,995,246

Cash and cash equivalents includes un-utilised amount of initial public issue which has been temporarily invested in fixed deposits aggregating to Rs Nil (31 March 2010: Rs 119,505,719), an amount pledged against bank guarantees issued and amount pledged against bank overdraft. Further, the cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks. (refer Schedule 12).

* includes Rs Nil (31 March 2010: Rs 20,000) in a jointly held account with a joint venturer (jointly controlled assets).

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

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

As per our report of even date attached.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

(Currency : Indian Rupees)

1. Background

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

The Company was a subsidiary of Fame Motion Pictures Limited ('FMPL') (formerly Shringar Films Limited ('SFL')), which held 51% of its equity share capital. FMPL is mainly engaged in distribution and programming of films. On 25 March 2004, FMPL sold its shareholding in the Company to South-Yarra Holdings ('SYH'), a partnership firm in which two of the Directors (resigned on 21 January 2011) were partners. Accordingly, the Company ceased to be a subsidiary company of FMPL effective that date.

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

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

During the year ended 31 March 2010, Inox Leisure Limited ('INOX') acquired from the partners of SYH 43.28% of the share capital of the Company, followed by acquisition of additional equity shares of the Company by INOX to the extent of 7.21% from the Open Market.

On 16 December 2010, an open offer was made by INOX along with Gujarat Fluorochemicals Limited (the "Persons Acting in Concert" or "PAC") to the equity shareholders for acquisition of additional 8,231,759 equity shares at Rs 51 per equity share for cash representing 20.25% of the equity share capital of the Company. Further, an open offer was also made by Reliance MediaWorks Limited, Reliance CapitalPartners and Reliance Capital Limited to the equity shareholders of the Company to acquire 21,700,000 fully paid-up equity shares at Rs 83.40 per equity share for cash, representing 62.09% of the equity share capital of the Company. Pursuant to the open offers, INOX acquired 1,075 equity shares of the Company and Reliance MediaWorks Limited, Reliance Capital Partners and Reliance Capital Limited acquired 6,819,815 equity shares of the Company. Post the Open-offer, INOX holds 50.27% of the paid-up share capital of the Company. Accordingly, the Company is now a subsidiary of INOX with effect from 6 January 2011.

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

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

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

The consolidated financial statements include the financial statements of FIL and its subsidiaries and joint ventures (collectively referred to as 'the Group'). The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarised below:

Name of the subsidiary	Country of incorporation	% shareholding	Period
FMPL	India	100.00	From 27 March 2004
Big Pictures	India	100.00	From 8 March 2006

(Currency : Indian Rupees)

1. Background (Contd...)

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

Name of the venture	Country of incorporation	% shareholding	Period
SMCPL	India	50.00	From 1 September 2005
HFPL	India	50.00	From 3 November 2008

2. Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

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

2.2 Going concern

As at 31 March 2011, the Parent Company has term loans of Rs 106,666,668 lacs due for repayment within the next twelve months. Further, in accordance with the terms and conditions of the Foreign Currency Convertible Bonds ('FCCBs'), (a) an amount of Rs 62,893,145 (worth face value of USD 1 million and accrued interest) would become payable upon receipt of Reserve Bank of India ('RBI') approval and (b) unless converted into equity shares of the Company prior to 12 April 2011, an amount of Rs 761,107,600 (worth face value of USD 12 million and accrued interest as per the exchange rate as at 31 March 2011) would become payable on 22 April 2011 – the FCCBs have matured on 22 April 2011 and are due for payment.

Subsequent to the year-end, the Company has obtained sanction for a short term loan for the purpose of repayment of FCCB liability. Further, the Board of Directors at their meeting held on 19 April 2011, have accorded consent to issue equity shares on rights basis to the existing equity shareholders of the Company up to Rs 900,000,000. Based on the above, and management projections for the future, as also the financial strength and management support of INOX, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3 Principles of consolidation

The consolidated financial statements are prepared in accordance with AS 21 – 'Consolidated Financial Statements' and AS 27 – 'Financial Reporting of Interests in Joint Ventures' as prescribed in the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its independent financial statements. The consolidated financial statements have been consolidated on the following basis:

Subsidiaries

The excess of cost to the Parent Company of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the consolidated financial statements as goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per financial statements of the subsidiaries as on the date of investment.

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the reserve as per the balance sheet of the Parent Company and its share in the post-acquisition increase / decrease in the relevant reserve / accumulated losses of its subsidiaries.

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.3 Principles of consolidation (Contd...)

Joint venture entities

Interests in entities in which the Parent Company or any of its subsidiaries has joint control with one or more co venturers, are reported using proportionate consolidation method i.e. share of the assets, liabilities, income and expenses of the jointly controlled entity are shown as separate items in the consolidated financial statements. Most of the procedures for doing so are similar to the procedures for the consolidation of subsidiaries.

2.4 Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in India requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the consolidated financial statements and reported amounts of revenue and expenses during the reported period. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.5 Goodwill on consolidation

The excess of cost to the Company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the date on which investment was made, has been recognised as goodwill in the consolidated financial statements. Goodwill is reviewed for decline other than temporary, whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

2.6 Revenue recognition

Multiplex operations

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

Revenue from theatrical exhibition is recognised on the date of exhibition of the films and comprises proceeds from sales of tickets, net of discounts. As the exhibitor is the primary obligor with respect to exhibition activities, the share of distributors and the joint-venture investors in these proceeds is disclosed as exhibition costs.

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

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

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

Distribution

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

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

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.6 Revenue recognition (Continued)

Programming

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

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

Food court operations

Conducting agreements are entered into with various vendors to run Food Court business.

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

Film production operations

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of theatrical exploitation of film rights comprises proceeds from sales of tickets, net of taxes and exhibitor's and distributor's share, and is recognised on the date of exhibition of the film.

Revenue from non-theatrical exploitation of film rights is recognised on the date of availability of these rights to the licensee as per the respective contractual terms.

Others

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

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

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

Intangible assets

Film rights comprise negative rights and distribution rights.

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

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

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

Computer software is accounted at the cost of acquisition.

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.7 Fixed assets, intangible assets, Capital work-in-progress and depreciation / amortization (Continued)

Tangible fixed assets and Capital work in progress (CWIP)

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

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

In respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011, consequent to the insertion of para 46 of AS-11 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, (as more fully explained in Schedule 2.14), the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

Depreciation and amortisation

Intangible assets

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

Cost of computer software is amortised over one year period, being the useful life of such software as estimated by the management.

Tangible fixed assets

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

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

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

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

Individual assets costing upto Rs 5,000 are depreciated at the rate of 100% pro-rata over the period of one year.

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

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

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.8 Impairment of assets

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

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

2.9 Investments

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

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

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

2.10 Jointly controlled assets and joint venture investors

Jointly controlled assets comprise film rights in respect of which both financial and operating control is exercised jointly with another venturer. The Company in such cases recognises its share of jointly controlled assets, any liability and expenses that it incurs and share of jointly incurred liabilities, and only its share of income and expenses related to the venture.

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

2.11 Inventories

Food and beverages

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

2.12 Leases

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

Assets taken on operating lease

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

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.13 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

(c) Other long-term employment benefits

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

2.14 Foreign currency transactions

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

The Central Government has vide its notification dated 31 March 2009 amended AS 11, 'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 7 December 2006 and ending on or before 31 March 2011.

As stipulated in the notification, the Company has exercised the option to adopt the following policy irrevocably and retrospectively for accounting periods commencing from 1 April 2007.

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

a) adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets and;

2. Summary of significant accounting policies (Contd...) (Currency : Indian Rupees)

2.14 Foreign currency transactions (Contd...)

b) accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortised over the balance period of long-term monetary asset / liability but not beyond 31 March 2011, in cases other than those falling under (a) above.

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

2.15 Taxation

Tax expense comprises current tax and deferred tax charge or credit

Current tax

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

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

MAT credit entitlement is reviewed as at each balance sheet date and written down to the extent there is no longer convincing evidence that the Company will pay normal income tax during the specified period.

Deferred tax

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

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

2.16 Earnings per share ('EPS')

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

2.17 Employees' Stock Option Scheme ('ESOS')

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

2.18 Provisions and contingencies

Provisions comprise liabilities of uncertain timing or amount. Provisions and loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recognised when there is a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(Currency : Indian Rupees)

		2011	2010
3	**Share capital**		
	Authorised *		
	51,990,000 (31 March 2010: 51,990,000) equity shares of Rs 10 each	**519,900,000**	519,900,000
	10,000 (31 March 2010: 10,000) preference shares of Rs 10 each	**100,000**	100,000
		520,000,000	520,000,000
	* Subsequent to the balance sheet date, the Company has increased its authorised share capital to Rs 63,000,000 divided into 62,990,000 equity shares of Rs 10 each and 10,000 preference shares of Rs 10 each pursuant to resolution passed by the members through a postal ballot on 9 April 2011.		
	Issued, subscribed and paid-up		
	Equity Shares		
	34,947,032 (31 March 2010: 34,795,262) equity shares of Rs 10 each, fully paid-up.	**349,470,320**	347,952,620
	-- 17,566,363 (31 March 2010: Nil) equity shares of Rs 10 each, fully paid-up are held by Inox Leisure Limited ('INOX'), the Holding Company. (refer schedule 1)		
	-- 18,833,000 equity shares of Rs 10 each, fully paid-up were issued as bonus shares on 10 July 2004 by utilising balance in securities premium account.		
	-- 83,333 equity shares of face value Rs 10 each were allotted at a premium of Rs 35 per share to India Value Fund Trustee Company Private Limited on 24 December 2004 towards prepayment of interest on monies borrowed pursuant to the terms of the loan agreement dated 9 December 2004.		
	As at 31 March 2011, 35,900 (31 March 2010: 35,900) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Shringar Employee Stock Options Scheme, 2004".		
	As at 31 March 2011, 151,770 (31 March 2010: Nil) equity shares of Rs 10 each allotted to the employees of the Company on exercise of the vested stock options in accordance with the terms of exercise under the "Employee Stock Options Scheme 2009" (refer Schedule 28).		
	-- 1,504,999 equity shares of Rs 10 each allotted against 3,000 Series A Foreign Currency Convertible Bonds ('FCCB') of US $ 1,000 each at an exercise price of Rs 90 per share (refer Schedule 30).		
	-- 1,687,850 equity shares of Rs 10 each allotted against 4,000 Series B Foreign Currency Convertible Bonds ('FCCB') of US $ 1,000 each at an exercise price of Rs 107 per share (refer Schedule 30).		
		349,470,320	347,952,620

4	**Reserves and surplus**		
	Securities premium		
	At the beginning of the year	**354,121,001**	385,552,387
	Add: Addition during the year	**678,412**	–
	Less: Provision Yield to Maturity ('YTM') i.e. premium on redemption of FCCB (refer Schedule 31)	**73,685,804**	31,431,386
		281,113,609	354,121,001
	Capital redemption reserve	**10,000**	10,000
	General reserve	**12,015,378**	12,015,378
	Profit and loss account	**88,598,040**	79,550,939
		381,737,027	445,697,318

(Currency : Indian Rupees)

		2011	2010
5	**Secured loans**		
	Term loans from banks	**216,666,665**	510,000,243
	Bank overdraft	**112,235,707**	93,841,988
		328,902,372	603,842,231
	The loans are secured as follows :		
	Term loans from banks		
	-- Secured against existing and future movable fixed assets and current assets of the respective multiplexes operated by the Parent Company and against an equitable mortgage on the immovable property at Anand, Gujarat. The cash flows related to the respective projects are required to be routed through the accounts maintained with the respective banks.		
	-- Further, two of the directors (resigned on 21 January 2011) of the Company have given personal guarantees for the above term loans *		
	-- Further, the term loans are secured against liquidity reserve of Company's fixed deposits to the extent of Rs 4,300,000 (31 March 2010: Rs 4,300,000)		
	-- Repayable within a year Rs 106,666,668 (31 March 2010: Rs 170,081,302)		
	Bank overdraft		
	-- Secured against fixed deposits to the extent of Rs 135,000,000 (31 March 2010: Rs 135,000,000) and against an equitable mortgage on the immovable property at Anand, Gujarat.		
	-- Further, two of the directors (resigned on 21 January 2011) of the Company have given personal guarantees for the above overdraft facilities. *		
	* Pursuant to the resignation of the erstwhile promoter directors of the Parent Company and with respect to the term loans and cash credit facilities availed by it, the management has made an application to its bankers for replacing the personal guarantees issued by the said directors with a corporate guarantee to be issued by INOX.		

6	**Unsecured loans**		
	Foreign Currency Convertible Bonds (refer Schedule 30)		
	8,000 (31 March 2010: 8,000) Zero-coupon Series A Foreign Currency Convertible Bonds of US $ 1,000 per bond	**357,200,000**	361,120,000
	4,000 (31 March 2010: 4,000) 0.5% per annum Series B Foreign Currency Convertible Bonds of US $ 1,000 per bond	**178,600,000**	180,560,000
	-- Repayable within one year Rs 535,800,000 (31 March 2010: Rs Nil)		
	Inter-corporate deposits ('ICD') from INOX	**120,065,096**	–
	-- The above loan is repayable within a period of three years		
		655,865,096	541,680,000

(Currency : Indian Rupees)

7 Fixed assets

	Gross block				Accumulated depreciation/ amortisation				Net block	
Description of asset	**As at 1 April 2010**	**Additions / adjustments during the year**	**Deductions during the year**	**As at 31 March 2011**	**As at 1 April 2010**	**Charge for the year**	**On deductions / adjustments during the year**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2010**
Intangible assets										
Computer software	13,273,479	465,623	–	**13,739,102**	12,785,425	953,677	–	**13,739,102**	–	488,054
Negative rights	266,225	–	–	**266,225**	166,225	100,000	–	**266,225**	–	100,000
Distribution rights **	23,581,447	–	14,562,884	**9,018,563**	23,561,927	19,519	14,562,883	**9,018,563**	–	19,520
	37,121,151	465,623	14,562,884	**23,023,890**	36,513,577	1,073,196	14,562,883	**23,023,890**	–	607,574
*Tangible assets ****										
Land (freehold)*	49,023,124	–	299,831	**48,723,293**	–	–	–	–	**48,723,293**	49,023,124
Building	23,359,343	–	142,793	**23,216,550**	1,173,121	380,088	–	**1,553,209**	**21,663,341**	22,186,222
Leasehold improvements	997,328,894	464,361	3,567,015	**994,226,240**	238,294,832	101,275,226	882,376	**338,687,682**	**655,538,558**	759,034,062
Furniture and fixtures	205,008,705	138,844	4,490,071	**200,657,478**	51,147,330	20,055,974	2,973,127	**68,230,177**	**132,427,301**	153,861,375
Office equipment	26,263,202	246,842	3,546,521	**22,963,523**	9,435,859	2,314,435	2,309,382	**9,440,912**	**13,522,611**	16,827,343
Computers	50,400,495	1,341,908	2,700,012	**49,042,391**	24,115,326	7,803,727	2,399,737	**29,519,316**	**19,523,075**	26,285,169
Airconditioner	161,830,405	211,496	409,057	**161,632,844**	36,973,768	12,981,194	–	**49,954,962**	**111,677,882**	124,856,637
Electrical fittings	40,475,655	50,536	–	**40,526,191**	4,165,714	1,920,302	–	**6,086,016**	**34,440,175**	36,309,941
Plant and machinery										
Theatrical equipment	290,273,710	5,538,265	9,143,058	**286,668,917**	59,826,839	23,295,349	3,820,432	**79,301,756**	**207,367,161**	230,446,871
Vehicles	6,582,914	–	1,594,459	**4,988,455**	4,316,655	486,289	1,107,771	**3,695,173**	**1,293,282**	2,266,259
	1,850,546,447	7,992,252	25,892,817	**1,832,645,882**	429,449,444	170,512,584	13,492,825	**586,469,203**	**1,246,176,679**	1,421,097,003
Total	**1,887,667,598**	**8,457,875**	**40,455,701**	**1,855,669,772**	**465,963,021**	**171,585,780**	**28,055,708**	**609,493,093**	**1,246,176,679**	**1,421,704,577**
Share of joint venture	55,137,723	111,822	–	**55,249,545**	39,835,378	5,908,776	–	**45,744,154**	**9,505,391**	15,302,345
Total	**1,942,805,321**	**8,569,697**	**40,455,701**	**1,910,919,317**	**505,798,399**	**177,494,556**	**28,055,708**	**655,237,247**	**1,255,682,070**	**1,437,006,922**
31 March 2010	1,891,867,881	352,408,022	301,470,582	1,942,805,321	600,395,266	176,576,079	271,172,946	505,798,399	1,437,006,922	
Capital work in progress									**209,493,406**	127,429,306

Notes :

1) Additions during the year includes borrowing cost capitalised Rs 6,845,736 (31 March 2010: Rs 8,482,400).

2) Capital working-in-progress includes pre-operative expenses incurred pending capitalisation.

	2011	2010
-- Architectural and Professional fees	**1,058,610**	1,007,610
-- Operational expenses	**14,118,061**	9,078,666
-- Personnel cost	**6,933,337**	5,571,677
	22,110,008	15,657,953

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

** The gross block as at 31 March 2011 is net of share of joint venture investors aggregating to Rs Nil (31 March 2010: Rs 1,090,478)

*** The above represents certain assets pending vacation of charge on prepayment of term loans

3) The amortisation charge for the year includes Rs 119,519 (31 March 2010: Rs 755,828) being accelerated depreciation on film rights since management is of opinion that the carrying value of certain rights is higher than the expected receipt from their sale.

(Currency : Indian Rupees)

		2011	2010
8	**Investments**		
	Non trade, Unquoted		
	Long-term, at cost		
	Investment in government securities		
	National Saving Scheme ('NSCs'): 186 (31 March 2010: 426) units of Rs 10,000 each; 1 (31 March 2010: 1) unit of Rs 5,000 each and 6 (31 March 2010: 6) units of Rs 500 each.	**1,868,000**	4,268,000
	The investments made in NSCs are held in the name of one of the Company's erstwhile director, in trust for the Company. NSCs aggregating to Rs 1,868,000 (31 March 2010: Rs 4,268,000) are provided as security / pledged with the respective district collector as required by the respective State Government's multiplex policies.		
	Current		
	Nil (31 March 2010: 105,735 units) of ICICI Prudential Flexible Income Plan Premium – Daily Dividend (Net Asset Value: N.A. (31 March 2010: Rs 16,620,003)	**–**	16,620,003
		1,868,000	20,888,003
	Share of joint venture	**1,041,966**	–
		2,909,966	**20,888,003**

Details of Investments purchased and sold / redeemed during the year

Unit Price	Particulars of investments	Face value	Cost
100	879,647.999 units of 1524 ICICI Prudential Flexible Income Plan Premium – Daily Dividend Plan	**87,964,800**	**93,009,581**
100	298,423.951 units of 1525 ICICI Prudential Flexible Income Plan Premium – Growth Plan	**29,842,395**	**53,009,581**
100	337,547.681 units of 1549 ICICI Prudential Liquid Plan – Daily Dividend Plan	**33,754,768**	**40,004,126**
100	725,286.639 units of 1564 ICICI Prudential Liquid Super Institutional Plan – Daily Dividend Plan	**72,528,664**	**72,544,923**
100	53,368 units of ICICI Prudential Flexible Income Plan Premium Daily Dividend Plan	**5,336,800**	**5,642,887**
100	25,261.23 units of ICICI Prudential Flexible Income Plan – Regular Daily Dividend Plan	**2,526,123**	**2,533,199**
100	150,000 units of IDBI Liquid Fund – Daily Divident – Reinvestment Option	**1,500,000**	**1,500,000**

(Currency : Indian Rupees)

		2011	2010
9	**Deferred tax asset (net)**		
	The components of deferred tax balances are as follows:		
	*Deferred tax asset **		
	On timing difference arising on account of:		
	Provision for doubtful debts and advances	**2,316,469**	757,757
	Expenditure allowed on payment basis under Section 43B of the Income tax Act, 1961	**–**	405,277
	Unabsorbed depreciation	**–**	26,743
	Amounts written off in books but disallowed as per Income tax Act, 1961	**–**	961,577
	Provision for VAT	**1,223,956**	1,223,956
	Difference between book depreciation and depreciation under the Income tax Act, 1961	**–**	64,298
		3,540,425	3,439,608
	*Deferred tax liability**		
	On timing difference arising on account of:		
	Intangible assets carried forward in the books but written off under rule 9B of Income Tax Act, 1961	**–**	–
		–	–
	Net deferred tax (asset)/ liability	**3,540,425**	3,439,608
	Share of joint venture	**–**	–
	Net deferred tax (asset)/ liability	**3,540,425**	**3,439,608**
	* Deferred tax assets and liabilities with respect to Fame India Limited (Parent Company), Big Pictures (wholly owned subsidiary) and Swanston Multiplex Cinemas Private Limited (Joint Venture), summarised as below, have not been included as the resulting deferred tax asset has not been recognised in the stand-alone audited financial statements in the absence of virtual certainty of realisation.		
	The components of deferred tax balances are as follows:		
	Deferred tax asset		
	On timing difference arising on account of:		
	Provision for doubtful debts and advances	**3,353,051**	3,156,513
	Expenditure allowed on payment basis under Section 43B of the Income tax Act, 1961	**7,178,322**	10,310,121
	Provisions for lease rentals	**9,146,639**	4,739,331
	Carry forward losses	**51,408,201**	34,780,302
	Unabsorbed depreciation	**169,868,437**	150,828,554
	Amount deductible under section 35D of the Income tax Act, 1961	**–**	1,842,472
		240,954,650	205,657,293
	Deferred tax liability		
	On timing difference arising on account of:		
	Difference between book depreciation and depreciation under the Income tax Act, 1961	**17,424,217**	22,903,027
		17,424,217	22,903,027
	Share of joint venture	**5,345,981**	3,114,479
	Net deferred tax asset restricted to	**Nil**	**Nil**

(Currency : Indian Rupees)

		2011	2010
10	**Inventories**		
	Inventories	**7,546,475**	7,037,952
	Share of joint venture	**257,393**	1,455,533
		7,803,868	**8,493,485**

11	**Sundry debtors**		
	(Unsecured)		
	Debts outstanding for a period exceeding six months		
	Considered good	**20,973,431**	6,042,580
	Considered doubtful	**5,686,903**	1,450,970
		26,660,334	7,493,550
	Other debts		
	Considered good	**55,875,651**	61,984,695
		55,875,651	61,984,695
	Less: Provision for doubtful debts	**5,686,903**	1,450,970
		76,849,083	68,027,275
	Share of joint venture	**2,427,150**	2,145,358
		79,276,233	**70,172,633**

12	**Cash and bank balances**		
	Cash on hand	**2,165,109**	2,596,202
	Balances with scheduled banks in		
	-- Current accounts*	**40,115,373**	76,933,610
	(Includes under escrow mechanism Rs 23,953,304 (31 March 2010: Rs 16,407,784))		
	-- Deposit accounts	**142,798,072**	142,600,331
	(Includes Rs 3,498,072 (31 March 2010: Rs 3,275,727) pledged against bank guarantees issued, Rs 135,000,000 (31 March 2010: Rs 135,000,000) pledged against bank overdraft and Rs 4,300,000 (31 March 2010: Rs 4,300,000) liquidity reserves against term loans).		
	Balances with other banks in		
	-- Current account with Axis Bank, Singapore	**–**	–
	(Maximum amount outstanding Rs Nil (31 March 2010: Rs 80,958))		
		185,078,554	222,130,143
	Share of joint venture	**2,847,376**	8,865,103
		187,925,929	**230,995,246**
	* includes Rs Nil (31 March 2010: Rs 20,000) in a jointly held account with a joint venture partner (jointly controlled assets)		

(Currency : Indian Rupees)

		2011	2010
13	**Loans and advances**		
	(Unsecured)		
	Considered good		
	Advances to producers	**394,643**	2,416,158
	Advances to distributors	**8,779,309**	17,370,708
	Deposits – others *	**366,870,968**	378,626,229
	MAT credit entitlement	**26,517,680**	12,761,604
	Advances recoverable in cash or in kind or for value to be received	**84,747,594**	198,489,988
	Accrued interest on fixed deposits and NSCs	**5,951,109**	6,499,152
	Advance tax and tax deducted at source (net of provision for Income-tax and Fringe Benefits Tax ('FBT') Rs 40,344,216 (31 March 2010: Rs 34,245,383)	**31,179,365**	32,767,135
		524,440,668	648,930,974
	Considered doubtful		
	Advances to distributors	**228,520**	228,520
	Advances to producers towards released films	**3,103,573**	1,659,083
		527,772,761	650,818,577
	Less: Provision for doubtful advances	**3,332,093**	1,887,603
		524,440,668	648,930,974
	Share of joint venture	**18,559,286**	19,405,086
		542,999,954	**668,336,060**
	* The Company may be subjected to forfeiture of deposit aggregating to Rs 11,674,000 paid for one of its multiplexes in case of failure to enter into a formal lease deed between the parties.		

(Currency : Indian Rupees)

	2011	2010
14 Current liabilities		
Sundry creditors		
-- Dues to Micro, Small and Medium enterprises (refer Schedule 34)	**–**	–
-- Due to producers	**1,686,677**	10,687,615
-- Due to joint venture partners	**2,119,528**	2,231,877
-- Due to exhibitors	**310,146**	11,445,351
-- Due to distributors	**24,119,931**	13,079,760
-- Others	**32,737,078**	59,095,643
Retention money	**17,610,881**	32,752,675
Other dues	**429,611,251**	422,559,309
Outstanding liabilities	**23,914,486**	28,593,357
Foreign Currency Convertible Bonds, at face value (refer Schedule 30)	**44,650,000**	45,140,000
Income received in advance	**2,904,801**	–
Deposit received	**24,524,490**	23,266,378
Temporary book overdraft	**1,879,385**	–
	606,068,654	648,851,965
Share of joint venture	**6,005,394**	8,557,132
	612,074,048	**657,409,097**

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

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

	2011	2010
15 Provisions		
Provision for tax (net of tax deducted at source Rs 4,018,022 (31 March 2010: Rs 2,144,373))	**81,978**	655,626
Provision for fringe benefits tax (net of advance tax paid of Rs Nil (31 March 2010: Rs 144,300))	**–**	9,899
Leave encashment (refer Schedule 33)	**3,405,369**	4,522,308
Gratuity (refer Schedule 33)	**4,794,588**	5,244,776
	8,281,935	10,432,609
Share of joint venture	**30,877**	39,968
	8,312,812	**10,472,577**

(Currency : Indian Rupees)

		2011	2010
16	**Revenue from operations**		
	Programming revenue	**7,400,685**	12,327,877
	Distribution		
	Revenue from theatrical distribution	**47,149,353**	173,436,378
	Revenue from sale of television/satellite rights	**–**	2,811,210
	Multiplex operations		
	Theatrical exhibition	**1,305,901,984**	1,230,214,475
	Less: Entertainment tax	**(267,584,284)**	(226,275,423)
	Theatrical exhibition (net)	**1,038,317,700**	1,003,939,052
	Sale of food and beverages	**366,028,650**	327,250,791
	Advertisement and royalty	**138,895,200**	105,584,877
	Income from management of multiplexes	**9,370,327**	6,869,716
	Income from facilities within the multiplexes	**3,485,370**	5,209,729
		1,610,647,285	1,637,429,630
	Share of joint venture	**58,315,272**	59,619,015
		1,668,962,557	1,697,048,645
17	**Other income**		
	Dividend from non-trade investments (net)	**737,474**	1,415,834
	Interest received on:		
	-- Fixed deposits with banks	**9,467,173**	11,354,691
	[Tax deducted at source: Rs 815,375 (31 March 2010: Rs 1,352,714)]		
	-- National Saving Certificates	**433,904**	1,725,245
	-- Others	**61,101**	20,377
	[Tax deducted at source: Rs 4,949 (31 March 2010: Rs Nil)]		
	Entertainment tax refund (refer Schedule 35)	**34,526,913**	37,905,813
	Profit on sale of investment (net)	**233,758**	–
	Liability no longer required, written back	**970,855**	1,305,835
	Miscellaneous income	**11,592,711**	6,492,024
		58,023,889	60,219,819
	Share of joint venture	**636,219**	1,503,454
		58,660,108	61,723,273
18	**Direct costs**		
	Distribution cost		
	Producers' share	**42,293,965**	161,156,784
	Share of joint venture partners	**604,236**	50,536
	Agents' commission	**256,302**	1,057,337
	Programming cost		
	Distributors' share	**7,123,360**	10,056,246
	Supervision, print and publicity expenses	**6,000**	27,980
	Exhibition cost		
	Distributors' share	**448,933,568**	409,595,965
	Share of joint venture partners	**7,496,081**	8,326,976
	Other exhibition cost	**11,763,687**	8,968,650
	Food and beverages cost		
	Opening stock	**7,037,952**	5,170,332
	Purchases	**108,246,282**	102,305,110
	Less : Closing stock	**7,546,475**	7,037,952
	Consumption	**107,737,759**	100,437,490
		626,214,958	699,677,964
	Share of joint venture	**24,667,401**	24,523,782
		650,882,359	724,201,746

(Currency : Indian Rupees)

		2011	2010
19	**Personnel costs**		
	Salaries, wages and bonus	**143,925,026**	127,832,155
	Outsourced personnel cost	**4,409,302**	3,336,129
	Staff recruitment expenses	**272,041**	148,924
	Contribution to provident and other funds	**9,848,686**	7,769,528
	Staff welfare	**4,768,330**	2,634,528
		163,223,385	141,721,264
	Share of joint venture	**3,118,609**	3,444,068
		166,341,995	145,165,332

		2011	2010
20	**Other administrative expenses**		
	Rent and charges [also refer Schedule 25(v)]	**349,649,175**	395,829,761
	Repairs and maintenance		
	-- Plant and machinery	**6,087,782**	5,766,162
	-- Others	**44,258,166**	35,299,779
	Electricity and water charges	**116,258,791**	102,598,550
	Advertisement and marketing	**12,493,170**	17,078,352
	Rates and taxes	**28,620,015**	28,216,896
	Professional and consultancy fees	**14,566,698**	19,202,347
	Travelling and conveyance	**8,481,865**	11,255,537
	Postage, printing and stationery	**5,531,993**	6,576,565
	Security charges	**10,645,899**	10,104,458
	Communication expenses	**6,151,399**	7,419,754
	Bad debts (net of provision for doubtful debts / advances of earlier years reversed)	**588,026**	14,400,890
	Provision for doubtful debts and advances	**5,680,422**	840,722
	Call centre charges	**225,732**	508,303
	Insurance charges	**5,198,274**	6,279,151
	Auditors' remuneration [refer Schedule 26.3]	**3,543,135**	3,420,978
	Commission / brokerage	**2,464,749**	2,068,401
	Loss on discarded / sale of assets	**2,283,269**	1,435,231
	Miscellaneous expenses	**30,733,395**	21,395,718
		653,461,955	689,697,555
	Share of joint venture	**33,660,511**	28,756,166
		687,122,466	718,453,721

		2011	2010
21	**Interest**		
	Term loans	**48,491,526**	53,631,476
	Bank overdraft	**1,040,154**	2,785,263
	Others	**1,199,558**	1,848,912
		50,731,238	58,265,651
	Share of joint venture	**–**	–
		50,731,238	58,265,651

Notes to the accounts

(Currency : Indian Rupees)

22. Segment Information

The business of the Group is divided into three segments, theatrical exhibition, film distribution and others which comprise programming arrangements, management contracts and productions of movies. Segments have been identified taking into account the nature of the business, the differing risks and returns, the organisation structure and internal reporting system. Accordingly, the Company has disclosed business segment as the primary segment.

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

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

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

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

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

22.1 Segment information for the year ended 31 March 2011

	Theatrical	Distribution	Others	Total
Revenue				
External revenue	1,605,042,192	47,149,353	16,771,012	1,668,962,557
Inter segmental sales	-	1,520,281	-	1,520,281
Total segment revenue	1,605,042,192	48,669,634	16,771,012	1,670,482,838
Less: Inter segmental sales	-	1,520,281	-	1,520,281
Net revenue	1,605,042,192	47,149,353	16,771,012	1,668,962,557
Other income	46,692,963	402,103	36,314	47,131,380
Total segment revenue	1,651,735,155	47,551,456	16,807,326	1,716,093,937
Segment results	92,911,507	(15,228,630)	8,215,759	85,898,636
Interest expense	-	-	-	(50,731,238)
Dividend income (includes Interest)	-	-	-	10,812,050
Other un-allocable expenditure				
Net of un-allocable income	-	-	-	(43,298,378)
Income tax				
Current tax	-	-	-	(7,490,862)
Fringe benefits tax	-	-	-	100,817
Deferred tax	-	-	-	-
MAT credit entitlement	-	-	-	13,756,076
Profit for the year	-	-	-	9,047,101

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

22. Segment Information (Contd...)

22.1 Segment information for the year ended 31 March 2011 (Contd...)

	Theatrical	Distribution	Others	Total
Other information				
Segmental assets (refer note below)	**1,933,712,664**	**11,648,614**	**67,940,478**	**2,013,301,756**
Unallocated corporate assets				**282,277,222**
Total assets				**2,295,578,978**
Segmental liabilities	**323,804,874**	**9,983,063**	**21,017,630**	**354,805,567**
Unallocated corporate liabilities				**265,499,314**
Total liabilities				**620,304,881**
Capital expenditure				**90,633,797**
Depreciation / amortization				**169,863,537**
Non-cash expenses other than depreciation				**9,956,270**
Total assets exclude :				
Advance tax and Tax deducted at source				**37,242,271**
Deferred tax asset				**3,540,425**
Total liabilities exclude :				
Secured loans				**328,902,372**
Unsecured loans				**655,865,096**
Provision for taxation				**81,978**

Note:

Segmental assets include interest capitalised till 31 March 2011.

22.2 Segment information for the year ended 31 March 2010

	Theatrical	Distribution	Others	Total
Revenue				
External revenue	1,501,603,463	176,247,589	19,197,593	1,697,048,645
Inter segmental sales	-	3,970,484	-	3,970,484
Total segment revenue	1,501,603,463	180,218,073	19,197,593	1,701,019,129
Less: Inter segmental sales	-	(3,970,484)	-	(3,970,484)
Net revenue	1,501,603,463	176,247,589	19,197,593	1,697,048,645
Other income	46,997,998	15,20,377	91,000	48,609,375
Total segment revenue	1,548,601,461	177,767,966	19,288,593	1,745,658,020
Segment result	16,269,602	(11,105,564)	8,759,584	13,923,622
Interest expense	-	-	-	(58,237,692)
Dividend income (includes Interest)	-	-	-	13,113,896
Other un-allocable expenditure				
Net of un-allocable income	-	-	-	(34,730,449)
Income tax				
Current tax	-	-	-	4,695,565
Fringe benefit tax	-	-	-	-
Deferred tax	-	-	-	(2,107,966)
MAT credit entitlement	-	-	-	-
Profit for the year	-	-	-	(63,343,024)

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

22. Segment Information (Contd...)

22.2 Segment information for the year ended 31 March 2010 (Contd...)

	Theatrical	Distribution	Others	Total
Other information				
Segmental assets (refer note below)	2,116,583,151	34,033,215	64,157,011	2,214,776,207
Unallocated corporate assets				395,275,277
Total assets				2,610,051,484
Segmental liabilities	390,859,071	36,923,263	10,054,937	437,837,271
Unallocated corporate liabilities				230,044,411
Total liabilities				667,881,682
Capital expenditure				160,209,870
Depreciation / amortisation				176,576,078
Total liabilities				667,881,682
Capital expenditure				160,209,870
Depreciation / amortisation				176,576,078
Non-cash expenses other than depreciation				17,204,640
Total assets exclude :				
Deferred tax asset				3,439,608
Total liabilities exclude :				
Secured loans				603,842,231
Unsecured loans				541,680,000
FCMITDA				6,437,244

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

23. Related party transactions

- **Parties where control exists**

Name of the Party	Nature of Relationship
Inox Leisure Limited ('INOX')	Holding Company (holds 50.27% of the equity share capital of the Company w.e.f. 6 January 2011)
Gujarat Fluorochemicals Limited ('GFL')	Intermediate holding company (holds 65.62% of the equity share capital of INOX as of 31 March 2011)
Inox Leasing & Finance Limited	Ultimate holding company (holds 52.54% of the equity share capital of GFL as of 31 March 2011)

- **Enterprises which have significant influence over the Company**

Name of the Party	Nature of Relationship
South Yarra Holdings (upto 3 February 2010)	Enterprise holding Nil (31 March 2010: Nil (upto 3 February 2010: 43.28% as shares were held in escrow account thereafter)) of the equity share capital of the Company

- **Enterprises over which Directors have significant influence**

1 M/s Shringar Films ('SF') (upto 21 January 2011)

2 M/s Toorak Holdings ('Toorak') (upto 21 January 2011)

3 Adlabs Shringar Multiplex Cinemas Private Limited ('ASMCPL') (upto 21 January 2011)

Notes to the accounts (Contd...) (Currency : Indian Rupees)

23. Related party transactions (Contd...)

- **Joint Venture Partner of joint venture**
  Reliance Media Works Limited

- **Key Managerial Personnel and their relatives**
  1 Shravan Shroff – Director (Resigned on 21 January 2011)
  2 Shyam Shroff – Director (Resigned on 21 January 2011)
  3 Balkrishna Shroff – Director (Resigned on 28 February 2010)
  4 Aditya Shroff – Resigned as WTD of FMPL on 30 September 2009
  Asst. Vice President - Programming and Corporate Sales (Resigned on 14 January 2011)
  5 Rishi Negi – Chief Operating Officer (Resigned on 28 February 2011)
  6 Manish Acharya (Deceased on 4 December 2010) – Director in HFPL

23. Related party transaction (Continued) - for the year ended 31 March 2011

Nature of transactions	Parties where control exists	Key managerial personnel	Enterprise in which Directors have significant influence	Total
Transactions				
Exhibition cost (Distributor's share)	-	-	6,047,865	6,047,865
Rent paid (ASMCPL)	-	-	1,8491,789	1,8491,789
Rent paid (SF)	-	-	4,183,532	4,183,532
Property tax (ASMCPL)	-	-	2,467,215	2,467,215
Interest expense	72,329 *	-	-	72,329
Remuneration paid to				
-- Shravan Shroff	-	7,150,535	-	7,150,535
-- Balkrishna Shroff	-	2,419,355	-	2,419,355
-- Shyam Shroff	-	2,419,355	-	2,419,355
-- Aditya Shroff	-	751,612	-	751,612
-- Rishi Negi	-	3,846,700	-	3,846,700
Professional fees (Manish Acharya)	-	50,625	-	50,625
Reimbursement of expenses paid				
-- License charges	145,488 *	-	-	145,488
-- Travelling and conveyance	422,036 *	-	-	422,036
-- Communication	-	21,237	-	21,237
ICD taken	120,000,000 *			
Deposit repaid	-	-	1,967,500 +	1,967,500
Reimbursement of expenses (received)				
-- License charges	-	-	102,566 ^	102,566
-- Travelling and conveyance	-	-	38,775 +	38,775
-- Others	-	-	4,050 +	4,050
Balances				
Unsecured loan	120,065,096 *	-	-	
Advances receivable in cash or kind or for value to be received	-	349,462	-	
Other dues	556,173 *	-	-	

Notes to the accounts (Contd...) (Currency : Indian Rupees)

23. Related party transactions (Contd...) - For the year ended 31 March 2011 (Contd...)

* pertains to Inox Leisure Limited, + pertains to Shringar Films, ^ pertains to Adlabs Shringar Multiplex Cinemas Private Limited.

Note:

The above transactions exclude the guarantees given by two of the directors of the Company (resigned on 21 January 2011) (refer Schedule 5) and investments made in subsidiaries / joint ventures (refer Schedule 8).

23. Related party transactions (Contd...) - For the year ended 31 March 2010

Nature of transactions	Enterprise which can exercise significant influence	Key managerial personnel	Enterprise in which Directors have significant influence	Total
Transactions				
Exhibition cost (Distributor's share)	-	-	300,247	300,247
Rent paid (ASMCPL)	-	-	13,559,486	13,559,486
Rent paid (SF)	-	-	1,083,840	1,083,840
Property tax (ASMCPL)	-	-	3,059,351	3,059,351
Professional fees paid to Manish Acharya	-	418,125	-	418,125
Remuneration				
-- Shravan Shroff	-	9,250,000	-	9,250,000
-- Balkrishna Shroff	-	3,000,000	-	3,000,000
-- Shyam Shroff	-	3,000,000	-	3,000,000
-- Aditya Shroff	-	1,200,000	-	1,200,000
-- Rishi Negi	-	3,700,000	-	3,700,000
Reimbursement of expenses (received)				
-- Communication	-	-	46,781	46,781
Deposit repaid	-	-	8,280,000	8,280,000
Balances				
Deposits				
-- ASMCPL	-	-	9,650,340	9,650,340
-- SF	-	-	1,967,500	

Note:

Guarantees and collateral given by related parties have been disclosed under "Secured loans" (Schedule 5). Balance in jointly held account has been disclosed under cash and bank balances (Schedule 12).

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

24. Leases

Operating lease

The Group is obligated under non-cancellable leases which are renewable on a periodic basis at the option of both the lessor and the lessee.

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

Period	2011	2010
Amount due within one year from the balance sheet date	**322,062,627**	338,276,263
Amount due in the period between one year and five years	**1,316,612,147**	1,362,150,119
Amount due after five years	**929,666,907**	961,360,558
	2,568,341,681	2,661,786,940

The Group has entered into 47 (31 March 2010: 53) lease agreements / Memorandum of Understanding ('MOUs') for multiplex premises at various locations. The lease rentals for these premises accrue from the date of commencement of commercial operations. Accordingly, these leases have been excluded from the above disclosure.

25. Contingent liabilities and commitments

	Particulars	2011	2010
i)	Claims against the Company not acknowledged as debts largely pertaining to projects.	**34,526,079**	12,452,721
ii)	The Group will be liable to pay the total entertainment tax that is currently exempted for every property that ceases operations prior to completing the minimum period of operations and / or complying with the rules prescribed in the multiplex policy of the relevant State. (including share of joint venture Rs 83,250,668 (31 March 2010: Rs 83,250,668))	**690,676,460**	597,824,495
iii)	Bank guarantees given and bonds issued to		
	a) Deputy commissioner of custom for import of capital goods;	**-**	436,119
	b) Excise and taxation officer, Panchkula and Chandigarh towards guarantee for payment of local sales tax.	**300,000**	500,000
	c) Entertainment Tax Officer, Panchkula, Aurangabad and Bangalore towards guarantee for payment of entertainment tax and;	**3,153,331**	6,200,000
	d) Corporate guarantee issued	**1,700,000**	1,700,000
iv)	The Company may incur additional cost towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. The Company has paid the whole amount to the respective Companies under protest (which is included in loans and advances).	**38,983,278**	38,983,278

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

25. Contingent liabilities and commitments (Contd...)

	Particulars	2011	2010
v)	As per the amendment made by the Finance Act 2010, renting of immovable property is defined as a taxable service with retrospective effect from 1 June 2007. Accordingly, during the year ended 31 March 2010, the Group accounted for Rs 47,973,660 (including share of joint venture Rs 1,638,790) being service tax on lease rentals for the period upto 31 March 2010 and continued to provide for service tax on lease rentals up to the quarter ending 30 September 2010. During the current year, this levy has been challenged by the Company by filing writ petitions with various Honorable High Courts and some of the Honorable High Courts have granted a stay against the levy of service tax in respect of immovable properties of the Company situated within their respective jurisdictions. Further, based on a legal opinion obtained in the quarter ended 31 December 2010, the levy of service tax on renting of immovable property cannot be said to be final. On the basis of the same, the Group reversed the entire service tax liability aggregating to Rs 59,328,399 accrued till 30 September 2010. Further, the Company has not provided for service tax liability aggregating to Rs 14,415,873 pertaining to the period from 1 October 2010 to 31 March 2011. (including share of joint venture Rs Nil	**73,744,272**	-
vi)	One of the subsidiary, FMPL, has received a show cause cum demand notice dated 5 December 2005 for custom duty payable by them on import of cinematographic films under Rule 2 (2), Rule 7 (A) and Rule 9 (2) of the Customs Valuation Rule 1988. Nothing has been deposited with the authorities as the amount is not quantified by the authorities. However, on 28 September 2006, FMPL has filed an appeal against the Commissioner's Order to the Appellate Tribunal under Section 129-A of The Customs Act, 1962 and the same is pending hearing.	**-**	-

26. Supplementary information to the profit and loss account

26.1 Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31 March 2011 aggregated to Rs 17,372,859 (31 March 2010: Rs 59,927,955).

26.2 Managerial remuneration

	2011	2010
Salaries for directors of the Company	**7,150,535**	9,250,000
Salaries for directors of subsidiaries and joint venture	**4,838,710**	6,600,000
	11,989,245	15,850,000

The above does not include gratuity as the provision is determined for the Company as a whole and therefore liability, if any with respect to the director is not separately available. No leave encashment benefit is available to the directors (also refer Schedule 37).

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

Notes to the accounts (Contd...) (Currency : Indian Rupees)

26. Supplementary information to the profit and loss account (Contd...)

26.3 Auditors' remuneration (including all subsidiaries and joint ventures)

	2011	2010
Audit fees*	**3,281,425**	3,143,550
Certification fees	**-**	110,300
Reimbursement of out-of-pocket expenses	**151,410**	167,128
Tax audit and other matters	**110,300**	-
Total auditors' remuneration *	**3,543,135**	3,420,978
Share of joint venture	**196,982**	212,328
* Audit fees include service tax amounting to Rs 332,065 (31 March 2010: Rs 339,266)		

27. Earnings per share

	2011	2010
Net profit / (loss) after tax attributable to equity shareholders (numerator used for calculation of Basic EPS) **(A)**	**9,047,101**	(63,343,024)
Add: Interest on FCCB *	**901,147**	1,086,835
Add: Amortisation of FCMITDA *	**(6,110,119)**	(6,437,244)
Add: Depreciation on exchange difference capitalised on account of AS 11 notification *	**762,554**	1,469,802
Adjusted net profit / (loss) after tax attributable to equity shareholders (numerator used for calculation of Dilutive EPS) (B)	**4,600,683**	(67,223,631)
Weighted average number of equity shares outstanding during the year –Basic (C)	**34,922,915**	34,795,262
Add: Weighted average number of equity shares arising out of outstanding stock options and on conversion of FCCB #that have dilutive effect on the EPS	**6,444,016**	6,880,884
Weighted average number of equity shares outstanding during the year –Diluted (D)	**41,366,931**	41,676,146
Basic earnings per share of face value of Rs 10 each (A)/(C)	**0.26**	(1.82)
Diluted earnings per share of face value of Rs 10 each (B)/(D)	**0.11**	(1.82)

* These adjustments have been made net of applicable taxes for the year ended 31 March 2011 and 31 March 2010.

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

Subsequent to the reporting date and consequent to the expiry of the option period to convert the FCCBs into equity shares of the Company, the entire FCCB outstanding as on the balance sheet date and are due for redemption on 22 April 2011. However, for the computation of diluted EPS for the year ended 31 March 2011, the said options underlying conversion of FCCBs have been considered as potential equity shares in accordance with AS – 20 – Earnings Per Share.

28. Employee stock option scheme ('ESOS')

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

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

28. Employee stock option scheme ('ESOS') (Contd...)

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 on or after respective date of vesting of the options.

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

Period within which options will vest 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.

	2011	2010
Outstanding at the beginning of the year	**1,063,300**	-
Granted during the year	**-**	1,128,600
Forfeited during the year *	**(637,750)**	(65,300)
Vested and exercised during the year	**(151,770)**	-
Outstanding at the end of the year #	**273,780**	1,063,300
Options vested and exercisable as at the year-end	**-**	-

* 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.

29. Initial Public Offering ('IPO')

Vide a special resolution passed at the Extra ordinary General Meeting of the members of the Company held on 23 December 2004, under Section 81(1A) of the Act, and the resolution passed by the Board of Directors at the meeting held on 21 December 2004, consent was accorded to offer /issue/ allot 8,150,000 equity shares of face value of Rs 10 each at a premium through the 100% book building process through an initial public offering ('IPO'). In this offering, 250,000 shares were reserved for employees of the Company. Pursuant to the offer, the Company allotted 8,150,180 equity shares of Rs 10 each at a premium of Rs 43 per share.

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

29. Initial Public Offering ('IPO') (Contd...)

The proceeds from the IPO were utilised as under:

Sr. No.	Particulars	Projection in offer document	Actual funds utilised till 31 March 2011
1	Funding exhibition growth	337,000,000	*139,056,274
2	Funding distribution growth through subsidiary	59,950,000	-
3	Issue expenses	35,000,000	**44,161,726
4	Repayment of loans	-	*248,732,000
	Total	**431,950,000**	431,950,000

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

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

The shareholders of the Company, at their Annual General Meeting held on 30 September 2009 approved vide a special resolution, the utilisation of balance un-utilised IPO proceeds of Rs 160,000,000 as at that date inter-alia for expansion activities of the Company in India for opening up new multiplexes and expenses related thereto, including but not limited to repayment of loans taken for such purposes. Accordingly, during the year, the Company utilised Rs 119,505,719 (31 March 2010: Rs 40,494,281) for repayment of term loans taken for its multiplex capital expenses.

30. Foreign Currency Convertible Bonds

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

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

(ii) 8,000, 0.5% per annum Series B Unsecured Foreign Currency Convertible Bonds ("Series B Bonds") of the face value of US $ 1000

aggregating to USD 20,000,000 (approximately Rs 901,000,000) due in 2011 (the Series A Bonds and the Series B Bonds are collectively called the "Bonds"). The Series B Bonds bear interest at the rate of 0.5 per cent per annum which accrues semi-annually in arrears on 31 December and 30 June of each year. Interest will accrue on each interest payment date and on maturity, accrued interest will be paid.

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

(i) Rs 90 per share for Series A Bonds; and

(ii) Rs 107 per share for Series B Bonds

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

Unless previously converted, redeemed or repurchased and cancelled,

(i) the Series A Bonds are redeemable on 22 April 2011 at 137.01 percent of their principal amount representing a gross yield to maturity of 6.5%; and

Notes to the accounts (Contd...) (Currency : Indian Rupees)

30. Foreign Currency Convertible Bonds *(Continued)*

(ii) the Series B Bonds are redeemable on 22 April 2011 at 140.69 percent of their principal amount representing a gross yield to maturity of 7.5%.

During the year ended 31 March 2008, 1,504,999 equity shares of Rs 10 each were allotted against 3,000 Series A Foreign Currency Convertible Bonds (FCCB) of US $ 1,000 each at an exercise price of Rs 90 per share and 1,687,850 equity shares of Rs 10 each were allotted against 4,000 Series B FCCB of US $ 1,000 each at an exercise price of Rs 107 per share, thus aggregating to a total allotment 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 and 31 March 2010).

Exchange gain / loss arising on such conversion has been adjusted against securities premium account. Premium on FCCB amortised and adjusted to the securities premium account upto the date of conversion has been reversed.

The bond issue expenses have been adjusted against securities premium as per the provision of Section 78 of the Act.

In accordance with the terms and conditions of the FCCB, upon 'change of control' event taking place in the Company during the year ended 31 March 2010, certain bondholders had opted for early redemption aggregating to USD 1,365,445 (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.

Utilisation upto 31 March 2011 of the proceeds from the FCCB issue is as under:

Amounts in Rs

Purpose		2011	2010
a.	New cinema complexes	**824,324,235**	824,324,235
b.	Expansion / modernisation of existing cinema complexes	**24,561,411**	24,561,411
c.	FCCB issue expense	**24,207,236**	24,207,236
	Total	**873,092,882**	873,092,882
Balance unutilised funds:		**-**	-

Events subsequent to 31 March 2011

None of the bondholders have exercised the option prior to 12 April 2011 for conversion of FCCB bonds into equity shares of the Company. Consequently, the bonds have matured on 22 April 2011 for redemption.

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

Particulars	2011	2010
Opening balance	**169,864,832**	138,433,532
Add: Provision for the year	**75,529,962**	47,217,343
(Less) / Add: Exchange difference on account of restatement of the outstanding premium payable	**(1,844,158)**	(15,786,043)
Closing balance #	**243,550,636**	169,864,832

32. Foreign currency exposure not hedged as at the year ended 31 March 2011 by a derivative instrument or otherwise are as under;

Particulars	2011		2010	
	In US $	In INR	In US $	In INR
FCCB liability	**13,000,000**	**580,450,000**	13,000,000	586,820,000
– YTM on FCCB *	**4,878,785**	**217,837,755**	3,763,067	169,864,832

Closing balance of premium on redemption of Foreign Currency Convertible Bonds as at 31 March 2011 excludes potential withholding tax liability aggregating to Rs 25,712,881.

Notes to the accounts (Contd...) (Currency : Indian Rupees)

33. Disclosure pursuant to Accounting Standard – 15 (revised 2005) 'Employee Benefits' General description of significant defined benefit plans

i) **Gratuity Plan**

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

ii) **Leave Plan**

All employees can carry forward and avail / en-cash leave on superannuation, death, permanent disablement or resignation, subject to maximum accumulation of 60 days**.**

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

i) Defined Contribution Plans

Amounts contributed to Provident Fund and Employees' State Insurance Corporation aggregating to Rs 10,069,523 (31 March 2010: Rs 7,913,798) including share of joint venture recognised as an expense and included in "Personnel costs" (Refer schedule 19) in the profit and loss account.

ii) Defined benefit obligation

	2011		2010	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation	**Rs**	**Rs**	Rs	Rs
Projected benefit obligation at beginning of the year	**5,244,776**	**4,522,308**	4,785,850	4,752,238
Current service cost	**1,246,406**	**1,548,533**	1,384,354	1,995,608
Interest cost	**309,321**	**381,633**	453,922	465,314
Actuarial loss / (gain) due to change in assumptions	**1,808,633**	**(721,456)**	(1,325,985)	(1,968,042)
Settlements	**(4,212,979)**	**(2,325,648)**	(53,365)	(722,810)
Past service cost – vested	**64,628**	**-**	-	-
Past service cost – non –vested	**333,803**	**-**	-	-
Projected benefit obligation at end of the year	**4,794,588**	**3,405,369**	5,244,776	4,522,308
Share of joint venture	**18,608**	**12,269**	28,242	11,726

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

	2011		2010	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Change in benefit obligation	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Projected benefit obligation at end of the year	**4,794,588**	**3,405,369**	5,244,776	4,522,308
Ending asset	**-**	**-**	-	-
Funded status (liability)	**(4,794,588)**	**(3,405,369)**	(5,244,776)	(4,522,308)
Unrecognised past service cost – non vested benefit	**250,352**	**-**	-	-
(Liability) recognised in balance sheet	**(4,544,236)**	**(3,405,369)**	(5,244,776)	(4,522,308)
Share of joint venture	**(18,608)**	**(12,269)**	(28,242)	(11,726)

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

33. Disclosure pursuant to Accounting Standard – 15 (revised 2005) 'Employee Benefits' General description of significant defined benefit plans (Contd...)

iv) Expenses recognised in the profit and loss account

	2011		2010	
	Gratuity (Unfunded)	Leave Liability (Unfunded)	Gratuity (Unfunded)	Leave Liability (Unfunded)
Current service cost	**529,728**	**1,561,076**	1,384,354	1,995,608
Interest cost	**309,321**	**381,633**	453,922	465,314
Net actuarial loss/(gain) to be recognised in year	**1,808,633**	**(721,456)**	(1,325,985)	(1,968,042)
Past service cost	**148,079**		-	-
Expense recognised in the statement of profit and loss account	**2,795,761**	**1,221,253**	512,291	492,880
Share of joint venture	**2,640**	**7,717**	18,717	11,001

v) Actuarial assumptions

	Gratuity		Leave liability	
	2011	2010	2011	2010
Discount rate	**8.00%**	8.00%	**8.00%**	8.00%
Salary escalation	**12.00%**	12.00%	**12.00%**	12.00%

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

vi) Experience adjustments

Gratuity (unfunded)	**2011**	**2010**	**2009**	**2008**
Present value of defined benefit obligation	**4,794,588**	5,273,018	4,795,375	3,241,423
Fair value of plan assets	**-**	-	-	-
Deficit in the plan	**(4,794,588)**	(5,273,018)	(4,795,375)	(3,241,423)
Actuarial (gain)/ loss due to change in assumptions	**-**	(259,278)	83,429	(479,703)
Experience actuarial loss/(gain) adjustments on:				
Plan liabilities	**(1,808,633)**	(1,056,405)	(32,519)	648,289
Plan assets	**-**	-	-	-
Share of joint venture	**(8,544)**	11,880	11,535	(21,607)
Leave encashment (unfunded)				
Present value of defined benefit obligation	**3,405,369**	4,534,033	4,752,864	3,310,081
Fair value of plan assets	**-**	-	-	-
Deficit in the plan	**(3,405,369)**	(4,534,033)	(4,752,864)	(3,310,081)
Actuarial (gain)/ loss due to change in assumptions	**-**	(259,278)	467,692	(1,391,644)
Experience actuarial (gain) adjustments on:				
Plan liabilities	**(721,456)**	(1,681,380)	(969,657)	(275,751)
Plan assets	**-**	-	-	
Share of joint venture	**964**	11,107	(8,247)	(5,530)

Notes to the accounts (Contd...)

(Currency : Indian Rupees)

34. Micro, Small and Medium Enterprises

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

35. In case of its multiplex at Hilandpark, Kolkata, the Company had received exemption from payment of entertainment tax pursuant to an order dated 20 October 2008 from Government of West Bengal for a period of four years commencing from 2 December 2005 up to a maximum amount as notified in the order. The Company has recouped the amount fully till 19 November 2009 and has commenced paying entertainment tax from that date. In the current year, the Company has recognised an income of Rs Nil (31 March 2010: Rs 5,141,534) as entertainment tax refund / subsidy with respect to the above multiplex.

Similarly, in case of its multiplex at Southcity, Kolkatta, the Company received exemption from payment of entertainment tax pursuant to an order dated 17 December 2009 from Government of West Bengal for a period of four years commencing from 14 March 2008 upto a maximum amount as notified in the Order. The Company is not required to pay entertainment tax in the future till such time as the certified eligible amount is not recouped or up to the end of four years from the commencement date, whichever is earlier. With respect to the entertainment tax already paid aggregating to Rs 50,289,802 up to the date of Order, the Company has filed the necessary application for refund of such taxes paid and the same has been duly received. In the current year, the Company has recognised an income of Rs 34,526,913 (31 March 2010: Rs 32,764,279) as entertainment tax subsidy with respect to the above multiplex.

36. Mr. Shravan Shroff was reappointed as Managing Director of the Company with effect from 19 December 2010. The remuneration with effect from 19 December 2010 till the date of his resignation, being in excess of limits prescribed under the Companies Act, 1956, is subject to requisite approvals of the shareholders and the Central Government. The Company has applied for approval from Central Government on 15 March 2011 and pending approval of the same, the said remuneration has been considered as recoverable from the director as on 31 March 2011.

37. Resignation of Directors

On 21 January 2011, Mr. Shravan Shroff resigned as a Director and consequently as Managing Director of the Company. The Company is yet to appoint a Managing Director or a whole-time director or a manager.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
26 May 2011

For and on behalf of the Board of Directors

Pavan Kumar Jain
Director

Deepak Asher
Director

Naushad Shaikh
Chief Financial Officer

Suratha Satpathy
Company Secretary

Mumbai
26 May 2011

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Amounts in Rs. lacs

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

FORM OF PROXY

Fame India Limited

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

Regd. Folio No ____________________
DP ID ____________________
Client ID ____________________
No. of Shares held ____________________
Proxy No. ____________________

I/We ______________________________ of ____________________ being a member/members of Fame India Limited, hereby appoint ____________________ of ______________________________ or failing him/her ____________________ of ____________________ as my/our proxy to attend and vote for me/us on my /our behalf at the Twelfth Annual General Meeting of the Company to be held at Conference Hall of Shree Vagad Visha Samaj Mahajanwadi, Plot No. A-6, S.N.(P.T.) 41, Adarsh Nagar, Jogeshwari –Oshiwara link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai - 400 102 on Thursday the 14th day of July 2011 at 11.00 a.m. and/or at any adjournment thereof.

Revenue Stamp 1 Re.

Signed this ____________________ day of ____________________ 2011.

(Signature)

Notes: 1. The form should be signed across the stamp as per the specimen signature recorded with the Company.
2. The Proxy form duly completed must reach the Registered Office of the Company not less than forty-eight hours before the aforesaid Meeting.
3. A Proxy need not be a Member of the Company.

ATTENDANCE SLIP

Fame India Limited

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

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

I here record my presence at the Twelfth Annual General meeting of the Company to be held at Conference Hall of Shree Vagad Visha Oswal Samaj Mahajanwadi, Plot No. A-6, S. N. (P.T.) 41, Adarsh Nagar, Jogeshwari –Oshiwara Link Road, Near Lotus Petrol Pump, Jogeshwari (W), Mumbai - 400 102 on Thursday the 14th day of July 2011 at 11.00 a.m.

1. Full Name of the Member (in Block Letters) ____________________
2. Full name of the Joint-Holder (s) (in block Letters) ____________________
3. Full Name of the Proxy (in Block Letters) ____________________
4. Signature of the Member/Proxy attending the Meeting ____________________

Note: Member/Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of the Meeting.

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

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