Changing Times

Cinemax India Limited
Annual Report 2010-11

2010-11

Changing times

2010-11 was an average year for the industry, and Cinemax.

Cinemax India Limited reported consolidated revenue growth of 12% to Rs 197.41 crores. However, this was not enough to manage the expenditure growth resulting in consolidated EBIDTA being flat. The trend was not just true for us, but it was an industry-wide phenomenon.

This is why:

- 2010-11 was the year of world cup cricket in India and India won the ICC World Cup. During this time, not too many films were being released and as a result, there was low occupancy.
- The quality of content in 2010-11 was again not well accepted by the audiences and this once again led to lower patrons per show.
- The occupancy in 2010-11 stood at 23% in 2010-11 (26% in 2009-10).
- There was delay in the opening up of screens. We had built-up cost for the same and hence, the expenditure increased but revenues have got postponed resulting in lower consolidated EBIDTA margin at 18% in 2010-11 (21% in 2009-10). The rising interest rate led to interest cost rising too.

Changing times

But the times are changing.

If the last two years were a struggle, the next 12 months look optimistic.

This is why:

- 2011-12 will see the quality of content like not seen in the last few years. This puts our business into a virtuous cycle. Better content means more patrons per show resulting in higher occupancy. Being a high operating leverage business, we feel 2011-12 will be significantly better.
- The screens that got delayed in 2010-11 will get operational in 2011-12 and the year will capture the full impact of the 13 screens opened in 2010-11.
- Cinemax will benefit from the organizational change in 2010-11 that will drive efficiency.

We are excited.

Are you?

Message from the Chairman

Mr. Rasesh Kanakia

We believe that 2011-12 will be an exceptional year and we are experiencing strong tailwinds. Quality of content drives every parameter of profitability in our business. The blockbuster releases expected will improve every parameter in 2011-12. Add to this will be a higher number of screens that will be operational during the year, amounting to a much healthier top-line for the company.

Dear Shareholders,

I have the pleasure in presenting to you the ninth annual report of the company for the year 2010-11.

The year 2010-11 was challenging for the company, as it was for the entire entertainment industry. Our business is dependent on content. A combination of average content of cinema and a long-lasting cricket fever affected occupancy and thereby, performance.

In spite of this we have increased our consolidated revenues by 12% to Rs. 197.41 crores, consolidated EBIDTA and PAT stood at Rs 35.28 crores and Rs 5.45 crores respectively, as compared to EBIDTA and PAT of Rs 36.27 crores and Rs. 16.97crores respectively for the corresponding period in the previous year.

In spite of being a difficult year due to lack of quality content, the company has been successful in increasing total footfalls by 6% - from 108.1 lacs in the previous year to 115.01 lacs in the current year. However, in spite of higher total footfalls, the occupancy during the year declined to 23% from 26% in the previous year. What is interesting is that there was a notable increase in the Average Ticket Price (ATP) as well as the Food and Beverage Spend per head (F&B SPH) during the year. The ATP increased from Rs. 128 to Rs. 135 and the F&B SPH increased from Rs. 31 to Rs. 35, driving the total Spend per head (SPH) from Rs. 159 in the previous year to Rs. 170 in the current year.

The performance of the company was further affected by delays in launch of new screens. These delays can be attributed to developers not delivering properties in time as well as delays in getting permissions for launch of new screens during the year. This led to increase in expenditure during the year without the corresponding benefit of revenues of new screens. The impact of increase in screens will be seen next year since they will have full year of operation.

Despite challenging 2010-11, we remained committed to building our business and looked at 2010-11 as an exception. We have invested in every area to enhance viewing experience.

This year we had a new addition in the Cinemax leadership with our C.E.O Sunil Punjabi joining us in July 2010. Sunil has vast experience in the Media & Entertainment space. He has worked in the past with large media companies like Sony Entertainment Television, Twentieth Century Fox, Star India Pvt. Ltd. and Fame India Limited, among other M&E companies. His rich and diverse understanding on content exploitation across various platforms and operational understanding of the multiplex space will help Cinemax scale up more efficiently.

Digitisation is revolutionising viewing experience across the world. The company has taken the leadership role by investing in digitisation. The company already has 37 screens that are digital which is the highest in the industry. In line with this, all future expansion will be 3D enabled.

The company now has a presence in 10 cities. During the year, the company launched 5 new locations at Kochi, Ahmedabad, Vadodra, Malegaon and Raipur. This validates the company's vision to emerge as a pan-India multiplex company.

The company has always prided in being a leader in providing family entertainment. Gaming is an integral part of the overall family entertainment. The company has its own gaming brand - Giggles, that provides a wide range of gaming experience in indoor and outdoor activities. Giggles Gaming Zone at Eternity Mall, Thane and Eternity Mall, Nagpur are leaders in the in-mall gaming space in the country. During the year, the company has also launched its 8 lane bowling alley called VERSUS. This is located in Pacific Mall at Subhash Nagar, Delhi. The company has been cautious and has realistic plans to expand Giggles and Versus in the coming year. .

We believe that 2011-12 will be an exceptional year and we are experiencing strong tailwinds. Quality of content drives every parameter of profitability in our business. The blockbuster releases expected will improve every parameter in 2011-12. Add to this will be a higher number of screens that will be operational during the year, amounting to a much healthier top-line for the company.

During the next 12 months, the company plans to launch 10 new multiplexes with 42 screens and ~9000 seats

The company is excited about the changing times in the industry. The company is confident that the next 12 months will see a turnaround. As the cricket fever subsides and as much better quality content comes up, there will be an increase in occupancy rates. This will increase not only in better ticket revenues, but in also in revenues from food and beverage sales as well as gaming revenues. As marginal costs get spread over larger revenues and decline, there will be a positive impact on the company's profit.

Yes, times are changing, and at Cinemax we are ready!

Yours sincerely,

Rasesh Kanakia

In our business content is king. The film industry will see some of the biggest releases this season ever. And we are ready.

Cinema is the life of our business. In our business, we make it larger than life. There is nothing better than a magnificent cinematic experience. And to make that experience magical is the film itself. In our business content is king.

Content has the potential to change the game, either ways. It can put our business into a virtuous upswing or put it into a vicious tailspin.

Let us explain.

Simply put, we create the infrastructure and the experience for cinematic experience. We don't create content. What draws the audience to the magic is not just infrastructure, but also content. And content is crucial. You don't get attracted to watch a flop movie.

This is how our business works:

If the movie is good, more patrons come. If more patrons come it increases occupancy. If more patrons come, they buy more popcorn and drinks. This increases our F&B income per patron. If more patrons come, the advertisers pay us more for more eyeballs.

Simply put,

higher occupancy - higher ticket sales - higher F&B income - higher advertisement income

Most of our costs are fixed (rent, electricity and people) and a higher utilisation of our entertainment infrastructure (multiplex) means higher margin and higher ROCE and higher ROE.

And this is what gets us excited as we look ahead. We see changing times. 20011-12 will see the quality of content (big budget movies with big stars) like never before. This Diwali, this Eid and this new year is bigger than ever before.

See this.

MONTH	MOVIE	STARCAST	DIRECTOR	GENRE
August	Aarakshan	Amitabh Bachchan, Saif Ali Khan, Manoj Bajpayee, Deepika Padukone, Prateik Babbar	Prakash Jha	Social
	Bodyguard	Salman Khan, Kareena Kapoor	Siddique	Action, Romance
September	Mere Brother Ki Dulhan	Imran Khan, Katrina Kaif, Ali Zafar	Ali Abbas	Romance
	Rockstar	Ranbir Kapoor, Nargis Fakhri	Imtiaz Ali	Drama, Romance
	Mausam	Shahid, Sonam	Pankaj Kapoor	Romance
October	Rascals	Ajay Devgn, Sanjay Dutt, Kangna Ranaut, Arjun Rampal	David Dhawan	Action, Comedy
	Ra.One	Shah Rukh Khan, Kareena Kapoor, Arjun Rampal	Anubhav Sinha	Sci-fi
November	Tezz	Anil Kapoor, Ajay Devgn, Mohanlal, Kangna Ranaut	Priyadarshan	Action
	Desi Boyz	Akshay Kumar, John Abraham, Deepika , Chitrangada	Rohit Dhawan	Comedy
December	Agent Vinod	Saif Ali Khan, Kareena Kapoor	Sriram Raghavan	Action
	Players	Abhishek, Sonam, Bobby, Bipasha, Neil, Omi Vaidya	Abbas-Mustan	Action, Romance
	Don 2	Shah Rukh Khan, Priyanka, Lara	Farhan	Action
January	Untitled	Aamir, Kareena, Rani	Rima Kagdi	Romance, Action
February	Agnipath	Hrithik, Priyanka,	Karan Johar	Action

We believe that we are in the midst of changing times. The quality of content expected will drive patrons, occupancy, income, operating leverage and ROE.

Times are changing. Expect more.

With great content, 2011-12 will also see the full benefits of screens opened in 2010-11 and partial benefits of screens opened in 2011-12.

If the quality of content drives one part of our growth through utilisation, growth in our business is also driven by the expansion of screens and the number of seats. Since India is growing and there is a clear preference for patrons wanting a cinematic experience, there is still a huge growth available to the industry. The multiplex penetration is at ~1200 screens and there are ~13000 single screens. We have a long way to go, yet. There is a lot of scope for expansion.

At Cinemax, we are leading this expansion from the front.

As we enter 2011-12, we see growth coming not just from better content driving occupancy and ROE for the existing screens, but we also see the full benefits of screens opened in 2010-11 and partial benefits of screens opened in 2011-12.

Let us explain.

As on March 31, 2011, we had 110 screens with 28,181 seats. Of this, 3,672 seats became operational in 2010-11. The benefit of this was only realised for a part of 2010-11. In 2011-12, Cinemax will experience growth from the full utilisation of these 3,672 seats. This is 13% of the installed base.

Besides, a lot of screens got delayed because of various issues around the real estate industry not being able to deliver us the screens as well as delays in getting occupancy certificate. These will get operational in 2011-12, though the benefits will not be experienced for the full year. We expect ~9,000 seats to get operational in 2011-12.

This is what should happen to our growth:

- Higher growth from existing screens due to better content pipeline.
- Full growth of 3,672 of seats set up in 2010-11.
- Partial growth of ~9,000 seats likely to come up in 2011-12.

Changing times. Changing growth trajectory. Changing tomorrow.

Cinemax will benefit from a transformation at the organisational level.

A few words from Mr. Sunil Punjabi - CEO of Cinemax

How do you feel being part of the Cinemax family?

It gives me immense pleasure to be part of the Cinemax family. I am delighted with the enthusiasm and zeal with which the team has welcomed me. Cinemax is one of the largest chains in India and I believe it is best poised to scale-up.

What are the key areas that you have identified and aim to focus on?

Some of the key focus areas that I have identified and working towards for the coming 2-3 years are:

a. Scaling of the business

Cinemax has been growing steady in this year and the coming year too has a strong list of expected locations. We are expecting to add another 42 screens totaling to about 8700 seats by Q4-2012.

With this scale –up, Cinemax is posed for an aggressive growth in terms of top-line. The new properties are in large malls like Inorbit, Kumar, Soul Space and Infinity. Majority of the locations are very well located in the heart of Tier 1 cinema locations and in some cases with a very strong migratory population where the propensity to spend is higher with higher repeats. This strong new capacity that Cinemax is building will have significant impact in FY12 with all locations fully operational.

b. Use of technology to enable services

We believe we are a service business. Technology has a major role to play in integrating our internal processes with eventual customer experience. The use of technology would be at both on the business side and also on the consumer side. We are now using an Navision ERP system in our finance domain and the VISTA software which is used in front end ticketing and F&B operations. As next steps, we intend on working on an Ad Sales support software which would give us a better control on our inventory and utilization.

Our second phase would be then to get all the individual softwares to talk to each other and complete the business circle. On the consumer side, we have been working on developing web and mobile front ends which would help us reduce our dependency on box office.

c. Performance based employee program

On the employee front, we are developing a program which is employee performance program for better recognition of the effort that our employees put in. This program, we believe, will help us retain the best talent in the industry.

These initiatives I believe would help build the right base for the business in the coming years.

What is your outlook for the industry for the next 12 months?

The cinema business is a retail business where we exhibit films on our screens. Though our business performance is proportional to the success of the film, but since we are a platform, there is always a base effect that we get since our risk is mitigated to the overall film industry performance. This basket approach helps us make a base of audiences which continue to watch cinema regularly. This year hasn't been the best year in terms of film success. But the next 12 months have a strong line-up of films. Q1 and Q2 FY12 have a line-up of 'English Franchise' films and majority of them in 3D. Q2 FY12 onwards the flow of hindi big- budget film starts right up Q4 FY 12. This year will also see the two large SRK's films releasing in Q3 – one is slated for diwali release and one in new year's eve release. Both theatrical slots are the most fertile and have significantly grown on a year-on-year basis.

I am optimistic that FY12 with the base effect of capacity increase and a superior quality flow of content will help Cinemax shore up revenues and create a sustainable presence in the Indian Exhibition Space.

Our Visiting Card

We are in the entertainment business. We dominate the family entertainment space in India. We are part of the famed Kanakia Group and are based in Mumbai with interests in real-estate, hospitality, education and entertainment. Our two core businesses are exhibition and gaming - both integral to each other and aligned to offer a holistic family entertainment.

Exhibition

We are the largest owners of multiplex properties in India with 107 screens spread over 33 locations. Our brand - CINEMAX is one of the most recognisable film exhibition brands in the country. We have a combination of high-end multiplex screens to budget, retro-fit single screens.

Watching a movie at CINEXMAX is an experience that is matchless and memorable. We constantly endeavour to ensure that our patrons get wholesome entertainment : cosy and comfortable ambience, luxurious seating, top quality food and snacks. We have redefined luxury at the THE RED LOUNGE where our patrons can relax in reclining massage chairs and enjoy excellent services.

Here is how we are spread across India

Geographical Distribution	West	East	South	North	TOTAL
Properties	24	4	2	3	33
Seats	21,062	3,737	1,635	1,663	28,097
% Distribution	75%	13%	6%	6%	100%
Screens	79	15	7	6	107
% Distribution	74%	14%	6%	6%	100%

- Five new locations launched at Cochin, Ahmedabad, Baroda, Malegaon, Raipur.
- Of 107 screens 37 screens digitalised.
- All future expansion will be 3D enabled.
- Company enters in to new foray of gaming viz. bowling alleys.

Gaming

Gaming is an integral part of the company's business as it completes the family entertainment space. The family entertainment will remain incomplete but for the fun and games.

We operate our gaming business under the brand name - Giggles. Giggles provides unmatchable gaming experience at leading malls through a mix of indoor and outdoor activities.

The Gaming Zones 'Giggles' are operational at –

Eternity Mall, Cinemax Thane | Eternity Mall, Cinemax Nagpur

Iscon Mega Mall, Cinemax Rajkot | Cinemax Sion

During the year, we have also launched an 8 lane bowling alley at Pacific Mall, Delhi under the brand name - VERSUS. The company has exciting plans ahead to expand VERSUS to few more locations.

Financial Highlights 2010-11

(Rs. In Lakhs)

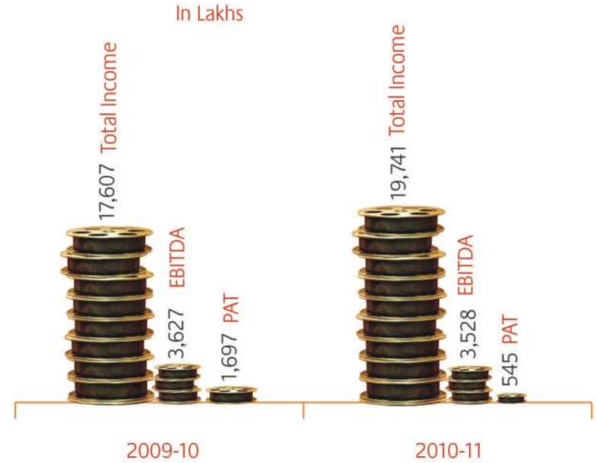
Particulars	2010-11	2009-10
Total Income	19,740.75	17,606.80
Total Expenditure	16,212.52	13,979.51
EBIDTA	3,528.23	3,627.29
Depreciation	1,912.59	1,747.42
Interest & Finance Charges	1,111.55	806.98
Profit Before Tax (PBT)	504.09	642.58
Profit After Tax (PAT)	545.37	1,696.57
Share Capital	2,817.02	2,817.02
Reserves and Surplus	14,318.28	13,773.90
Networth	17,135.30	16,590.92
Total Debt	12,631.25	8,759.14
Gross Block	29,234.75	26,412.31
Net Block	21,635.53	20,721.25
Investments	62.04	32.89
Net Current Assets	4,125.51	2,756.09
Cash and Equivalents	914.28	635.91
No. of Equity Shares	28,000,000	28,000,000
Earning per share (in Rs.) = Basic and Diluted	1.95	6.06

	2009-10	2010-11	
Total Income	17,607	19,741	Lakhs
EBITDA	3,627	3,528	Lakhs
PAT	1,697	545	Lakhs
Number of Screens	90	107	
Footfalls	108.1	115.0	Lakhs
Number of Seats	24,539	28,097	

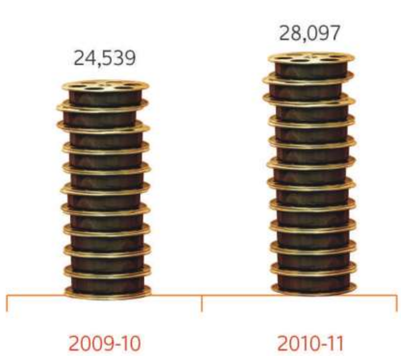
Footfalls

In Lakhs

In Lakhs



Number of Seats



Number of Screens

Corporate Information

Board of Directors

Mr. Rasesh B. Kanakia, Chairman

Mr. Himanshu B. Kanakia, Managing Director

Mr. Girish Dave, Director

Mr. Kranti Sinha, Director

Mr. Utpal Sheth, Additional Director

Mr. Sanjay Sanghavi, Additional Director

Senior Management

Mr. Sunil Punjabi, Chief Executive Officer

Mr. Jitendra Mehta, Group Chief Financial Officer

Mr. Sanjay Dalia, President - Business Development & Programming

Mr. Mayur Parekh, Vice President - Accounts & Finance

Company Secretary & Compliance Officer

Mr. Jatin J. Shah

Statutory Auditors

Walker, Chandiok & Co.
Chartered Accountants,
Engineering Centre, 6th Floor,
9 Mathew Road, Opera House,
Mumbai – 400 004.

Internal Auditors

Ernst & Young,
18th Floor, Express Towers, Nariman Point,
Mumbai 400 021

Registrars & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W),
Mumbai 400 078.

Registered Office

215 Atrium, 10th Floor,Opp. Divine School,
J.B. Nagar, Andheri Kurla Road, Andheri- East,
Mumbai- 4000 59
Tel No.: 022- 6726 8888
Fax No.: 022- 6726 8899
Website: www.cinemax.co.in

Bankers

The Jammu & Kashmir Bank Ltd.
State Bank of India
Standard Chartered Bank
Kotak Mahindra Bank Ltd.
HDFC Bank Ltd.
The Saraswat Co - Operative Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.

DIRECTORS' REPORT

To the Members of
Cinemax India Limited

Your Directors are pleased to present the Ninth Annual Report, to the members, on the business and operations of your Company together with Audited Accounts for the financial year ended 31st March 2011.

I. FINANCIAL OVERVIEW

The financial results for the year ended March 31, 2011 are as follows:

(₹ in Lacs)

For the year ended 31st March	2011	2010
Gross Income	**15952.36**	14256.39
Profit before Interest, Depreciation and Tax	**2539.39**	2774.13
Interest & Financial Charges	**1107.89**	789.78
Depreciation/ Amortisation	**1736.34**	1480.26
Profit before Tax and after extra ordinary items	**(304.84)**	504.09
Provision for Tax (including Deferred & Fringe Benefit Tax)	**(150.64)**	(529.16)
Profit after Tax	**(154.20)**	602.94
Profit brought forward from previous year	**1713.86**	1518.81
Amount available for Appropriation	**1559.66**	2121.75
Appropriation:		
Capitalisation of Reserves	**-**	15.08
Proposed Dividend on Preference Shares	**0.85**	0.85
Proposed dividend on Equity Shares	**-**	336.00
Tax on dividend	**0.14**	55.96
Surplus carried to Balance Sheet	**1558.67**	1713.86

REVIEW OF FINANCIALS

During the year under review, the Gross Income increased from Rs.14256.39 Lacs to Rs.15952.36 Lacs.

The Profit before Interest, Depreciation and Tax (PBIDT) during the year is Rs.2539.39 Lacs.

Profit after tax for the year under review stood at Rs. (154.20) Lacs.

II. DIVIDEND

Your Directors have pleasure in recommending a dividend on preference shares @5% for the financial year 2010-11.

In the absence of distributable profits in the year and with a view to conserve the resources for the future operations, your Directors have thought it prudent not to recommend dividend on equity shares for the financial year 2010-2011.

The preference dividend, if approved at the ensuing Annual General Meeting, will involve cash outflow of Rs. 0.99 Lacs including dividend distribution tax.

III. SUBSIDIARIES

Your Company has five subsidiaries, namely, Cinemax Motion Pictures Limited, Vista Entertainment Private Limited, Growel Entertainment Private Limited, Nikmo Entertainment Private Limited (Formerly known as Nikmo Finance Private Limited) and Odeon Shrine Multiplex Private Limited. Nikmo Entertainment Private Limited is a subsidiary of Growel Entertainment Private Limited.

The statement pursuant to section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached.

The Ministry of Corporate Affairs vide its Notification No. 2/2011 dated 8th February, 2011 has granted general exemption to companies from Section 212 (8), of the Companies Act, 1956, subject to fulfillment of certain conditions as specified in the notification.

As directed by the Ministry of Corporate Affairs in its above said notification granting general exemption to companies from Section 212 (8), We have disclosed the summary of financial information of each subsidiary regarding Share Capital, Reserves and Surplus, Total Assets, Total Liabilities, our holding in the subsidiary, Sales and other income, profit before taxation, provision for taxation, profit after taxation and proposed dividend have been separately furnished forming part of this Annual Report.

The Consolidated Financial Statements of the Company and its subsidiaries are prepared in accordance with relevant Accounting Standards issued by The Institute of Chartered Accountants of India, forms part of this Annual Report.

The Company will make available the annual accounts of the subsidiary companies and the related detailed information upon request by any member of the Company. These documents/details will also be available for inspection by any member of the Company at its registered office during business hours in working days till the date of the Annual General Meeting.

IV. HUMAN CAPITAL

Your Company recognises that "Human Capital" is its principal asset and values it highly. Human capital has been one of the key pillars of the Company's success. The Company has been able to attract, grow and retain some of the best talent in the industry. Your Company is professionally managed with key management personnel having relatively long tenure with the Company. The Company encourages and facilitates long term career through carefully designed management development and performance management systems.

V. INFORMATION TECHNOLOGY

The existing system will be able to cater to your Company's future growth at reasonable incremental costs. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls. The system is robust to cater to efficient customer service and support marketing initiatives.

VI. COMMUNICATION AND PUBLIC RELATIONS

Your Company has, on a continuous basis, endeavored to increase awareness among its Shareholders and in the market place about the Company's strategy, new developments and financial performance. Financial results, important developments and achievements are regularly released to the press, media and uploaded on our website.

Parallely, internal communication and brand building within the organization is being given further impetus.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report covering a wide range of issues relating to Performance, outlook etc., is annexed as Annexure-A to this report.

VIII. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of the Corporate Governance. The detailed report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms Annexure-B to this report.

The Statutory Auditors of your Company have examined the Company's compliance and have certified the same as required under the listing agreement. The certificate is reproduced as Annexure-C to this report.

IX. CHAIRMAN AND CHIEF FINANCIAL OFFICER CERTIFICATION

Chairman and Chief Financial Officer Certification as required under clause 49 of the Listing Agreement, and Chairman Declaration about code of conduct are furnished in Annexure-D to this report.

X. AUDIT QUALIFICATION

The Auditor's Report for the year ended 31st March 2011 draw attention to note 4(n) under schedule 18 to the Financial Statement relating to managerial remuneration paid in excess of the limits laid down under Schedule XIII of the Companies Act,1956.

The application for approving excess remuneration is pending for the approval of Central Government. The Company is hopeful of getting it at earliest.

XI. AUDITORS

M/s. Walker Chandiok & Co., Chartered Accountants, the Statutory Auditors of your Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for appointment.

The Company has received letters from Statutory Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

XII. STATUTORY INFORMATION

A) Employees Particulars

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regards to the provision of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

B) Fixed Deposits

Your Company has not accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

C) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information required to be provided under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of the Board of Directors) Rules,1988 in relation to Conservation of Energy, Technology Absorption and Research and Development are currently not applicable to the Company.

The Company has made foreign exchange outgo towards traveling and marketing amounting to Rs. 3.81 Lacs and import of Capital Goods amounting to Rs. 139.36 Lacs (Corresponding figures for previous year are Rs. 6.75 Lacs and Rs.38.23 Lacs respectively).

XIII. DIRECTORS

Mr. Girish Dave, Director of your Company is liable to retire by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Girish Dave as Director, subject to retirement by rotation.

Mr. Sanjay Sanghavi was appointed as a Non-Executive Additional Director of the Company with effect from 28th July, 2010. Immediately after his appointment, Eighth Annual General Meeting of the Company was held and accordingly, in pursuance to Section 260, he retired at the said Annual General Meeting. He was again appointed as an Additional Non-Executive Director of the Company. He holds office up to the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Sanjay Sanghavi as Director, subject to retirement by rotation.

Mr. Utpal Sheth was appointed as an Additional Independent Director of the Company with effect from 28th July, 2010. Immediately after his appointment, Eighth Annual General Meeting of the Company was held and accordingly, in pursuance to Section 260, he retired at the said Annual General Meeting. He was again appointed as an Additional Independent Director of the Company. He holds office up to the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Utpal Sheth as Director, subject to retirement by rotation.

XIV. IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INITIATIVE ON CORPORATE GOVERNANCE"

The Company has implemented the **"Green Initiative"** as per Circular No. 17/2011 dated April, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs to enable electronic delivery of notices / documents and annual reports to shareholders giving consent for the same.

XV. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 you're Directors, based on the information and documents made available to them, confirm that:

i) In the preparation of annual accounts for year ending 31st March 2011, the applicable accounting standards have been followed. There are no material departures in the adoption and application of the accounting standards.

ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

iv) They have prepared the annual accounts on a "going concern" basis.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank the patrons, vendors, business partners, shareholders and bankers for the faith reposed in the Company and also thank the Government of India, various regulatory authorities and agencies for their support and looks forward to their continued encouragement. Your Directors are deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth was unattainable. You Directors wish to thank the investors and shareholders for placing immense faith in them and the plans designed for growth of your Company. Your Directors seek and look forward to the same support during the future years of growth and hope that they can continue to satisfy you in the years to come.

For and on behalf
of the Board of Directors

Place: Mumbai — **Rasesh B. Kanakia**
Date: 28th May, 2011 — Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The year 2010-11 turned out to be a much better year for the global economy. Most of the dangers that frightened the financial markets during the year did not materialise. According to information contained in World Economic Outlook published by the International Monetary Fund (IMF), the world's GDP could have grown by 4.2% in 2010 well above its trend rate and at much better than was expected. The same report has projected a growth rate of 4.5% for the current year. The US economy grew at 3.1% in the year even as threat of recession passed. This was largely due to continuation of the stimulus and tax cuts of the Bush-era. The housing markets, however, continue to remain a cause for concern.

The pace and focus of growth has clearly shifted to the emerging economies, especially Asian countries like China and India. Both China and India continue to muscle their way forward with spectacular growth. The Chinese economy grew by almost 10% whereas the Indian economy registered a healthy growth of 8.6% (IMF). In India, the economy continues to forge its way ahead in spite of recent scams and corruption charges on the back of impressive growth in consumption, rise in salary-levels, rapid urbanisation and overall growth in the manufacturing and service sectors. Inflation does continue to remain a worry and concern, with the government raising interest rates to rein in growing inflation. According to the IMF estimates, the country will grow in excess of 8% in 2011.

INDUSTRY OVERVIEW

Media and Entertainment (M&E) Industry

The Indian Entertain and Media (M&E) industry had a remarkable year in 2010-11 when compared to the difficult previous two years. There was a marked display of dynamism and positivity in the entire industry. The E&M industry is highly dependent on media spends on advertising. As per FICCI_KPMG's 2011 report on the Indian media and entertainment industry, the industry registered a growth of 11% over the previous year to reach a size of Rs. 652 billion largely due to increased media spends by advertisers across media platforms. This upswing is expected continue for the next few years backed by positive industry sentiments and increasing media consumption. According to the FICCI-KPMG report, the M&E industry in India is estimated to grow at 13% in 2011 to touch Rs. 738 billion. The industry size is expected to be Rs. 1,275 billion by 2015, growing at a CAGR of 14%.

The year saw emergence of some key trends in the industry. The DTH segment grew at an unprecedented rate with the subscriber base increasing by almost 75% over 2009. 12 million new subscribers were added during the year, taking the total number of subscribers to 28 million (FICCI-KPMG report). Digitisation continued to remain a key driver of growth as more and more studios adopted the digital prints. The year also saw rollout of the much awaited 3G platform in the country coupled with new devices like tablets and smart phones. With this, the new media comprising of gaming, animations, digital advertising and VFX are expected to grow at much faster rates in the coming years. The new media and the new patterns of media consumption are opening many new opportunities in the industry. During the year, India also emerged as the 7th largest consumer of social media, which is pushing the industry to evolve newer ways and approaches to reach this new and emerging class of consumers. (FICCI-KPMG report)

The Television segment grew by 15.5% in 2010, and is expected to touch Rs. 630 million by 2015, making it the half the industry size and the second largest segment, as per FICCI-KPMG report.

Overall Industry size(INR Bn)*	2007	2008	2009	2010	CAGR (2007-10)	2011P	2012P	2013P	2014P	2015P	CAGR (2010-15)
Television	211	241	257	297	12%	341	389	455	533	630	16%
Print	160	172	175	193	6%	211	231	254	280	310	10%
Film	93	104	89	83	-3%	91	98	109	120	132	10%
Radio	7	8	8	10	11%	12	15	18	21	25	20%
Music	7	7	8	9	5%	9	11	13	16	19	17%
Out of Home	14	16	14	17	6%	19	22	24	27	30	12%
Animation and VFX	14	17	20	24	18%	28	33	40	47	56	19%
Gaming	4	7	8	10	32%	13	17	23	31	38	31%
Digital Advertising	4	6	8	10	39%	13	18	22	28	36	28%
Total	**516**	**579**	**587**	**652**	**8%**	**738**	**834**	**957**	**1104**	**1275**	**14%**

Source: KPMG analysis and Industry interviews
* Taken for calendar years
Note: Numbers have been rounded to the nearest integer

The film segment was the only segment that did not do well and witnessed a decline in revenues in the year largely due to lack of quality content.

FILM Industry

During the year, the film industry declined to Rs. 83.3 billion during the year 2010, indicating a 6.7% decline as compared to the previous year(FICCI-KPMG report). This decline has primarily been due to lack of quality contents which led to drop in overall occupancy levels and a fall in box office collections.

The year 2010 was a disappointing year for the film industry. There were quite a few big budget movies with superstars which managed to get strong opening week collections, but failed to sustain footfalls in the ensuing weeks. An interesting trend that emerged during the year was the growing prominence of a market for small budget movies without 'stars' but with original storyline and content matching consumers' aspirations and preferences. This proved that small budget movies with original and unique content and with fresh new talent also deliver success.

During the year the industry also felt the big impact of the cricket fever - The ICC World Cup followed by the Indian Premier League (IPL). During this almost 8-10 week of a 'blackout' period, very few films were released. Occupancy at theatres and multiplexes also suffered heavily. The combined effect of average quality of content and cricket fever has been the two most crucial factors for the decline in growth in the film industry.

However, in spite of a difficult year, the future augurs well for the film industry. The quality of content is expected to be significantly better than last year and this is expected to revive footfalls to the theatres and raise occupancy levels substantially. In the next 9 months, the industry is eagerly banking on an interesting line-up of films to achieve a growth of 9% to Rs. 91 billion (source : FICCI-KPMG report).

As per this report, the Indian film industry is projected to grow at a CAGR of 9.6% to touch Rs. 133.5 billion in revenues by 2015. The contribution of domestic theatrical revenues is expected to reduce slightly, while the share of revenues from cable and satellite rights is expected to increase and account for nearly 13%. (FICCI-KPMG report)

Exhibition

Multiplexes

During the year 2010, there was a significant expansion in capacity by most multiplex chains. All these leading players have significant investments lined up for further expansion and increases during the FY2012. A leading multiplex chain from Mexico is planning to set up about 500 screen across 40 cities of India in the next few years (source : Business Standard -24th February 2011). According the FICCI-KPMG report, the industry has currently about 1000 multiplex screens. This is likely to double in the next 5 years, and multiplexes are expected to be the key driving force of in the Indian film industry in the years to come.

The length of movies has come down in the recent years. This has enabled multiplexes to get more shows per screen. With more shows coupled with more screens per multiplex has driven an overall increase in footfalls. This has led to a marginal increase in the average ticket price (ATP) which has driven higher revenues during the year. The operators have also introduced innovative marketing schemes to attract more footfalls and increase the occupancy levels. Schemes like buy-one-get-one free, discounted rates have been successful to some extent at select locations in improving the occupancy levels. However, the main cause of concern and reason for lower occupancy rates remain lack of quality content.

Another interesting trend noticed during the year has been the growing acceptance and adoption of D-Cinema as a preferred option to E-Cinema. (D-Cinema refers to DCI compliant, 2K technology and E-Cinema refers to 1K digital technology). This is despite the cost difference of almost 120%. The FICCI-KPMG report estimates that within the next 5 years, 80-90% of all multiplex screens will be D-Cinema.

Rapid urbanisation and growing middle-class population are expected to be the strongest drivers of growth for multiplexes in India. Because of a much superior viewing experience that a multiplex offers, it is expected that the audiences will increasingly switch-over to viewing movies in a multiplex as compared to traditional single-screens. Compared to international levels, there is still a very low density of screens per million in India. India produces the highest number of movies in the world, and with growing capacity expansion in multiplexes, this density is expected to improve significantly.

However, the multiplex operators will have to evolve methods and means to overcome the challenge of other entertainment formats like cricket which is already proven its effect on the industry. Moreover, escalating rental costs as well as operating expenses will create immense pressure on margins.

Single screens are expected to co-exist with multiplexes. However, their share and contribution to the box office collections is expected to go down as more multiplexes come up. The exception to this is south India - where single screens still dominate the market. Apart from single screens in south India, many single screens have started exhibition of alternate content like IPL to attract more audiences but this is still in a nascent stage and the Indian market is still not mature enough for alternate content at traditional film theatres.

BUSINESS OVERVIEW

Cinemax India Limited (Cinemax) is part of the renowned Kanakia Group. The Kanakia Group has over 25 years varied experience in real-estate and has developed over 11 million sq.ft. of quality real estate projects. Cinemax is a leading family entertainment company that has one of the largest theatre exhibition chains in India. The company is based in India, which is the nerve-centre of film industry in the country.

The company currently operates at 33 locations (previous year 28 locations). It has 107 screens (previous year 28 screens) with a total seating capacity of 28,097 seats (previous year 24,539 seats). This makes it one of the leading film exhibition chains in the country. The company is a dominant player in Mumbai with 13 locations and 40 screens. It accounts for 34% of all box office collections in Mumbai from multiplexes.

Even in a difficult year, the company managed to increase the Average Ticket Price (ATP) from Rs. 128 in the previous year to Rs. 135 in the current year. The total Spend per Head (SPH) also increased from Rs. 159 in the previous year to Rs. 170 in the current year.

During the year, the company also augmented its management by induction of Mr. Sunil Punjabi who joined as the CEO of the company in July 2010. Mr. Punjabi brings with him his vast experience and knowledge of the industry, having held senior positions in leading media and entertainments companies in India.

Gaming is an integral part of the company's business as it completes the family entertainment space. The family entertainment will remain incomplete but for the fun and games.

We operate our gaming business under the brand name - Giggles. Giggles provides unmatchable gaming experience at leading malls through a mix of indoor and outdoor activities.

The Gaming Zones 'Giggles' are operational at

A) Eternity Mall, Cinemax Thane

B) Eternity Mall, Cinemax Nagpur

C) Iscon Mega Mall, Cinemax Rajkot

D) Cinemax Sion

During the year, we have also launched an 8 lane bowling at Pacific Mall, Delhi under the brand name called VERSUS. The company has exciting plans ahead to expand VERSUS to few more locations.

OPPORTUNITIES

With the Indian economy expected to continue its march toward yet another year of excellent growth, the future looks promising for the M&E industry.

The Indian M&E industry is expected to grow at a CAGR of 14% till 2015 and increase to Rs. 1,275 billion. The Indian film industry is also expected to grow at a CAGR of 9.6% (2010-2105) and increase from Rs. 83.3 billion to Rs. 132.1 billion in 2015.(FICCI-KPMG report)

India is still the highest producer of movies in the world and is expected to remain so in the next few years. Watching films at theatres is still one of the biggest segments in the entertainment space. And yet, the penetration of screens is low. This provides for immense growth opportunities in the future. At about 12 screens per million people, India is still at the lower end of the screen density table and when compared to markets like the US, the UK, France and Spain, India is still significantly under-screened as a market. While Mumbai and Bangalore have 23 and 21 screens per million people respectively (KPMG-FICCI report), cities like Hyderabad and Chennai have only 6 screens per million people.

The rapid rise and popularity of digitisation is also creating new opportunities. Whilst a few years ago, almost 85-90% of all prints were physical, today about 70% of all prints are digital. The cost of digital print is also significantly lower than a physical print. With the added advantage of flexibility and more secure content, film makers are increasingly adopting digitisations. With most of new screens that are launched being digital since digital viewing experience is much superior, this is expected to be a key driver of growth.

Another interesting development that promises exciting opportunity is the increasing use of VFX and animation in films. 2010 marks the first time in history that 5 out of the top 10 and only 5th time that 2 out of the top 5 highest grossing films were animation films. Both TOY STORY 3 and Alice In Wonderland grossed over US$ 1 billion. In fact, TOY STORY 3 is the highest grossing animated film ever and the first animated film to have grossed US$ 1 billion. with Harry Potter and the Deathly Hallows Part I, Inception, Shrek Forever After and The Twilight Saga Eclipse also in top 10, animation and VFX is now big business. These films can only be enjoyed and their real effect experienced in a multiplex. With more such films being planned, these provide an ideal opportunity for multiplexes to attract footfalls comprising of entire family.

OUTLOOK

Cinemax has exciting plans for the future. The company firmly believes that the film industry, like any other industry, is subject to business cycle fluctuations as it depends heavily on content, over which it has no control. However, the company has unwavering focus to create and deliver the best viewing experience to its customers. The company also believes that the film industry has learnt its lessons and that the quality of content in the pipeline is of a much better quality, which will be successful in drawing back audiences to theatres and multiplexes. The company is moving forward with its impressive plans for expansion and capacity building. The company plans to launch 42 screens in the next 12 months at 10 cities. This will increase the seating capacity by almost 8700 seats and take the total seating capacity to almost 37,800 seats. The total number of screens will increase to over 150. The company is also expanding its geographical footprint and in the next 12 months, will add more cities on its location base. This also includes key tier II cities like Surat and Vizinagaram, besides enhancing capacity in cities where it already had a presence.

The company currently has 37 digital screens. All future screens will be digital this is provides a better viewing experience.

RISKS AND CONCERNS

The company has effective risk management in place to meet the risks and uncertainties that the company foresees. The company takes full cognisance of the fact that effective risk management is important in delivering sustained returns to its shareholders.

Content Risks

The company a business which has a high operational leverage. The company has to make substantial investments in launch and regular operations of its multiplexes. However, with lower occupancy levels, the operational leverage increases and this can have an effect on the margins and therefore, profitability of the company.

However, the company understands that the root cause for lower occupancy is quality of content. It is content that drives audiences and footfalls. The company firmly believes that the line-up of films slated for release during the year is much better than what was in the previous year. There are very strong releases lined up for Diwali and New Year months. These releases are all big budget releases with top stars, and are expected to do exceedingly well at the box office. The company is ideally positioned to take advantage of this content-led revival in the industry.

Delays due to external factors

One of the major risks facing any multiplex operator is the risk in launching of new screens. These delays are basically either from the side of the developer or regulatory delays. In India, it takes nearly 3 months and 40 different licences to start a multiplex. Add to this is the rules and regulations of different states pertaining to licenses and clearances. With legacy laws framed as back as 1953, the risk of delay is always a realistic risk in the business.

The company believes that it has sufficient experience, expertise and knowledge of various rules and regulations required to avail license for its multiplexes. It is on a much advanced stage in this learning curve. Moreover, the company already has a presence in most of the states where it is planning new screens, and is thus fully aware of existing rules and norms to be followed in those states. The company believes that with its experience and knowledge, this risk is sufficiently mitigated.

Risk of Competition

As in any business, there is a risk of competition from multiplexes of other competitors. With the capacity of screens expected to double in the next five years, and with more foreign players expected to enter the market, this is a risk that any player in the industry will have to face.

The company's brand - Cinemax, is today one of the most recognised and respected brands in family entertainment space in India. It has built this reputation on the basis of superior customer experience through a fine combination of not only viewing experience, but also the peripheral experiences like comfort, ambience, seating, locations, gaming and quality food and beverages. The company constantly strives to improve upon the customer expectations. The introduction of the Red Lounge is one of the prime examples of how the company keeps offering superior experience to its customers. The company believes it has been successful in creating a distinct mindshare with its customers and that it is this superior experience that will differentiate it from its competitors.

Risk of Higher Rental Costs

With the revival of the retail sector in India as well as the Government considering 51% FDI into retailing, it is expected that the rentals will go up. This will bring with it a pressure on margin and profitability of the company. However, the company is confident that with its efficient internal operations and superior viewing experience, this risk will be mitigated.

Risk of Competing Formats like Cricket

One of the biggest contributors to decline in growth and occupancy rates over the last few year has been the emergence of alternative entertainment formats of which cricket is the most prominent. In the last year, there was a sustained cricket fever with the ICC World Cup that was won by India almost immediately followed by the Indian Premier League. This 8 week blackout period saw a substantial drop in footfalls, leading to lower revenues and margins.

This is a risk that is being faced by the entire industry. However, with much superior content being lined up for release in the next 12 months, the company believes that it will be able to successfully ward of this risk. Moreover, there have been some attempts to mitigate this risk by exhibiting alternate contents like cricket matches in multiplexes. However, this is still in an experimental stage and yet to catch up.

Risk of Piracy

Piracy continues to remain a risk for the entire industry. However, with technological advances in form of digitisation and initiatives like introduction of Intel® Insider™ new chip technology will help curb this menace. Also, the much superior viewing experience that is provided by digital screens as well as HD quality films will also drive more people to the multiplexes.

INTERNAL CONTRL AND THEIR ADEQUACY

The company recognises the importance of internal controls and their adequacy and has taken commensurate steps in this regards. The company has process and systems that are needed to manage a business of the scale and size which the company has evolved into. The company also has a ERP system in place that further ensures that the board and the senior managers of the company has adequate MIS reports by which they can take appropriate and prompt action. The company also has an Audit Committee in that reviews and ensures that all identified risks are properly evaluated and brought to the light of the board for its consideration. Risks and controls are regularly reviewed by senior and responsible officers of the company that ensure strict adherence to budgets and effective and optimal use of resources.

DISCUSSION ON FINANCIAL PERFORMANCE

In spite of the difficult year, the company still managed to increase its total consolidated revenues by 12% over the previous year to Rs. 197.41 crores.

Of this, 69% came from ticket sales, 18% from F & B sales, 6% from advertising, 2% from gaming and rest from others.

The EBIDTA and PAT declined to 35.28 crores and Rs. 5.45 crores respectively as compared to the previous year EBIDTA and PAT of Rs. 36.27 crores and Rs. 16.97 crores.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The company recognises the importance of its people and considers is human resources as the most important resource. The company strives to ensure that it provides a healthy and safe working environment for its people. The company also firmly believes in upgrading its resources and actively organises training and other developmental courses for its employees. The company has a strong work culture based on strong values and orientation of success and professionalism. The company has one of the lowest attrition rates in the industry.

As of 31st March 2011, the company has 1,369 employees.

CAUTIONARY STATEMENT

This report contains forward looking statements that involve risks and uncertainties including, but not limited to risk in the company's growth strategy, acquisition plans, dependence on certain businesses, dependence on qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of governance system and processes at Cinemax India Limited is furnished herewith:

I. COMPANY'S PHILOSPHY ON CORPORATE GOVERNANCE

"Corporate governance is about maintaining an appropriate balance of accountability between three key players: the corporation's owners, the directors whom the owners elect, and the managers whom the directors select. Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad decisions."

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

We believe that sound corporate governance is critical to enhancing and retaining investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our disclosures always seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Our corporate governance philosophy is based on the following principles:

1. Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
2. Be transparent and maintain a high degree of disclosure levels.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicate externally, in a truthful manner, about how the Company is running internally.
5. Have a simple and transparent corporate structure driven solely by business needs.

We, at Cinemax India limited through its Corporate Governance envisages an attainment of transparency, accountability, integrity and propriety in total functioning of the Company and conduct of business, both internally and externally. The Company defines Corporate Governance as a set of guidelines that are followed by the Board of Directors and the Management of the Company.

II. BOARD OF DIRECTORS

Composition and category of Directors

The Board of Directors of your company comprises of Six (6) Directors as on 31 March 2011 representing the optimum combination of professionalism, knowledge and experience. Of these six members, three of them are non independent directors out of which, former two are forming part of the promoters group of the Company and other three are independent non- executive directors.

Name of Director	Designation	Category	
		Executive/ Non-Executive	Independent/ Non-Independent
Mr. Rasesh B. Kanakia	Chairman	Executive	Non - Independent
Mr. Himanshu B. Kanakia	Managing Director	Executive	Non - Independent
Mr. Sanjay Sanghavi	Director	Non - Executive	Non - Independent
Mr. Kranti Sinha	Director	Non - Executive	Independent
Mr. Girish Dave	Director	Non - Executive	Independent
Mr. Utpal Sheth	Director	Non - Executive	Independent

All the Independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent as laid down under Clause 49 of the listing agreement.

Board Meetings

Board meetings are normally held at the Registered Office of the Company. The dates of Board meetings are fixed well in advance and intimated to the Board Members so as to enable them to plan accordingly.

The Board is responsible for the management of the business and meets regularly for discharging its role and functions. The members of the Board have complete freedom to express their views and all the decisions are taken on the basis of a consensus arrived at after detailed discussion on each item of the agenda. The functions, roles and responsibilities of the Board are clearly defined. All the departments in the Company communicate to the Company Secretary, the matters requiring approval of the Board / Committees of the Boards to enable him to include the same in the agenda for the Board / Committee meeting(s).

Details of Board Meetings held and the dates on which held during the financial year 2010-11.

Name of Directors	Rasesh Kanakia	Himanshu Kanakia	Sanjay Sanghavi*	Utpal Sheth**	Kranti Sinha	Girish Dave
Designation	Executive Chairman	Managing Director	Non-Executive Director	Independent Directors		
Date of Board Meeting						
May 26, 2010	P	P	NA	NA	P	P
July 28, 2010	P	P	P	P	P	P
October 29, 2010	P	P	P	P	P	A
February 2, 2011	P	P	P	P	P	P

P - Present **L** - Leave of Absence **NA** - Not applicable

*Mr. Sanjay Sanghavi, was appointed as a Non-Executive Additional Director of the Company with effect from 28th July, 2010. Immediately after his appointment, Eighth Annual General Meeting of the Company was held and accordingly, in pursuance to Section 260, he retired at the said Annual General Meeting. He was again appointed as an Additional Non-Executive Director of the Company. He holds office up to the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Sanjay Sanghavi as Director, subject to retirement by rotation.

**Mr. Utpal Sheth, was appointed as an Additional Independent Director of the Company with effect from 28th July, 2010. Immediately after his appointment, Eighth Annual General Meeting of the Company was held and accordingly, in pursuance to Section 260, he retired at the said Annual General Meeting. He was again appointed as an Additional Independent Director of the Company. He holds office up to the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Utpal Sheth as Director, subject to retirement by rotation.

The time gap between any two meetings did not exceed four months. The information as prescribed under clause 49 of the Listing Agreement was placed before the Board from time to time, as required.

Details of Attendance of Directors at Last Annual General Meeting(AGM)

Sr. No	Name of Director	Last AGM attended
1	Mr. Rasesh B. Kanakia	Yes
2	Mr. Himanshu B. Kanakia	Yes
3	Mr. Kranti Sinha	Yes
4	Mr. Girish Dave	Yes
5	Mr. Utpal Sheth	No
6	Mr. Sanjay Sanghavi	Yes

Details of Directorships and Membership / Chairmanship of each Director (including CINEMAX):

Sr. No	Name of the Director	No. of Directorships*	Board Committees**	Chairmanships of Board Committees**
1	Mr. Rasesh B. Kanakia	2	2	Nil
2	Mr. Himanshu B. Kanakia	2	1	Nil
3	Mr. Sanjay Sanghavi	1	0	Nil
4	Mr. Utpal Sheth	10	0	Nil
5	Mr. Kranti Sinha	3	3	4
6	Mr. Girish Dave	7	6	2

*The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Private Limited Companies and Companies incorporated Under Section 25 of the Companies Act, 1956.

**In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committees and Investor Grievance / Shareholders Committee of all Public limited Companies (including Cinemax India Limited) have been considered.

III Board of Committees

- **Audit Committee**

Composition:

The Audit Committee presently comprises of four members namely, Mr. Kranti Sinha- Chairman, Mr. Girish Dave, Mr. Utpal Sheth and Mr. Rasesh Kanakia of which first three are independent directors. All of them have financial and accounting Knowledge. The composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Managing Director, the Chief Financial Officer, the Chief Executive Officer, Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Objective:

The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audit of the Company's Financial Statements, the appointment, independence and performance of the statutory and internal auditors and the Company's risk management policies.

Meetings:

Four meetings of the Audit Committee were held during the financial year 2010-11.

Attendance of each Member at the Audit Committee Meetings held during the year

Name of Committee Member	Designation	No. of Meeting Held	No. of Meeting Attended
Mr. Kranti Sinha	Chairman, Independent Director	4	4
Mr. Rasesh B. Kanakia	Member, Executive Director	4	4
*Mr. Utpal Sheth	Member, Independent Director	4	*3
Mr. Girish Dave	Member, Independent Director	4	3

* Mr. Utpal Sheth was appointed as a member of the Audit Committee w.e.f. 28th July, 2010..

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Terms of References:

The term of references / powers of the Audit Committee are as under:

A. Powers of the Committee

The Committee has vested with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advise.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Other powers as may be mandated by any Law for time being in force or as per Listing Agreement.

B. Functions of Committee.

The Committee shall function primarily in the following roles:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of Concern.
12. Approval of the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background,

etc. of the candidate

13. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

- **Shareholders' / Investors' Grievance Committee**

Composition:

The Shareholders' / Investors' Grievance Committee of the Board, comprises of three members namely Mr. Kranti Sinha, Mr. Rasesh Kanakia and Mr. Himanshu Kanakia out of which Mr. Kranti Sinha is a Chairman and an independent non-executive director.

Objectives:

The objective of the Shareholders Grievance Committee is to review and address the grievances of the Shareholders in respect of share transfers, transmissions, non-receipt of annual report, non-receipt of declared dividend etc., and other related activities. The Committee oversees performance of the Registrar and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Meetings:

Two meetings of the Investor Grievance Committee were held during the financial year 2010-11.

Attendance of each Member at the Investors' Grievance Committee held during the year:

Name of Committee Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Kranti Sinha	Chairman, Independent Director	2	2
Mr. Rasesh B. Kanakia	Member, Executive Director	2	2
Mr. Himanshu B. Kanakia	Member, Executive Director	2	2

Investor Grievance Redressal

Number of Complaints received and resolved to the satisfaction of Investors during the year under review and their break-up are as under:-

Nature of Complaints	Received	Resolved
Non-Receipt of Annual reports	1	1
Non-Receipt of Dividend	17	17
Miscellaneous	4	4
Total	22	22

There were no outstanding complaints as on 31st March 2011.

Company Secretary and Compliance Officer

Name of the Company Secretary and the Compliance Officer	Mr. Jatin J. Shah
Address	215 Atrium, 10th Floor, Opp. Divine School,J.B. Nagar, Andheri Kurla Road, Andheri- East, Mumbai- 4000 59
E-mail	Jatin.shah@cinemax.co.in
Contact No.	022 6726 8888
Fax	022 6726 8800

- **Remuneration Committee & Directors Remuneration**

Composition

The remuneration of the Managing Director is decided by the Remuneration Committee based on criteria such as Industry Benchmarks, the Company's performance vis-à-vis industry, performance/track record of the Managing Director and is reported to the Board of Directors. Remuneration comprises a fixed component viz. Salary and Perquisites.

The Remuneration Committee presently comprises of two Independent Directors, namely, Mr. Kranti Sinha and Mr. Girish Dave.

Objectives:

The Remuneration Committee has been constituted to recommend / review remuneration of the Executive Director, based on their performance and defined assessment criteria.

Meetings:

- **Attendance of each Member at the Remuneration Committee held during the year:**

Name of Committee Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Kranti Sinha	Independent Director	1	1
Mr. Girish Dave	Independent Director	1	1

- **Remuneration Policy:**

Cinemax's remuneration policy is based on three **Ps**: **P**ay for responsibility, **P**ay for performance and potential and **P**ay for growth. The Company's Remuneration policy is in consonance with the existing Industry practice. The Committee is vested with all necessary powers to ensure appropriate disclosures on the remuneration comprising of fixed components viz. Salary and Perquisites of Executive Director and to deal with all elements of remuneration package of all such Directors.

Details of Remuneration to Directors during the financial year 2010-11:

Name of the Director	Sitting Fees for Board & Committees Meeting	Salary & Perquisites (including PF, etc.)
Executive Director		
Mr. Rasesh Kanakia	N.A.	1,00,00,000
Mr. Himanshu Kanakia	N.A.	1,00,00,000
Non Executive Director		
Mr. Sanjay Sanghavi,	N.A.	N.A.
Mr. Kranti Sinha	2,00,000	N.A.
Mr. Girish Dave	1,40,000	N.A.
Mr. Utpal Sheth,	1,20,000	N.A.

VI. OTHER DISCLOSURES.

- **Related Party Transactions**

  The company follows the following policy in disclosing the related party transactions to the Audit Committee:

  i A statement in summary form of transactions with related parties in the ordinary course of business is placed before the Audit Committee.

  ii Details of material individual transactions with related parties which are not in the normal course of business is placed before the Audit Committee.

  iii Details of material individual transactions with related parties or others, which are not on an arm's length basis is placed before the Audit Committee, together with Management's justification for the same.

  There were no transactions of a material nature with the directors or the management, the Company's subsidiaries or step down subsidiaries or relatives of the directors during the financial year which could have potential conflict with the interest of the Company at large. Necessary disclosures in regard to the Transactions with related parties have been made in the Financial Statements under Notes to Accounts "Related Party Transactions".

- **Financial Statements and Accounting Treatment**

  The Company has followed all applicable Accounting Standards.

- **Risk Management**

  The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. The risk policy of the Company, as noted by the Board, has been posted on the website of the Company www.cinemax.co.in.

- **Compliances**

  There were no instances of non compliance by the Company on any matters related to the capital markets or penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three financial years.

  The Company has informal whistle blower policy.

  The Company has complied with mandatory requirements and has adopted some of the non mandatory requirements as mentioned in clause 49 of the Listing Agreement like constitution of Remuneration Committee etc.

- **Management Discussion & Analysis**

  The Management Discussion and Analysis report forms part of the Report of the Directors.

- **Code of Conduct**

  The Company has adopted Code of Ethical Conduct as required. As required under clause 49 of the Listing Agreement, the Chairman of the Company has given declaration to the effect that all the Directors and Senior Management personnel of the Company have given their affirmation of Compliance with the Code as on 31 March 2011.

  The Code is available on the website of the Company. www.cinemax.co.in

- **CEO /CFO Certification**

  As required by Clause 49 of the Listing Agreement, the Certificate issued by the CEO and CFO is forming part of this report.

- **Auditors' Certificate of Corporate Governance**

  As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an Annexure 'D' to Directors' Report.

- **Means of Communication**

  The Company regularly intimates its financial results to the Stock Exchanges as soon as these are taken on record /approved.

  These financial results are published in Economic Times (English) and NavShakti (Marathi Local) dailies having wide circulation. The results are also displayed on the website of the Company www.cinemax.co.in.

The official news releases and presentations made from time to time to investors and financial analysts at investors meets are also displayed on the Company's website. The quarterly results are not sent individually to the shareholders.

Details of past three years Annual General Meetings (AGM):

Year	Venue/Location	Day & Date	Time
2010	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Tuesday, August 03, 2010	10.30 AM
2009	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Thursday, September 10, 2009	10.30 AM
2008	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Saturday, August 30, 2008	10.00 AM

V. General Shareholders Information

- **Next Annual General Meeting**

Day & Date : Tuesday, 27th September 2011

Time : 10.A.M.

Venue : Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East). Mumbai-400093

- **Financial Calendar for 2011-2012 :-** (Tentative date)

The Financial year of the company ends on every 31st March.

i)	Un-audited results for the quarter ended 30th June 2011	First Week of August 2011
ii)	Un-audited results for the quarter/half Year ending 30th September 2011	Second Week of November 2011
iii)	Un-audited results for the quarter ending 31st December 2011	Second Week of February 2011
iv)	Audited results for the year ending 31st March 2012	Last week of May 2012

- **Book Closure date:**

The Company's Register of Members and Share Transfer Books will remain closed from 20th September, 2011 to 27th September, 2011(both days inclusive) for the purpose of Ninth Annual General Meeting of the Company to be held on 27th September, 2011.

- **Listing**

The Company's equity shares are listed at the following Stock Exchanges:

1) **National Stock Exchange, Mumbai (NSE)**
Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra East, Mumbai 400 051.
Ph: +91 22 26598100 Fax: +91 22 26598237

2) **The Stock Exchange, Mumbai (BSE)**
Phroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
Ph: +91 -22 22721233 Fax: +91 22 -22723677

3) **Scrip Information:**

Name of the Exchange	Trading Symbol/Code
National Stock Exchange, Mumbai (NSE)	CINEMAX
The Stock Exchange, Mumbai (BSE)	532807
ISIN Demat	INE 704H01014

4) The Company has depository connectivity with NSDL & CDSL and has paid Annual Custody Fees for the financial year 2011-2012.

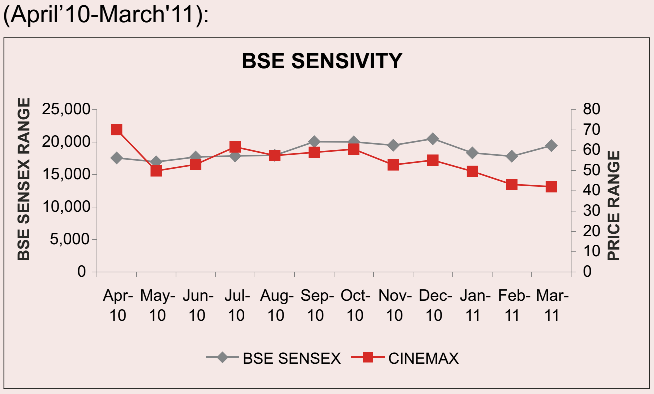
5) The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2011 -2012.

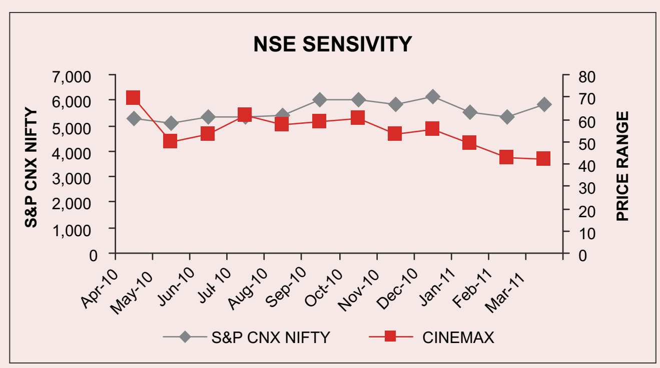
- **Share Price & Volume (Tables/Graphs)**

Month	BSE				NSE			
	Month's High Rs.	Month's Low Rs.	Volume (No. in lacs)	Sensex	Month's High Rs.	Month's Low Rs.	Volume (No. in lacs)	Nifty
Apr-10	76.25	63.05	2.71	17,558.71	75.90	63.00	3.67	5,278.00
May-10	69.90	49.10	8.80	16,944.63	69.50	49.00	13.43	5,086.30
Jun-10	55.25	47.25	16.90	17,700.90	57.90	47.55	22.99	5,312.50
Jul-10	66.50	51.05	27.09	17,868.29	66.50	48.00	59.53	5,367.60
Aug-10	64.50	56.95	7.63	17,971.12	63.80	56.30	13.79	5,402.40
Sep-10	64.50	58.00	5.12	20,069.12	64.40	58.00	10.35	6,029.95
Oct-10	66.90	58.90	10.92	20,032.34	65.40	59.00	17.38	6,017.70
Nov-10	64.85	49.95	3.03	19,521.25	65.70	50.05	5.42	5,862.70
Dec-10	63.00	51.05	4.79	20,509.09	62.95	52.15	11.88	6,134.50
Jan-11	62.50	47.60	4.18	18,327.76	62.45	48.05	9.31	5,505.90
Feb-11	50.50	41.50	0.79	17,823.40	50.60	41.00	1.10	5,333.25
Mar-11	52.55	39.70	11.26	19,445.22	53.25	40.00	20.36	5,833.75
Total			**103.22**				**189.21**	

- **SHARE PRICE MOVEMENT (NSE & BSE)**

CINEMAX share price performance relative to S&P CNX NIFTY and BSE.
(April'10-March'11):





- **Shareholding Pattern as on 31st March, 2011**

Sr. No.	Category	Holders	%	Value	%
1	Clearing Member	113	0.36	15,77,190	0.56%
2	Corporate Bodies (Promoter Co)	2	0.01	2,800	0.00%
3	Foreign Inst. Investors	10	0.03	1,46,10,430	5.22%
4	Nationalised Banks	2	0.01	36,140	0.01%
5	Non Nationalised Banks	1	-	10,000	0.00%
6	Non Resident Indians (REPATRIABLE)	290	0.92	12,66,420	0.45%
7	Non Resident Indians (NON REPATRIABLE)	45	0.14	57,480	0.02%
8	Other Bodies Corporate	347	1.10	2,58,31,450	9.23%
9	Promoters	2	0.01	18,56,18,480	66.29%
10	Public	30,769	97.42	4,44,10,830	14.86%
11	Relatives Of Directors	2	0.01	65,76,880	2.35%
12	Trust	2	0.01	1,810	0.00%
	Total :	**31,585**	**100%**	**280,000,000**	**100%**

- **Distribution Schedule as of 31st March 2011:)**

Distribution	No. of Shareholders	No. of Shares	% of Shareholding
Less than 500	30,372	2,409,291	8.60
501 -1000	675	538,714	1.93
1001-2000	297	451,522	1.61
2001-3000	76	193,748	0.69
3001-4000	39	135,792	0.49
4001-5000	31	143,366	0.51
5001-10000	48	352,445	1.26
Above 10000	53	23,775,122	84.91
Total	**31,591**	**28,000,000**	**100.00**

- **Registrar & Share Transfer Agents:**

In order to attain speedy processing and disposal of share transfer and other allied matters, the Board has appointed M/s Link Intime (India) Private limited as the Registrar and Share Transfer Agents of the Company. Their Correspondence address is as follows:

M/s. Link Intime India Private Limited
(Unit Cinemax India Limited)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup West, Mumbai 400 078
Ph : 022 2596 0320 Fax: 022 2596 0329

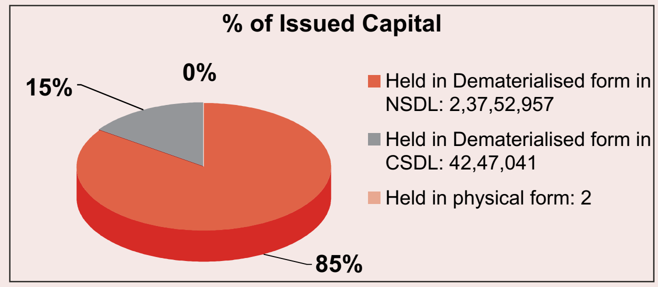
- **Share Transfer System:**

The trading in Equity shares of the Company being in compulsory demat form are transferable through depository system. The share in physical from are processed by the Registrar and Transfer Agents and approved by the Investors' Grievance Committee.

The applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agents of the Company. All valid transfers are processed within 30 days from the date of lodgment.

On 31st March 2011, there was no unprocessed transfer pending.

- **Dematerialisation of Shares**



99.99% of the Company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2011.

- **ECS Mandate**

To service the investors better, the Company requests all the shareholders who hold shares in dematerialized form to update their bank particulars with their respective depositories immediately. Shareholders holding shares in the physical form may kindly forward the bank particulars to our Registrars to the address mentioned above.

- **Registered Office**

Cinemax India Limited
215 Atrium, 10th Floor,Opp.
Divine School, J.B. Nagar,
Andheri Kurla Road,
Andheri- East,
Mumbai- 4000 59
Phones: +91 22 6726 8888
Fax: +91 22 6726 8899
Email: investor@cinemax.co.in
Website: www.cinemax.co.in

- **Investor Correspondence:**

Shareholders can contact the following officials:

Company Secretary- Mr. Jatin J. Shah

For all shares / dividend related queries, please write to above address and super scribed with "Kind Attention: Company Secretary"
Email: investor@cinemax.co.in

Chief Financial Office (CFO):- Mr. Jitendra Mehta or
V.P. Finance & Accounts- Mr. Mayur Parekh
For all finance related queries, please write to above address and superscribed with "Kind Attention: CFO or Vice President Finance & Accounts"
Email: Investor@cinemax.co.in

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Cinemax India Limited

We have examined the compliance of the conditions of Corporate Governance by Cinemax India Limited for the year ended 31 March 2011 as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

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

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 **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No. 001076N

Per **Khushroo B. Panthaky**
Partner
Membership No. F-42423
Mumbai
28 May 2011

CEO & CFO CERTIFICATION

We, Sunil Punjabi, Chief Executive Officer and Jitendra Mehta, Chief Financial Officer of Cinemax India Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and standalone), and all its schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. 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;
5. We accept responsibility for establishing and maintaining controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take, to rectify these deficiencies.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
   a. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
   b. significant changes in internal controls during the year covered by this report;
   c. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
   d. instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
8. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Sunil Punjabi	**Jitendra Mehta**
Chief Executive Officer	Chief Financial Officer

Place : Mumbai
Date : 28th May 2011

AUDITORS' REPORT

To,
The Members,
Cinemax India Limited

1. We have audited the attached Balance Sheet of Cinemax India Limited (the 'Company'), as at 31 March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), 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 Order.

4. *We draw your attention to note 4(n) under schedule 18 to the financial statements, relating to managerial remuneration paid in excess of the limits laid down under Schedule XIII of the Companies Act, 1956, for which the Company is in the process of seeking the necessary approval of the Central Government.*

5. *Subject to our comments in paragraph 4 above and* 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 appears from our examination of those books;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. On the basis of written representations received from the directors, as on 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;

   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and 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, in the case of:

      i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

      ii) the Profit and Loss Account, of the loss for the year ended on that date; and

      iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No. 001076N

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423
Place : Mumbai
Date : 28th May, 2011

Annexure to the Auditors' Report of even date to the members of Cinemax India Limited, on the financial statements for the year ended 31 March 2011

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which 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. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

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

(b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.

(iii) (a) There are two Companies covered in the register maintained under section 301 of the Act to which the Company has granted unsecured loans. The maximum amount outstanding during the year was Rs. 1,334.24 lacs and the year-end balance was Rs. 307.30 lacs.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated.

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) The Company had taken loan from three company covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year was Rs. 2,038.82 lacs and the year-end balance was Rs. 1,928.98 lacs.

(f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.

(g) In respect of loans taken, repayment of the principal amount is as stipulated.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of food and beverages and services.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

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

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, income-tax, service tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the Statue	**Nature of dues**	**Amount (Rs. in lacs)**	**Period to which the amount relates**	**Due Date**	**Date of Payment**
Service Tax	Service Tax on immovable property	377.19 lacs	April 2009 to March 2011	Various dates	-

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) In our opinion, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.001076N

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423
Place : Mumbai
Date : 28th May, 2011

Balance Sheet as at 31 March 2011

(₹ in Lacs)

	SCHEDULE	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2,817.02	2,817.02
Reserves and Surplus	2	11,417.25	11,302.44
		13,964.27	14,119.46
Loan Funds			
Secured Loans	3	12,269.82	8,518.99
Deferred Tax Liability (Net)		112.26	283.80
(Refer Note 4 (f) to Schedule 18)			
Total		26,346.35	22,922.25
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		26,449.25	23,641.53
Less: Accumulated Depreciation / Amortisation		6,062.42	4,330.51
Net Block		20,386.83	19,311.02
Capital Work in Progress (including Capital Advances)		3,964.37	2,000.83
		24,351.20	21,311.85
Investments	5	170.04	139.89
Current Assets, Loans and Advances			
Inventories	6	72.30	49.63
Sundry Debtors	7	798.89	630.87
Cash and Bank Balances	8	900.00	626.12
Loans and Advances	9	4,665.38	4,267.14
		6,436.57	5,573.76
Less: Current Liabilities and Provisions			
Liabilities	10	4,389.61	3,303.60
Provisions	11	221.85	799.65
		4,611.46	4,103.25
Net Current Assets		1,825.11	1,470.51
Total		26,346.35	22,922.25
Notes to and forming part of the financial statements	18		

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

Profit and Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	SCHEDULE	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Operating Income	12	15,382.35	13,675.51
Other Income	13	570.01	580.88
Total		15,952.36	14,256.39
EXPENDITURE			
Operating Expenses	14	8,722.29	7,497.21
Employee Costs	15	1,728.53	1,211.90
Administrative, Marketing and Other Costs	16	2,962.15	2,773.15
Total		13,412.97	11,482.26
Profit before interest, depreciation/amortisation and exceptional items		2,539.39	2,774.13
Interest and Finance Charges	17	1,107.89	789.78
Depreciation / Amortisation		1,736.34	1,480.26
Total		2,844.23	2,270.04
Profit / (Loss) before taxes and exceptional items		(304.84)	504.09
Less : Exceptional Items		-	430.31
Profit / (Loss) before tax		(304.84)	73.78
Less : Provision for Taxation			
- Current Tax [includes wealth tax Rs.0.70 lacs (Previous year Rs.1.50 lacs)]		8.21	21.50
- Short / Excess Provision for Previous Years		12.69	32.30
- Deferred Tax Credit		(171.54)	(482.44)
- MAT Credit Entitlement for Earlier Year		-	(80.52)
- MAT Credit Entitlement for Current Year		-	(20.00)
Profit / (Loss) after tax		(154.20)	602.94
Add:Profit brought forward from previous year		1,713.86	1,518.81
Profit available for appropriation		1,559.66	2,121.75
Transfer to General Reserve		-	15.08
Proposed dividend on Preference Share		0.85	0.85
Proposed dividend on Equity Share		-	336.00
Tax on Dividends		0.14	55.96
Balance carried to the Balance Sheet		1,558.67	1,713.86
Basic and Diluted Earnings Per Share of face value of Rs.10 each (Refer Note 4 (e) to Schedule 18)			
-Basic		(0.55)	2.15
-Diluted		(0.55)	2.15
Notes to and forming part of the financial statements	18		

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

Cash Flow Statement for the year ended 31 March 2011

(₹ in Lacs)

		Year ended 31 March 2011	Year ended 31 March 2010
Cash Flow from Operating Activities			
Profit before taxes		(304.84)	73.78
Adjustments for :			
Depreciation / Amortisation		1,736.34	1,480.26
Interest Expense		1,107.89	789.78
Interest Income		(78.36)	(15.57)
Provison no longer required written back		(178.83)	(241.45)
Exceptional Items		-	430.31
Profit on sale of asset		(34.10)	-
Sundry Balances / Bad Debts written off		28.73	153.52
Provision for Doubtful Deposits		-	40.54
Sundry Balances written back		(123.10)	(163.82)
Operating Profit before working capital changes		**2,153.73**	2,547.35
Adjustments for :			
Increase /(Decrease) in working capital			
Inventories		(22.67)	(14.77)
Sundry Debtors		(196.75)	(154.28)
Loans and Advances		(620.06)	509.67
Current Liabilties and Provisions		1,408.30	(330.98)
Net Changes in working capital		**568.82**	9.64
Direct tax paid		(7.27)	(147.60)
Net Cash generated from operation	**(A)**	**2,715.28**	2,409.39
Cash flow from Investing Activities			
Purchase of fixed assets (including Capital Advances given)		(4,781.59)	(2,456.74)
Proceeds from sale of fixed assets		40.00	-
Interest Income		74.68	12.64
Purchases of investments		(26.47)	(0.25)
Net Cash used in investing activities	**(B)**	**(4,693.38)**	(2,444.35)
Cash flow from financing activities			
Interest Expense		(1,107.89)	(789.78)
Dividend Paid (including dividend distribution tax)		(390.96)	(391.50)
Vehicle loan repaid		(1.74)	(10.36)
Term loans from bank taken		3,752.57	1,533.45
Net Cash generated from financing activities	**(C)**	**2,251.98**	341.81
Net increase in Cash and Cash Equivalents	**(A+B+C)**	**273.88**	306.85
Cash and Cash Equivalents at the beginning of the year		626.12	319.27
Cash and Cash Equivalents at the end of the year		900.00	626.12
Net increase as disclosed above		**273.88**	306.85

Notes:

1. Cash and cash equivalents as at year end includes:

	2011	2010
a. Fixed deposits pledged with the banks	**128.22**	352.47
b. Unclaimed Share Application Money	**4.53**	4.53
c. Unclaimed Dividend	**6.54**	4.70
Total	**139.29**	361.70

2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified by Central Government under the Companies Act, 1956.

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place: Mumbai
Date : 28th May, 2011

Schedules forming part of the Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1: CAPITAL		
Authorised :		
40,000,000 Equity shares of Rs. 10 each	**4,000.00**	4,000.00
250,000 Preference shares of Rs. 10 each	**25.00**	25.00
	4,025.00	4,025.00
Issued, Subscribed and Paid up :		
Equity Shares		
28,000,000 Equity shares(previous year 28,000,000) of Rs. 10 each fully paid-up	**2,800.00**	2,800.00
Preference Shares		
170,160 5% Non-Cumulative Redeemable Preference shares (Previous year 170,160) of Rs.10 each fully paid up	**17.02**	17.02
Total	**2,817.02**	2,817.02

Note: of the above

1) 15,000,000 Equity shares (Previous year 15,000,000) were allotted as fully paid-up bonus shares by capitalisation of the General Reserve and the surplus in Profit and Loss Account of the Company.

2) 170,160 5% Non-Cumulative Redeemable Preference shares (Previous year 170,160) of Rs 10 each fully paid up are issued for consideration other than cash pursuant to scheme of amalgamation sanctioned by the High Court of Judicature Mumbai. Redeemable on 6 June 2011 or any earlier date, at the option of the Company.

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 2: RESERVES AND SURPLUS		
Securities Premium Account	**9,516.46**	9,516.46
General Reserve		
Opening Balance	**72.12**	57.04
Add : Transferred from Profit and Loss Account	**-**	15.08
	72.12	72.12
Profit and Loss Account	**1558.67**	1,713.86
Total	**11,147.25**	11,302.44
SCHEDULE 3: SECURED LOANS		
From Banks		
Term loans from banks [Amount repayable within a year Rs.3,930.18 lacs (Previous year Rs.2,232.81 lacs)] (Refer Note 4 (g) (1), (2), (3), (4), (5) and (8) to Schedule 18)	**10,075.69**	6,901.42
Cash credit from banks (Refer Note 4 (g) (1), (3) and (6) to Schedule 18)	**2,176.97**	1,598.67
Vehicle Loans [Amount repayable within a year Rs.17.16 lacs (Previous year Rs.11.14 lacs)] (Refer Note 4 (g) (7) to Schedule 18)	**17.16**	18.90
Total	**12,269.82**	8,518.99

Schedule forming part of the Balance Sheet as at 31 March 2011

SCHEDULE 4 : FIXED ASSETS

(Refer Note 4(o) of Schedule 18)

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
Particulars	**As at 1 April 2010**	**Additions during the year**	**Deletion / Adjustment**	**As at 31 March 2011**	**Upto 31 March 2010**	**During the year**	**Deletion / Adjustment**	**Upto 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2010**
Goodwill	190.84	-	-	190.84	152.67	38.17	-	190.84	-	38.17
Land - Freehold	1,971.68	-	-	1,971.68	-	-	-	-	1,971.68	1,971.68
Leasehold Improvements	2,274.52	667.91	22.53	2,919.90	378.29	254.58	-	632.87	2,287.03	1,896.23
Theatre Buildings	5,641.54	-	-	5,641.54	939.40	187.91	-	1,127.31	4,514.23	4,702.14
Plant and Machinery										
Theatre Equipments and Fittings	3,062.26	624.44	5.90	3,680.80	891.69	249.77	-	1,141.46	2,539.34	2,170.57
Other Plant and Machinery	1,314.35	429.23	1.41	1,742.17	155.65	69.89	-	225.54	1,516.63	1,158.70
Furniture, Fixtures and Office Equipments										
Theatre Furniture and Fixtures	4,968.05	564.53	7.22	5,525.36	959.12	530.03	-	1,489.15	4,036.21	4,008.93
Other Furniture, Fixtures and Office Equipments	1,833.66	523.16	49.91	2,306.91	364.38	191.94	-	556.32	1,750.59	1,469.28
Computers (includes Computer Software)	679.65	85.49	0.70	764.44	274.84	117.24	-	392.08	372.36	404.81
Vehicles	168.28	10.97	10.34	168.91	76.91	15.89	4.43	88.37	80.54	91.37
Wind Energy Generator	1,536.70	-	-	1,536.70	137.56	80.92	-	218.48	1,318.22	1,399.14
Total	**23,641.53**	**2,905.73**	**98.01**	**26,449.25**	**4,330.51**	**1,736.34**	**4.43**	**6,062.42**	**20,386.83**	**19,311.02**
Previous Year	20,879.89	3,321.78	560.14	23,641.53	2,877.48	1,480.26	27.23	4,330.51	19,311.02	

Schedules forming part of the Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 5: INVESTMENTS		
Long term, unquoted, unless otherwise stated		
In Government Securities		
National Saving Certificates [including accrued interest Rs.3.68 lacs (Previous year Rs.2.93 lacs)] (The investments made are held in the name of the Company's directors, in trust for the Company and are pledged with the respective district Collectors as required by the State Government Multiplex Policy.)	**61.59**	32.44
In Subsidiaries, at cost		
1,01,000 Equity shares in Vista Entertainment Private Limited of Rs.100 each, fully paid up	**101.00**	101.00
10,000 Equity Shares in Growel Entertainment Private Limited of Rs.10 each, fully paid up	**1.00**	**1.00**
50,000 Equity Shares in Cinemax Motion Pictures Limited of Rs.10 each, fully paid up	**5.00**	5.00
10,000 Equity Shares in Odeon Shrine Multiplex Limited of Rs.10 each, fully paid up	**1.00**	-
Trade Investment, at cost		
2,000 Equity shares in Gupta Infrastructure (I) Private Limited of Rs.10 each, fully paid up	**0.20**	0.20
2,500 Equity shares of Saraswat Co-Operative Bank Limited of Rs.10 each, fully paid up	**0.25**	0.25
Total	**170.04**	139.89
SCHEDULE 6: INVENTORIES		
Finished goods (As certified by the management)		
Food and Beverages	**72.30**	49.63
Total	**72.30**	49.63
SCHEDULE 7: SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
-Considered Good*	**237.57**	302.30
Other Debts		
-Considered Good*	**561.32**	328.57
-Considered Doubtful	**14.07**	14.07
	812.96	644.94
Less : Provision for doubtful debts	**14.07**	14.07
Total	**798.89**	630.87
*Includes dues from Company under the same management		
-Kanakia Spaces Private Limited	**-**	235.86
-Cine Café Services	**1.33**	1.33
-Kanakia Hospitality Private Limited	**6.18**	-

Schedules forming part of the Balance Sheet as at 31 March 2011

	As at 31 March 2011	As at 31 March 2010
		(₹ in Lacs)
SCHEDULE 8: CASH AND BANK BALANCES		
Cash in hand (including cheques on hand)	**47.87**	44.09
Balances with Scheduled banks		
- in Current Accounts	**712.83**	219.82
- in Unclaimed Dividend Accounts	**6.55**	4.70
- in Share Application Money Refund Account	**4.53**	4.53
- in Fixed Deposit Accounts	**128.22**	352.47
(Pledged with Banks / Government Authorities)		
Balances with Others		
- in Current Account with Progressive Co-operative Bank	**-**	0.51
[Maximum amount outstanding during the year Rs. Nil		
(Previous year Rs.0.56 lacs)]		
Total	**900.00**	626.12
SCHEDULE 9: LOANS AND ADVANCES		
(Unsecured, considered good)		
Advance to Companies under the same management *	**307.30**	548.70
Advances recoverable in cash or in kind, or for value to be received	**866.87**	784.96
Deposits		
-Considered Good	**2,891.47**	2,111.92
-Considered Doubtful	**40.54**	40.54
	2,932.01	2,152.46
Less: Provision for Doubtful Deposits	**40.54**	40.54
	2,891.47	2,111.92
MAT Credit Entitlement	**243.96**	221.18
Advance tax paid (Net)	**355.78**	600.38
Total	**4,665.38**	4,267.14
* includes amount outstanding from Companies under the same management.		
-Cinemax Motion Pictures Limited	**305.26**	535.20
-Nikmo Entertainment Private Limited	**-**	13.46
-Growel Entertainment Private Limited	**2.04**	0.04
Maximum balance outstanding during the year		
-Cinemax Motion Pictures Limited	**1,332.20**	1,135.49
-Nikmo Entertainment Private Limited	**-**	92.55
-Growel Entertainment Private Limited	**2.04**	0.04

Schedules forming part of the Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 10: LIABILITIES		
Sundry Creditors (Refer Note 4 (p) to Schedule 18)		
-Due to Others #	**3,684.34**	2,902.35
Deposits received	**234.19**	229.50
Unclaimed Share Application Money*	**4.53**	4.53
Unclaimed Dividend *	**6.55**	4.70
Other Liabilities	**460.00**	162.52
Total	**4,389.61**	3,303.60
# includes amount outstanding from Company under the same management		
-Vista Entertainment Private Limited	**1,689.25**	924.05
-Nikmo Entertainment Private Limited	**162.97**	-
-Odeon Shrine Multiplex Private Limited	**76.76**	-
-Kanakia Spaces Private Limited	**2.35**	-
-R And H Amusement And Games Private Limited	**10.80**	-
-Kanakia Finance And Investment Private Limited	**0.32**	0.20
Maximum balance outstanding during the year		
-Vista Entertainment Private Limited	**1,724.28**	924.05
-Nikmo Entertainment Private Limited	**228.38**	-
-Odeon Shrine Multiplex Private Limited	**86.16**	-
-Kanakia Spaces Private Limited	**27.72**	-
-R And H Amusement And Games Private Limited	**10.80**	-
-Kanakia Finance And Investment Private Limited	**1.92**	0.42
* does not include any amount due to be credited to Investor Education and Protection Fund.		
SCHEDULE 11: PROVISIONS		
Gratuity	**70.13**	50.63
Compensated Absences	**24.73**	24.73
Tax (Net)	**123.30**	331.49
Proposed Dividends		
-Preference Shares	**0.85**	0.85
-Equity Shares	**-**	336.00
Tax on Proposed Dividend	**0.14**	55.95
Total	**221.85**	799.65

Schedules forming part of the Profit & Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
SCHEDULE 12: OPERATING INCOME		
Income from Theatre		
Sale of tickets	**12,390.06**	10,898.80
Less:Entertainment Tax	**2,281.39**	2,007.91
	10,108.67	8,890.89
Sale of Food and Beverages	**3,143.85**	2,718.35
Income from Advertisements Exhibited	**1,151.35**	939.01
Other Operating Income	**365.43**	545.11
Sale of Power	**145.78**	151.45
Income from Retail Space		
Mall Rentals	**348.31**	319.37
Common Area Maintenance	**118.96**	111.33
Total	**15,382.35**	13,459.68
SCHEDULE 13: OTHER INCOME		
Royalty Income	**32.47**	50.08
Interest Income	**78.36**	15.57
[Tax deducted at source Rs. 7.43 lacs (Previous year Rs.3.17 lacs)]		
Sundry balances written back	**123.10**	163.82
Provision no longer required written back	**178.83**	241.45
Miscellaneous Income	**157.25**	109.96
Total	**570.01**	580.88
SCHEDULE 14: OPERATING EXPENSES		
Distributor's Share	**4,190.99**	3,601.28
Power and Fuel	**1,331.26**	1,121.48
Rental Expenses (Refer note 4(d) to Schedule 18)	**2,032.79**	1,819.63
Food and Beverages consumed		
Opening Stock	**49.63**	34.86
Add: Purchases	**907.42**	780.24
Less: Closing Stock	**72.30**	49.63
	884.75	765.47
Other Operating Expenses	**282.50**	189.35
Total	**8,722.29**	7,497.21

Schedules forming part of the Profit & Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
SCHEDULE 15: EMPLOYEE COSTS		
Salaries, Wages and Bonus (including Director's Remuneration) (Refer note 4 (n) to Schedule 18)	**1,553.87**	1,069.05
Contribution to Provident and Other Funds	**90.53**	72.60
Staff Welfare	**84.13**	70.25
Total	**1,728.53**	1,211.90
SCHEDULE 16: ADMINISTRATIVE, MARKETING AND OTHER COSTS		
Communication Expenses	**102.67**	104.04
Repairs and Maintenance		
-Plant and Machinery	**152.54**	123.39
-Building	**33.27**	37.60
-Common area maintenance	**453.74**	357.04
-Cleaning Charges	**231.22**	173.27
-Others	**146.25**	132.16
	1,017.02	823.46
Legal and Professional	**129.15**	70.08
Director's Sitting Fees	**4.40**	3.80
Auditor's Remuneration (Refer note 4 (l) to Schedule 18)	**13.42**	12.67
Security Charges	**151.02**	130.06
Rates and Taxes	**510.44**	379.62
License Fees	**9.33**	13.30
Printing and Stationery	**27.97**	27.01
Advertising and Publicity	**162.64**	208.47
Marketing and Sales Promotion	**299.27**	395.51
Traveling and Conveyance	**122.58**	98.35
Insurance	**64.59**	60.95
Provision for Doubtful Deposits	**-**	40.54
Royalty Expense	**5.37**	-
Sundry Balances written off	**28.73**	121.32
Miscellaneous Expenses	**313.55**	283.97
Total	**2,962.15**	2,773.15
SCHEDULE 17: INTEREST AND FINANCE CHARGES		
Interest		
On Term loan	**1,060.70**	727.89
On Others	**3.18**	30.17
Finance Charges	**44.01**	31.72
Total	**1,107.89**	789.78

SCHEDULE 18

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the applicable Accounting Standards and Accounting Rules as notified by Central Government under the Companies Act, 1956, to the extent applicable.

2. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Significant accounting policies

a. Revenue recognition:

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

ii. Revenue from sale of tickets of films is recognised as and when the film is exhibited. Amount of Entertainment tax collected on sale of theatre tickets has been shown as a reduction from the operating revenue.

iii. Revenue in respect of realty development activities is recognised by applying the percentage of completion method and upon the transfer of significant risks and rewards to the buyer in terms of the underlying sale agreement / letter of allotment, provided it is not unreasonable to expect ultimate collection.

iv. Revenue from sale of food and beverages is recognised upon delivery to customers, and is net of refund, discounts and complimentary.

v. Advertisement revenue is recognised as and when advertisements are displayed at the cinema hall and are net of service tax and advertisement tax.

vi. Interest revenue is recognised on a time proportionate basis, taking into account the amount outstanding and the rates applicable.

vii. Revenue from rent is recognised based upon the agreement, for the period the property has been let out.

viii. Royalty Income is recognised when the right to receive payment is established based on terms of the agreement.

b. Fixed assets and Depreciation / Amortisation :

i. Fixed assets, both tangible and intangible are stated at cost of acquisition / construction. Cost includes taxes, duties, freight and other incidental expenses related to acquisition / construction. Interest on borrowings to finance acquisition of fixed assets during construction period is capitalised.

ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. Depreciation on Fixed assets is provided on the straight-line method at the rates specified under Schedule XIV of the Companies Act, 1956, except for leasehold improvements, furniture, fixtures and electrical fittings on a leasehold premise, which are depreciated over the unexpired primary period of lease.

iv. Computer software are amortised over their respective individual useful lives on a straight line basis.

v. Goodwill arising on account of the amalgamation is amortised over the period of five years.

vi. Individual items of Fixed Assets capitalised during the year costing up to Rupees five thousand each are fully depreciated in the first year.

c. Impairment of Assets:

In accordance with Accounting Standard (AS) 28 on 'Impairment of Assets' as notified by the Central Government under the Companies Act, 1956, 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 recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the Profit and Loss Account or against revaluation surplus where applicable.

d. Investments:

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is not provided for unless it is considered other than temporary. Current investments are valued at lower of cost and net realisable value.

Contd...

e. Inventories:

Stock of food and beverages is valued at the lower of cost and net realisable value, arrived on first-in-first-out basis.

f. Borrowing Costs:

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalised as cost of that asset/project until it is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue and recognised as an expense in the Profit and Loss Account.

g. Foreign Currency Transactions:

i. Initial Recognition - Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.

ii. Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

iii. Exchange Differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account in the year in which they arise.

h. Employee benefits:

i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

ii. The Company contributes to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

iii. The Company's liability towards gratuity and compensated absences being defined benefit plans is accounted for on the basis of an independent actuarial valuation done at the year end and actuarial gains/losses are charged to the Profit and Loss Account.

i. Taxes on income

Current Tax:

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

Deferred Tax:

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j. Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account.

k. Provisions and contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l. Service Tax:

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under “Advances recoverable in cash or kind, or for value to be received” for adjustments in subsequent periods. Service tax paid for eligible input services not recoverable by way of credits, if any, are recognised in the revenue account as an expense.

4. Notes to Accounts

a) Disclosures pursuant to Accounting Standard 15 (AS -15) “Employee Benefits”

i. The Company has a defined benefit gratuity plan. Every employee gets a gratuity on leaving the Company after the completion of five years, at fifteen days of last drawn salary for each completed year of service.

ii. The Company has a defined plan for compensated absences for its employees.

Contd...

NOTES TO ACCOUNTS (Contd...)

		31 March 2011	31 March 2010
I.	**Assumption:**	**31 March 2011**	**31 March 2010**
	Discount Rate Previous year	8.00%	7.75%
	Salary Escalation Previous year	6.00%	6.00%
	Attrition Rate Previous year	2.00%	2.00%
	Discount Rate Current year	8.25%	8.00%
	Salary Escalation Current year	6.00%	6.00%
	Attrition Rate Current year	2.00%	2.00%
II.	**Change in defined benefit obligation:**	**31 March 2011 (₹ in lacs)**	**31 March 2010 (₹ in lacs)**
	Liability at the beginning of the year	50.63	42.84
	Interest Cost	5.52	4.63
	Current Service Cost	21.30	18.37
	Past Service Cost (Non Vested Benefit)	-	-
	Past Service Cost (Vested Benefit)	0.53	-
	Liability Transfer in	1.92	-
	Liability Transfer out	(0.45)	-
	Benefit Paid	(5.95)	(3.01)
	Actuarial gain on obligations	(3.37)	(12.20)
	Liability at the End of the Year	**70.13**	**50.63**
III.	**Change in Fair value of Plan Assets:**		
	Contribution	5.95	3.01
	Benefit Paid	(5.95)	(3.01)
	Total Actuarial (gain) / loss to be recognised	3.37	(12.20)
IV.	**Amount Recognised in the Balance Sheet :**		
	Liability at the end of the year	70.13	50.63
	Fair Value of Plan Assets at the end of the year	-	-
	Difference	(70.13)	(50.63)
	Unrecognised Past Service Cost	-	-
	Unrecognised Transition Liability	-	-
	Amount Recognised in the Balance Sheet	**(70.13)**	**(50.63)**
V.	**Expenses Recognised in the Profit and Loss Account :**		
	Current Service Cost	21.30	18.37
	Interest cost	5.53	4.63
	Expected Return on Plan Assets	-	-
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	0.53	-
	Recognition of Transition Liability	-	-
	Actuarial (gain) / loss	**(3.37)**	**(12.20)**
	Expenses Recognised in Profit and Loss Account	**23.98**	**10.80**
VI.	**Balance Sheet Reconciliation :**		
	Opening Net Liability	50.63	42.84
	Expenses as above	23.98	10.80
	Employers Contribution	(5.95)	(3.01)
	Liability Transfer in	1.92	-
	Liability Transfer out	(0.45)	-
	Amount Recognised in Balance Sheet	**70.13**	**50.63**
VII.	**Experience adjustment :**		
	On plan liability (gain) / loss	1.96	(8.08)

As the plan is unfunded, contribution is taken as equal to the benefit paid by the Company.

Contd...

NOTES TO ACCOUNTS (Contd...)

b) Segment reporting AS-17:

Primary segment information:

The Company is organized into three-business segments viz. Theatre Exhibition division comprising of multiplex theatres and other entertainment facilities, Retail space division comprising of construction of malls for sale and or lease to third parties and Windmill division comprising of wind energy generator.

(₹ in lacs)

Particulars	Theatrical Exhibition	Retail Space	Windmill	Total
External Sales (Gross)	17,059.69	467.27	145.78	17,663.74
	(15,101.27)	(430.70)	(151.45)	(15,683.42)
Inter- segment sales	-	-	-	-
Total revenue	**17,050.69**	**467.27**	**145.78**	**17,663.74**
	(15,101.27)	(430.70)	(151.45)	(15,683.42)
Segment Results	**-143.10**	**311.28**	**64.86**	**233.04**
	(-83.34)	(295.71)	(70.31)	(282.68)
Unallocated corporate Income				570.01
				(580.88)
Interest expense				1,107.89
				(789.78)
Net Profit before tax				**-304.84**
				(73.78)
Provision for taxation				-150.64
				(-529.16)
Net profit after tax				**-154.20**
				(602.94)
Other information				
Segment assets	24,238.67	3,849.98	1,329.98	29,418.63
	(19,826.05)	(4,340.45)	(1,411.34)	(25,577.84)
Unallocable corporate assets				1,539.18
				(1,447.66)
Total assets				**30,957.81**
				(27,025.50)
Segment liabilities	4,416.70	64.93	-	4,481.63
	(3,281.48)	(88.26)	(-)	(3,369.74)
Unallocable corporate liabilities				242.09
				(1,017.31)
Total liabilities				**4,723.72**
				(4,387.05)
Capital Employed				26,234.09
				(22,638.45)

(Figures in bracket indicates previous year figures)

Secondary segment information:

The Company does not have geographical distribution of revenue hence the secondary segmental reporting based on geographical location of its customers is not applicable to the Company.

c) Disclosure of Related Party transactions under AS-18:

In accordance with the disclosure requirements of Accounting Standard (AS)-18 "Related party Disclosures" the details of related party transactions are given below:

Contd...

NOTES TO ACCOUNTS (Contd...)

i. List of related parties:

Nature of relationship	Name of related parties
Companies where control exists	**Subsidiaries**
	1. Vista Entertainment Private Limited 2. Growel Entertainment Private Limited 3. Cinemax Motion Pictures Limited 4. Odeon Shrine Multiplex Private Limited
	Ultimate Subsidiary
	1. Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)
Directors and Key Management Personnel	1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mrs. Hiral H. Kanakia (upto 10 September 2009)
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal Kanakia 2. Mrs. Manisha Vora 3. Mrs. Hiral H. Kanakia (from 11 September 2009)
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Kanakia Finance And Investments Private Limited 3. R And H Amusements And Games Private Limited 4. Cine Café Services. 5. Kanakia Hospitality Private Limited
Beneficial Trust	1. Babubhai Kanakia Foundation

ii. Transactions with related parties:

(₹ in lacs)

Nature of Transaction	Subsidiaries	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advances given/ payment made (Interest free)					
Vista Entertainment Private Limited	518.95 (1,714.15)				
Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)	- (749.75)				
Cinemax Motion Pictures Limited	2,442.70 (4,476.71)				
Rashesh B. Kanakia			- (11.93)		
Himanshu B. Kanakia			1.35 (-)		
R And H Amusement And Games Private Limited		32.40 (44.72)			
Kanakia Spaces Private Limited		106.45 (94.03)			
Others	289.68 (0.01)	5.40 (5.09)	(-) (0.50)		
Advances received/ payment received (Interest free)					
Vista Entertainment Private Limited	1,274.32 (1,861.47)				
Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)	- (816.57)				

Contd...

NOTES TO ACCOUNTS (Contd...)

Nature of Transaction	Subsidiaries	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advances received/ payment received (Interest free) (Contd.)					
Cinemax Motion Pictures Limited	2,729.70 (5,077.00)				
Rashesh B. Kanakia			5.50 (-)		
Himanshu B. Kanakia			1.35 (-)		
Kanakia Spaces Private Limited		294.63 (100.39)			
Others	526.62 (-)	4.89 (5.05)			
Expenses incurred					
Vista Entertainment Private Limited	2.76 (11.07)				
Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)	- (2.25)				
Odeon Shrine Multiplex Private Limited	0.61 (-)				
Kanakia Spaces Private Limited		89.87 (-)			
Mr. Rasesh B. Kanakia			- (7.01)		
Others	0.10 (-)				
Expenses reimbursed					
Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)	5.89 (14.51)				
Vista Entertainment Private Limited	12.59 (53.60)				
Cinemax Motion Pictures Limited	6.61 (-)				
Odeon Shrine Multiplex Private Limited	9.05 (-)				
Kanakia Spaces Private Limited		94.28 (6.77)			
Mr. Rashesh B. Kanakia			- (13.44)		
Others			- (0.50)		
Royalty income					
Vista Entertainment Private Limited	- (45.25)				
Odeon Shrine Multiplex Private Limited	19.33 (-)				

Contd...

NOTES TO ACCOUNTS (Contd...)

Nature of Transaction	Subsidiaries	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Rent paid (gross)					
R And H Amusement And Games Private Limited		43.20 (41.31)			
Kanakia Spaces Private Limited		101.61 (17.57)			
Interest Charged					
Cinemax Motion Pictures Limited	63.64 (-)				
Advertisement income					
Kanakia Spaces Private Limited		- (1.56)			
Kanakia Hospitality Private Limited		6.18 (-)			
Deposit given					
Hiral H. Kanakia				1.20 (1.20)	
Rupal R. Kanakia				1.20 (1.20)	
Remuneration					
Rasesh B Kanakia			100.00 (40.20)		
Himanshu B Kanakia			100.00 (40.20)		
Hiral H. Kanakia			- (6.67)		
Others				5.00 (4.17)	
Balances outstanding as on March 31 2011					
Debit balances					
Cinemax Motion Pictures Limited	305.26 (535.20)				
Nikmo Entertainment Private Limited (formerly known as Nikmo Finance Private Limited)	- (13.46)				
Kanakia Spaces Private Limited		- (235.86)			
Kanakia Hospitality Private Limited		6.18 (-)			
Hiral H. Kanakia				1.20 (1.20)	
Rupal R. Kanakia				1.20 (1.20)	
Others	0.04 (0.04)	1.33 (1.33)			

Contd...

NOTES TO ACCOUNTS (Contd...)

Nature of Transaction	Subsidiaries	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Credit balances					
Vista Entertainment Private Limited	1,689.25 (924.05)				
R And H Amusement And Games Private Limited		10.80 (-)			
Kanakia Spaces Private Limited		2.35 (-)			
Others	239.73 (-)	0.32 (0.83)			

(Figures in brackets indicate previous year figures)

d) Operating Lease:

The Company is obligated under non-cancelable leases for the multiplex projects which are renewable on a periodic basis.

(₹ in lacs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Lease rental payment for the year *	2,032.79	1,819.63
Future minimum lease rental payment payable		
- not later than one year	2,400.50	1,311.92
- later than one year but not later than five years	10,136.68	5,180.04
- later than five years	12,814.92	5,859.76

* Debited under the head 'Rental Expenses' of Schedule 14 'Operating expenses'

e) Earnings per Share (EPS):

The basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The EPS is calculated as under:

(₹ in lacs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Profit after tax before appropriation	(154.20)	602.94
Less: Preference Dividend (inclusive of dividend distribution tax)	0.99	0.99
Profit available for Equity Shareholders	(155.19)	601.95
Weighted Average Number of Shares	280.00	280.00
Earning per share (₹)		
- Basic	(0.55)	2.15
- Diluted	(0.55)	2.15
Face value per share (₹)	10	10

Contd...

NOTES TO ACCOUNTS (Contd...)

f) Deferred Tax:

The components of deferred tax liability and assets arising on account of timing differences between taxable income and accounting income are as follows:

(₹ in lacs)

Particulars		**As at 31 March 2011**	**As at 31 March 2010**
(a) Liability			
- Depreciation		1,218.94	1,130.40
Total deferred tax liability	**(A)**	**1,218.94**	**1,130.40**
(b) Assets			
- Gratuity		21.67	15.64
- Bonus		6.40	5.84
- Compensated Absences		8.48	7.64
- Disallowance		67.61	88.86
- Provision for Doubtful Debts		-	16.88
- Business loss		1,002.52	711.74
Total deferred tax assets	**(B)**	**1,106.68**	**846.60**
Deferred tax liability (Net)	**(A)-(B)**	**112.26**	**283.80**

g) Bank Loans:

1 Term loans and Cash Credit taken from Jammu and Kashmir Bank are secured against:

i. Personal guarantees of Directors.

ii. Hypothecation of all movable fixed assets including furniture and fixtures, machinery / equipment, fittings etc. to be in upcoming projects at eight locations.

iii. Assignment of cash flows from eight new multiplexes.

iv. Hypothecation of the Equipments, furniture and other moveable's assets at installed in new nine locations.

v. Assignment of cash flows from new multiplexes proposed to be established at nine locations.

vi. Assignment of all receivables and dues from Hindustan Coca Cola Beverage Private Limited.

vii. Hypothecation of equipments, furniture and other moveable assets to be installed at three new multiplexes.

viii. First Charge of present & future cash flows of all the three multiplexes.

ix. Registered Mortgage of four multiplex.

x. Hypothecation of equipments, furniture and other moveable assets to be installed at four new multiplexes.

xi. First Charge of present & future cash flows of all the four multiplexes.

2 Term Loans from State Bank of India are secured against:

i. Land and construction at a mall being principal securities and against a theatre, being collateral security.

ii. Hypothecation charge on fit-outs financed by the Bank at twelve Cinema Halls and Multiplexes.

iii. Equatable mortgage of one mall & multiplex.

3 Term Loan and Cash Credit / Working Capital Demand Loan taken from Standard Chartered Bank are secured against:

i. Exclusive charge on a Windmill purchased of Standard Chartered Bank Term Loan.

ii. Exclusive charge on a Windmill proposed to be purchased of Standard Chartered Bank Term Loan.

iii. Exclusive charge on the receivables of two multiplexes.

iv. Personal guarantees of Directors.

v. Exclusive charge on one commercial property owned by the company.

Contd...

NOTES TO ACCOUNTS (Contd...)

4 Term Loans from Saraswat Bank are secured against:

i. Registered Mortgage of a property belonging to the company.

ii. Hypothecation of furniture and fixtures installed at four locations.

iii. Hypothecation of projections and screening equipments installed at four locations.

iv. Hypothecation of electrical and air conditioners installed at four locations.

v. Registered Mortgage of a theatre as collateral security.

vi. Personal guarantees of Directors

5 Term Loan from Tata Capital is secured against:

i. Hypothecation of equipments installed at four locations.

ii. Personal guarantee of Directors.

6. Cash Credit from HDFC Bank is secured against:

i. Assignment of cash accruals of three locations.

ii. Personal Guarantee of directors.

7. Vehicle loans taken from various banks are secured against the vehicles taken on Hire purchase and the personal guarantees of the directors.

8. Term Loan (Corporate Loan) from Kotak Mahindra Bank is secured against:

i. Charged on entire credit card receivables of the company.

ii. Mortgage of one multiplex as a collateral security.

h) Contingent liability pertaining to service tax on rental of immovable properties amounts to Rs. 377.19 lacs (Previous year Rs. 188.19 lacs)

i) Capital Commitments:

Estimated value of contracts remaining to be executed on capital account and not provided for, net of advances, aggregated to Rs. 1,086.00 lacs (Previous year Rs. 146.06 lacs).

j) CIF value of import in respect of capital goods purchased during the year aggregated to Rs. 139.36 lacs (Previous year Rs. 38.23 lacs).

k) Expenditure in foreign currency in relation to foreign traveling and marketing aggregated to Rs. 3.81 lacs (Previous year Rs. 6.75 lacs).

l) Auditors Remuneration:

(₹ in lacs)

Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Audit fees and Other Serices	13.10	12.40
Out of pocket Expenses	0.32	0.27
Total	**13.42**	**12.67**

m) Bank guarantees amounting to Rs. Nil (Previous year Rs. 328.74 lacs).

n) i) Managerial remuneration:

(₹ in lacs)

Sr. No.	**Particulars**	**Year ended 31 March 2011**	**Year ended 31 March 2010**
1	Salaries	200.00	87.07
2	Contribution to Provident fund and other funds	-	-
	Total	**200.00**	**87.07**

Note:

The above excludes Directors share of liability for Gratuity and Compensated Absences as employee wise break-up is not available.

Contd...

NOTES TO ACCOUNTS (Contd...)

ii) Computation of net profit u/s 349 of the Companies Act, 1956 for calculation of remuneration payable to whole time Directors:

(₹ in lacs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Profit / (Loss) before tax as per the Profit and Loss Account	(304.84)	504.09
Add: Managerial remuneration	200.00	87.07
Add: Director's sitting fees	4.60	3.80
Add: Provision for bad debts and advances	-	40.54
Add: Sundry Debtors written off	25.66	121.32
Add: Profit on sale of Assets (net)	34.10	-
Profit for computation of Directors Remuneration	**(40.48)**	**756.82**
Maximum Remuneration of whole time Directors under provision of the Companies Act, 1956 @ 10%	**(4.05)**	**75.68**

o) i. Pre-operative expenses directly capitalised to Fixed Assets in respect of Theatre / Mall completed during the year:

(₹ in lacs)

Sr. No.	Particulars	Year ended 31 March 2011	Year ended 31 March 2010
1	Employees remuneration and benefits	71.35	15.47
2	Administrative expenses	125.79	187.99
3	Interest	110.06	41.32
4	Labour / Site expenses	31.89	24.74
5	Legal and Professional fees	1.59	26.10
6	Others	12.33	7.46
	Total	**353.01**	**303.08**

ii. Preoperative expenses forming a part of Capital Work in Progress:

(₹ in lacs)

Sr. No.	Particulars	As at 31 March 2011	As at 31 March 2010
1	Employees remuneration and benefits	80.68	66.67
2	Administrative expenses	271.27	187.67
3	Interest	265.33	300.70
4	Labour / Site expenses	58.23	41.36
5	Legal and Professional fees	62.95	100.78
6	Others	14.64	7.05
	Total	**753.10**	**704.23**

p) Based on the available information with the management, the Company does not owe any sum to a small scale Industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951.

NOTES TO ACCOUNTS (Contd...)

q) Fixed assets owned jointly by the Group are as follows:

Particulars	Gross Block		Company's Share (60%)		Depreciation			Net Block	
	As at 1 April 2010	As at 31 March 2011	As at 1 April 2010	As at 31 March 2011	Upto 31 March 2010	During the year	Upto 31 March 2011	As at 31 March 2011	As at 31 March 2010
Leasehold Improvements	108.11	-	64.86	-	13.94	-	-	-	50.92
Plant and Machinery									
Theatre Equipments and Fittings	0.47	-	0.29	-	0.04	-	-	-	0.25
Other Plant and Machinery	20.70	-	12.42	-	1.24	-	-	-	11.18
Furniture, Fixtures and Office Equipments									
Theatre Furniture and Fixtures	33.91	-	20.35	-	4.08	-	-	-	16.27
Other Furniture, Fixtures and Office Equipments	82.16	-	49.29	-	9.88	-	-	-	39.41
Total	**245.35**	**-**	**147.21**	**-**	**29.18**	**-**	**-**	**-**	**118.03**

r) The current assets, loans and advances are stated at the value, which in the opinion of the Board, are realisable in the ordinary course of the business. Current liabilities and provisions are stated at the value payable in the ordinary course of the business.

s) Balances of certain debtors, advances and creditors are subject to confirmation/reconciliation subsequent adjustment, if any. In the opinion of the management such adjustment are not likely to be material.

t) Previous year's figures have been regrouped, wherever considered necessary to confirm with the current year's presentation.

Signatures to Schedule 1 to 18

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE ACCOUNTS BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No. 1 3 5 9 6 4 | State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 1

II. Capital raised during the period (₹ in Thousands)

Public Issue	Right Issue
N I L	N I L
Bonus Issue	**Private Placement**
N I L	N I L

III. Position of Mobilisation and Development of funds (₹ in Thousands)

Total Liabilities	Total Assets
2 6 3 4 6 3 5	2 6 3 4 6 3 5

Sources of Funds

Paid up Capital	Reserves & Surplus
2 8 1 7 0 2	1 1 1 4 7 2 5
Secured Loans	**Unsecured loans**
1 2 2 6 9 8 2	N I L

Application of Funds

Net Fixed Assets	Investments
2 4 3 5 1 2 0	1 7 0 0 4
Net Current Assets	**Miscellaneous Expenditure**
1 8 2 5 1 1	N I L
Accumulated Loss	
N I L	

IV. Performance of Company (₹ in Thousands)

Turnover	Total Expenditure
1 5 9 5 2 3 6	1 6 2 5 7 2 0
+ - Profit / (loss) before Tax	**+ - Profit / (loss) After Tax**
- ✓ 3 0 4 8 4	- ✓ 1 5 4 2 0
+ - Earnings per Share in Rupees	**Dividend Rate (%)**
- ✓ 0 . 5 5	N I L

V. Generic Names of Three Principal Products/Services of the Company(as per monetary terms)

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	EXHIBITION OF FILMS

As per report of even date attached

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956

(₹ in Lacs)

Sr. No.	Name of the Subsidiary Company	Cinemax Motion Pictures Limited	Vista Entertainment Private Limited	Growel Entertainment Private Limited	Nikmo Finance Private Limited	Odeon Shrine Multiplex Private Limited
1	Financial Year ended on	31/3/2011	31/3/2011	31/3/2011	31/3/2011	31/3/2011
2	Date from Which it became a subsidiary	22/04/2008	21/12/2004	01/04/2006	01/04/2006	01/10/2010
3	Extent of Holding Company's interest in the subisdiary Company	50,000 shares of Rs. 10/- each	1,01,000 shares of Rs. 100/- each	10,000 shares of Rs. 10/- each	10,020 shares of Rs. 10/- each*	10,000 shares of Rs. 10/- each
	Extent of Holding	**100%**	**100%**	**100%**	**100%**	**100%**
4	Net aggregate amount of the Profit/(Loss) of the subsidiary company not dealt with in the holding company's accounts (concerning the members of the Holding Company)					
	a) For the current year	(47.86)	566.40	(1.85)**	187.20	4.35
	b) For the previous years since it became a subsidiary	(225.55)	2,196.59	(3.35)	460.94	NA
5	Net agrregate amount of the Profit/(Loss) of the subsidiary company dealt with in the holding company's accounts					
	a) For the current year	NIL	NIL	NIL	NIL	NIL
	b) For the previous years since it became a subsidiary	NA	NIL	NIL	NIL	NIL

* through Growel Entertainement Pvt. Ltd.

** The Company has not yet started any business activities.

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lacs)

Sr. No.	Name of the Subsidiary Company	Cinemax Motion Pictures Limited 100%	Vista Entertainment Private Limited 100%	Growel Entertainment Private Limited* 100%	Odeon Shrine Multiplex Private Limited 100%
1	Share Capital	5.00	101.00	1.00	1.00
2	Reserves & Surplus	Nil	2,762.99	685.79	Nil
3	Total Assets	523.26	2,986.44	745.51	1.00
4	Total Liabilities (Excluding 1 & 2)	518.26	122.45	58.72	Nil
5	Investments	Nil	Nil	Nil	Nil
6	Turnover	Nil	2,455.39	1,115.51	299.95
7	Profit/(loss) Before tax	(69.31)	653.17	237.48	(12.44)
8	Provision for taxation	(21.45)	86.77	(52.13)	(8.09)
9	Profit/(loss) After tax	(47.86)	566.40	185.35	(4.35)
10	Proposed Dividend	Nil	Nil	Nil	Nil

*The results of the Growel Entertainment Private Limited include the results of its subsidiary i.e.Nikmo Entertainment Private Limited.

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of Cinemax India Limited

1. We have audited the attached Consolidated Balance Sheet of Cinemax India Limited and its subsidiaries (the 'Group'), as at 31 March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified by Central Government under the Companies Act, 1956 and on the basis of the separate audited financial statements of the Group.

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and 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, in the case of:

    i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;

    ii) the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

    iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co
Chartered Accountants
Firm Registration No. 001076N

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423
Place : Mumbai
Date : 28th May, 2011

Consolidated Balance Sheet as at 31 March 2011

(₹ in Lacs)

	SCHEDULE	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholder's Fund			
Capital	1	2,817.02	2,817.02
Reserves and Surplus	2	14,318.28	13,773.90
		17,135.30	16,590.92
Loan Funds			
Secured Loans	3	12,418.25	8,682.34
Unsecured Loans	4	213.00	76.80
		12,631.25	8,759.14
Deferred Tax Liability (Net)		145.00	206.07
(Refer Note 5 (f) to Schedule 19)			
Total		29,911.55	25,556.13
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		29,234.75	26,412.31
Less: Depreciation / Amortisation		7,599.22	5,691.06
Net Block		21,635.53	20,721.25
Capital Work in Progress (including Capital Advances)		3,964.37	2,000.83
		25,599.90	22,722.08
Goodwill on Consolidation		42.25	42.25
Deferred Tax Asset (Net)		81.85	2.82
(Refer Note 5 (f) to Schedule 19)			
Investments	6	62.04	32.89
Current Assets, Loans and Advances			
Inventories	7	80.82	57.57
Sundry Debtors	8	954.06	709.04
Cash and Bank Balances	9	914.28	635.91
Loans and Advances	10	6,052.85	5,615.21
		8,002.01	7,017.73
Less : Current Liabilities and Provisions			
Liabilities	11	3,183.83	2,974.15
Provisions	12	692.67	1,287.49
		3,876.50	4,261.64
Net Current Assets		4,125.51	2,756.09
Total		29,911.55	25,556.13
Notes to and forming part of the financial statements	19		

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

Consolidated Profit and Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	SCHEDULE	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Operating Income	13	**19,156.05**	17,031.80
Other Income	14	**584.70**	575.00
Total		**19,740.75**	17,606.80
EXPENDITURE			
Operating Expenses	15	**10,763.66**	9,339.08
Employee Costs	16	**1,878.49**	1,330.93
Administrative, Marketing and Other Costs	17	**3,570.37**	3,309.50
Total		**16,212.52**	13,979.51
Profit before interest, depreciation/amortisation and exceptional items		**3,528.23**	3,627.29
Interest and Finance Charges	18	**1,111.55**	806.98
Depreciation / Amortisation		**1,912.59**	1,747.42
Total		**3,024.14**	2,554.40
Profit before taxes and exceptional items		**504.09**	1,072.89
Less : Exceptional items		**-**	430.31
Profit before tax		**504.29**	642.58
Less: Provision for taxation			
-Current Tax [includes wealth tax Rs.0.70 lacs (previous year Rs. 1.50 lacs)]		**86.12**	53.34
-Deferred Tax Credit		**(140.09)**	(576.50)
-Short / Excess Provision for Previous Years		**12.69**	(430.31)
-MAT Credit Entitlement for Earlier Year		**-**	(80.52)
-MAT Credit Entitlement for Current Year		**-**	(20.00)
Profit after tax		**545.37**	1,696.57
Add : Profit brought forward from previous year		**4,185.32**	2,896.64
Profit available for appropriation		**4,730.69**	4,593.21
General Reserve		**-**	15.08
Proposed dividend on Preference Shares		**0.85**	0.85
Proposed dividend on Equity Shares		**-**	336.00
Tax on dividend		**0.14**	55.96
Balance carried to the Balance Sheet		**4,729.70**	4,185.32
Basic and Diluted Earnings Per Share on face value of Rs.10 each (Refer Note 5 (e) to Schedule 19)			
-Basic		**1.95**	6.06
-Diluted		**1.95**	6.06
Significant Accounting Policies and Notes to Accounts	19		

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

Consolidated Cash Flow Statement for the year ended 31 March 2011

(₹ in Lacs)

		Year ended 31 March 2011	Year ended 31 March 2010
Cash Flow from Operating Activities			
Profit before tax		504.09	642.58
Adjustments for :			
Depreciation / Amortisation		1,912.59	1,747.42
Interest expense		1,111.55	772.76
Interest income		(14.71)	(18.22)
Provison no longer required written back		(232.57)	(253.55)
Exceptional Items		-	430.31
Profit on sale of asset		(34.10)	-
Sundry Balances/Bad Debts written off		29.27	164.15
Provision for Doubtful Deposits		-	40.54
Sundry Balances written back		(127.63)	(166.57)
Operating Profit before working capital changes		**3,148.49**	**3,359.42**
Adjustments for :			
(Increase) /Decrease in working capital			
Inventories		(23.25)	(19.55)
Sundry Debtors		(274.29)	(165.25)
Loans and Advances		(764.25)	1,112.14
Current Liabilties and Provisions		589.47	(273.81)
Net Changes in working capital		**(472.32)**	**653.53**
Direct taxes paid		3.34	(521.61)
Net Cash generated from operation	**(A)**	**2,679.51**	**3,491.34**
Cash flow from Investing Activities			
Purchase of fixed assets (including Capital Advances given)		(4,796.31)	(2,757.67)
Proceeds from sale of fixed assets		40.00	-
Interest received		11.03	15.29
Purchases of investments		(25.47)	(0.25)
Net Cash used in investing activities	**(B)**	**(4,770.75)**	**(2,742.63)**
Cash flow from financing activities			
Interest paid		(1,111.55)	(772.76)
Dividend Paid (including dividend distribution tax)		(390.95)	(391.50)
Vehicle loan taken/(repaid)		(1.74)	(10.36)
Term loans from bank taken/(repaid)		3,737.65	1,460.24
Unsecured loan taken / (repaid)		136.20	(824.00)
Net Cash generated from/(used in) financing activities	**(C)**	**2,369.61**	**(538.38)**
Net increase in Cash and Cash Equivalents	**(A+B+C)**	278.37	210.33
Cash and Cash Equivalents at the beginning of the year		635.91	425.58
Cash and Cash Equivalents at the end of the year		914.28	635.91
Net increase as disclosed above		**278.37**	**210.33**

Notes:

1. Cash and cash equivalents as at year end includes:

a. Fixed deposits pledged with the Banks / Government Authorities	128.22	352.47
b. Unpaid Share Application Money	4.53	4.53
c. Unclaimed Dividend	6.55	4.70
Total	139.30	361.70

2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified by Central Government under the Companies Act, 1956.

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date :28th May, 2011

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin J. Shah
Company Secretary

Place: Mumbai
Date :28th May, 2011

Schedules forming part of the Consolidated Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : CAPITAL		
Authorised :		
4,00,00,000 Equity Shares of Rs.10 each	**4,000.00**	4,000.00
2,50,000 Preference Shares of Rs.10 each	**25.00**	25.00
	4,025.00	4,025.00
Issued, Subscribed and Paid up :		
Equity Shares		
2,80,00,000 Equity shares (Previous year 28,000,000) of Rs. 10 each fully paid-up	**2,800.00**	2,800.00
Preference Shares		
1,70,160 5% Non-Cumulative Redeemable Preference shares (Previous year 170,160) of Rs.10 each fully paid up	**17.02**	17.02
Total	**2,817.02**	2,817.02

Note: Of the above

1) 1,50,00,000 equity shares (Previous year 15,000,000) were allotted as fully paid-up bonus shares by capitalisation of the General Reserve and the surplus in Profit and Loss Account of the Company.

2) 1,70,160 5% Non-Cumulative Redeemable Preference shares (Previous year 170,160) of Rs 10 each fully paid up are issued for consideration other than cash pursuant to scheme of amalgamation sanctioned by the High Court of Judicature Mumbai. Redeemable on 6 June 2011 or any earlier date, at the option of the Company.

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 2: RESERVES AND SURPLUS		
Securities Premium Account	**9,516.46**	9,516.46
General Reserve		
Opening Balance	**72.12**	57.04
Add : Transferred from Profit and Loss Account	**-**	15.08
	72.12	72.12
Profit and Loss Account	**4,729.70**	4,185.32
Total	**14,318.28**	13,773.90
SCHEDULE 3 : SECURED LOANS		
From Banks		
Term Loans from bank	**10,224.12**	7,064.77
[Amount repayable within a year Rs.10,224.13 lacs (Previous year Rs. 2,267.78 lacs)]		
(Refer Note 5 (g) (1), (2), (3), (4), (5) and (8) to Schedule 19)		
Interest Accrued and due on above		
Cash Credit	**2,176.97**	1,598.67
(Refer Note 5 (g) (1), (3) and (6) to Schedule 19)		
Vehicle loans	**17.16**	18.90
[Amount repayable within a year Rs. 17.16 lacs (Previous year Rs. 11.14 lacs)]		
(Refer Note 5 (g) (7) to Schedule 19)		
Total	**12,418.25**	8,682.34
SCHEDULE 4 : UNSECURED LOANS		
Short term loans		
Directors	**213.00**	76.80
(Repayable on demand)		
Total	**213.00**	76.80

Schedule forming part of the Consolidated Balance Sheet as at 31 March 2011

SCHEDULE 5 : FIXED ASSETS
(Refer note 5 (o) of Schedule 19)

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
Particulars	**As at 1 April 2010**	**Additions during the year**	**Deletion / Adjustment**	**As at 31 March 2011**	**Upto 31 March 2010**	**During the year**	**Deletion / Adjustment**	**Upto 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2010**
Goodwill	190.84	-	-	**190.84**	152.67	38.17	-	**190.84**	**-**	38.17
Land - Freehold	1,971.68	-	-	**1,971.68**	-	-	-	**-**	**1,971.68**	1,971.68
Leasehold Improvements	3,454.91	667.91	22.53	**4,100.29**	845.07	360.18	-	**1,205.25**	**2,895.04**	2,609.84
Theatre Buildings	5,641.54	-	-	**5,641.54**	939.40	187.91	-	**1,127.31**	**4,514.23**	4,702.14
Plant and Machinery										
Theatre Equipments and Fittings	3,879.76	635.76	5.90	**4,509.62**	1,056.93	307.62	-	**1,364.55**	**3,145.07**	2,822.83
Other Plant and Machinery	1,317.31	430.06	1.41	**1,745.96**	155.92	70.03	-	**225.95**	**1,520.01**	1,161.39
Furniture, Fixtures and Office Equipments										
Theatre Furniture and Fixtures	4,986.50	566.06	7.22	**5,545.34**	961.27	531.60	-	**1,492.87**	**4,025.47**	4,025.23
Other Furniture, Fixtures and Office Equipments	1,839.44	523.16	49.91	**2,312.69**	366.59	192.70	-	**559.29**	**1,753.40**	1,472.85
Computers (includes Computer Software)	742.85	86.53	0.70	**828.68**	316.24	127.57	-	**443.81**	**384.87**	426.61
Vehicles	168.28	10.97	10.34	**168.91**	76.91	15.89	4.43	**88.37**	**80.54**	91.37
Wind Energy Generator	1,536.70	-	-	**1,536.70**	137.56	80.92	-	**218.48**	**1,318.22**	1,399.14
Distribution Rights	682.50	-	-	**682.50**	682.50	-	-	**682.50**	**-**	-
Total	**26,412.31**	**2,920.45**	**98.01**	**29,234.75**	**5,691.06**	**1,912.59**	**4.43**	**7,599.22**	**21,635.53**	**20,721.25**
Previous Year	23,349.73	3,622.69	560.11	26,412.31	3,970.87	1,747.42	27.23	5,691.06	20,721.25	

Schedules forming part of the Consolidated Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 6 : INVESTMENTS		
Long term, unquoted, unless otherwise stated		
In Government Securities		
National Saving Certificates [including accrued interest Rs. 3.68 lacs (Previous year Rs. 2.93 lacs)]	61.59	32.44
(The investments made are held in the name of the Company's directors, in trust for the Company and are pledged with the respective district Collectors as required by the State Government Multiplex Policy.)		
Trade Investment, at cost		
2,000 Equity shares in Gupta Infrastructure (I) Private Limited of Rs.10 each fully paid up	0.20	0.20
2,500 Equity shares of Saraswat Co-Operative Bank Limited of Rs.10 each fully paid up	0.25	0.25
Total	62.04	32.89
SCHEDULE 7 : INVENTORIES		
Finished goods (As certified by the Management)		
Food and Beverages	80.82	57.57
Total	80.82	57.57
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
-Considered Good*	273.92	311.55
Other Debts		
-Considered Good*	680.14	397.49
-Considered Doubtful	14.07	14.07
	968.13	723.11
Less : Provision for doubtful debts	14.07	14.07
Total	954.06	709.04
*Includes dues from Company under the same management		
- Kanakia Spaces Private Limited	-	235.86
-Cine Café Services	1.33	1.33
-Kanakia Hospitality Private Limited	7.72	-

Schedules forming part of the Consolidated Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in Hand (including cheques on hand)	**52.23**	48.34
Balances with Schedule banks		
-in Current Accounts	**722.75**	225.36
-in Unpaid Dividend Accounts	**6.55**	4.70
- in Share Application Money Refund Account	**4.53**	4.53
-in Fixed Deposit Accounts	**128.22**	352.47
Balances with Others		
- in Current Account with Progressive Co-operative Bank	**-**	0.51
[Maximum amount outstanding during the year Rs. Nil		
(Previous year Rs. 0.56 lacs)]		
Total	**914.28**	635.91

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind, or for value to be received	**1,305.00**	1,320.30
Deposits		
-Considered Good	**3,198.14**	2,418.59
-Considered Doubtful	**40.54**	40.54
	3,238.68	2,459.13
Less: Provision for Doubtful Deposits	**40.54**	40.54
	3,198.14	2,418.59
MAT Credit Entitlement	**243.96**	221.18
Advance tax paid (Net)	**1,305.75**	1,655.14
Total	**6,052.85**	5,615.21

Schedules forming part of the Consolidated Balance Sheet as at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 11: LIABILITIES		
Sundry Creditors (Refer Note 5 (o) to Schedule 19)		
-Due to Micro, Small and Medium enterprises	**-**	-
-Due to Others**	**2,340.12**	2,503.80
Deposits Received	**237.76**	232.56
Temporary Overdrafts as per Books of Accounts	**59.88**	50.82
Unclaimed Share Application Money *	**4.53**	4.53
Unclaimed Dividend *	**6.55**	4.70
Other Liabilities	**534.99**	177.74
Total	**3,183.83**	2,974.15
**Includes dues to Company under the same management		
- Kanakia Spaces Private Limited	**1.70**	**-**
- R And H Amusement And Games Private Limited	**10.80**	**-**
- Kanakia Finance And Investment Private Limited	**0.32**	0.20
Maximum balance outstanding during the year		
- Kanakia Spaces Private Limited	**27.72**	**-**
- R And H Amusement And Games Private Limited	**10.80**	-
- Kanakia Finance And Investment Private Limited	**1.92**	0.42

* does not include any amount due to be credited to Investor Education and Protection Fund.

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 12: PROVISIONS		
Gratuity	**75.78**	56.57
Compensated Absences	**29.34**	27.11
Proposed Dividends		
- Preference Shares	**0.85**	0.85
- Equity Shares	**-**	336.00
Tax on Proposed Dividend	**0.14**	55.95
Tax (Net)	**586.56**	811.01
Total	**692.67**	1,287.49

Schedules forming part of the Consolidated Profit & Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
SCHEDULE 13 : OPERATING INCOME		
Income from Theatre		
Sale of Tickets	**15,385.97**	13,622.35
Less:Entertainment Tax	**2,500.10**	2,193.85
	12,885.87	11,428.50
Sale of Foods and Beverages	**3,897.29**	3,353.97
Income from Advertisements Exhibited	**1,389.31**	1,117.42
Other Operating Income	**370.53**	549.76
Sale of Power	**145.78**	151.45
Income from Retail Space		
Mall Rentals	**348.31**	319.37
Common Area Maintenance	**118.96**	111.33
Total	**19,156.05**	17,031.80
SCHEDULE 14: OTHER INCOME		
Rental Income	**0.86**	1.20
Royalty Income	**14.06**	12.95
Interest on Fixed Deposits	**14.71**	18.22
[Tax deducted at source Rs. 1.26 lacs (Previous year Rs. 3.62 lacs)]		
Sundry balances written back	**127.63**	166.57
Provision no longer required written back	**232.57**	253.55
Miscellaneous Income	**194.87**	122.51
Total	**584.70**	575.00
SCHEDULE 15: OPERATING EXPENSES		
Distributor's Share	**5,145.88**	4,454.36
Power and Fuel	**1,563.79**	1,349.26
Rental Expenses (refer note 5(d) to Schedule 19)	**2,613.64**	2,382.57
Foods and Beverages consumed :		
Opening Stock	**57.57**	38.02
Add: Puchases	**1,109.35**	955.46
Less:Closing Stock	**80.82**	57.57
	1,086.10	935.91
Other Operating Expenses	**354.25**	216.98
Total	**10,763.66**	9,339.08

Schedules forming part of the Consolidated Profit & Loss Account for the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
SCHEDULE 16 : EMPLOYEE COSTS		
Salaries,Wages and Bonus (including Director's Remuneration) (Refer to Note 5 (n) to Schedule 19)	**1,686.27**	1,173.99
Company's contribution to Provident and Other Funds	**101.97**	81.77
Staff Welfare	**90.25**	75.17
Total	**1,878.49**	1,330.93
SCHEDULE 17 : ADMINISTRATIVE, MARKETING AND OTHER COSTS		
Communication Expenses	**108.23**	108.90
Repairs and Maintenance		
-Plant and Machinery	**195.87**	151.44
-Building	**61.78**	51.55
-Cleaning Charges	**231.27**	173.66
-Common Area Maintenance	**532.92**	410.86
-Others	**195.62**	189.40
	1,217.46	976.91
Legal and Professional	**139.31**	80.68
Director's Sitting Fees	**4.40**	4.00
Auditor's Remuneration (Refer note 5(k) of Schedule 19)	**23.77**	19.44
Security Charges	**173.35**	148.52
Rates and Taxes	**683.31**	557.53
License Fees	**9.33**	-
Printing and Stationery Expenses	**29.55**	28.10
Advertising and Publicity Expenses	**180.37**	212.73
Marketing and Sales Promotion Expenses	**414.09**	517.84
Traveling and Conveyance Expenses	**129.78**	102.03
Insurance Expenses	**69.06**	64.07
Provision for Doubtful Deposits	**-**	40.54
Royalty Expense	**5.37**	-
Sundry Balances written off	**29.27**	131.95
Miscellaneous Expenses	**353.72**	316.26
Total	**3,570.37**	3,309.50
SCHEDULE 18 : INTEREST AND FINANCE CHARGES		
Interest:		
On Term loan	**1,062.71**	741.80
On Others	**3.26**	30.96
Finance Charges	**45.58**	34.22
Total	**1,111.55**	806.98

SCHEDULE 19

1. The Group and nature of operations

Cinemax India Limited (hereinafter referred to as 'the Parent Company' or 'the Company'), together with its wholly owned subsidiaries Vista Entertainment Private Limited (VEPL), Growel Entertainment Private Limited (GEPL), Nikmo Entertainment Private Limited (NEPL), Odeon Shrine Multiplex Private Limited (OSMPL) and Cinemax Motions Pictures Limited (CMPL) (together referred to as 'the Group'), carries on business of building, owning, operating Multiplexes, Theatres and entertainment centers, production of films and distribution of films rights. NEPL is the wholly owned subsidiary of GEPL.

Pursuant to the business conducting agreement, VEPL, NEPL and OSMPL will operate the multiplexes at Versova, Kandivali (East) and Ghatkopar for the period upto 10th September, 2017, 26th January, 2016 and 31st March, 2019 respectively. The Consolidated Financial Statements ('the financial statement' or 'CFS') relates to the Group.

2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the applicable Accounting Standards and Accounting Rules as notified by Central Government under the Companies Act, 1956.

3. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

4. Summary of significant accounting policies

a. Basis of consolidation:

The Consolidated Financials Statements (CFS) relates to Cinemax India Limited and its subsidiaries. The CFS have been prepared on the following basis:

i. 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 the items like assets, liabilities, income and expenses.

ii. The CFS have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. The impact of change in accounting policies, if not material, has been ignored.

iii. The excess/deficit (as on the date of acquisition) of the Company's investment cost over the subsidiaries networth is recognised as goodwill / capital reserve.

iv. The CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.

b. Revenue recognition:

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

ii. Revenue from sale of tickets of films is recognised as and when the film is exhibited. Amount of Entertainment tax collected on sale of theatre tickets has been shown as a reduction from the operating revenue.

iii. Revenue in respect of realty development activities is recognised by applying the percentage of completion method and upon the transfer of significant risks and rewards to the buyer in terms of the underlying sale agreement / letter of allotment, provided it is not unreasonable to expect ultimate collection.

iv. Revenue from sale of food and beverages is recognised upon delivery to customers, and is net of refund, discounts and complimentary.

v. Advertisement revenue is recognised as and when advertisements are displayed at the cinema hall and are net of service tax and advertisement tax.

vi. Interest revenue is recognised on a time proportionate basis, taking into account the amount outstanding and the rates applicable.

vii. Revenue from rent is recognised based upon the agreement, for the period the property has been let out.

viii. Dividend Income is recognised when the right to receive payment is established.

ix. Royalty Income is recognised when the right to receive payment is established based on terms of the agreement.

x. In case of distribution of films on commission basis, revenue is recognized inclusive of share of sub-distributor. Overflow from the distributors is accounted for as and when due.

c. Fixed Assets and Depreciation / Amortisation:

i. Fixed assets, both tangible and intangible are stated at cost of acquisition / construction. Cost includes taxes, duties, freight and other incidental expenses related to acquisition / construction. Interest on borrowings to finance acquisition of fixed assets during construction period is capitalised.

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ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. Depreciation on Fixed assets is provided on the straight-line method at the rates specified under Schedule XIV of the Companies Act, 1956, except for leasehold improvements, furniture, fixtures and electrical fittings on a leasehold premise, which are depreciated over the unexpired primary period of lease.

iv. Computer software are amortised over their respective individual useful lives on a straight line basis.

v. Goodwill arising on account of the amalgamation is amortised over the period of five years.

vi. Individual items of Fixed Assets capitalised during the year costing up to Rupees five thousand each are fully depreciated in the first year.

vii. Film rights are amortised as a group or individually, using the film forecast method. Under this method, costs are amortised in the proportion of gross revenues realised, bear to management's estimate of the total gross revenues expected to be received. If estimates of the total revenues and other events or changes in circumstances indicate that the realisable value of a film right is less than its unamortised cost, a loss is recognised for the excess of unamortised cost over the film right's realisable value.

d. Impairment of Assets:

In accordance with Accounting Standard (AS) 28 on 'Impairment of Assets' as notified by Central Government under the Companies Act, 1956, 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 a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account or against revaluation surplus where applicable.

e. Investments:

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is not provided for unless it is considered other than temporary. Current investments are valued at lower of cost and net realisable value.

f. Inventories:

Stock of food and beverages is valued at the lower of cost and net realisable value, arrived on first-in-first-out basis.

g. Borrowing Costs:

Borrowing Costs incurred on constructing or acquiring a qualifying asset are capitalised as cost of that asset/project until it is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue and recognised as an expense in the Profit and Loss Account.

h. Foreign Currency Transactions:

i. Initial Recognition - Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.

ii. Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

iii. Exchange Differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account in the year in which they arise.

i. Retirement benefits:

i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

ii. The Company contributes to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

iii. The Company's liability towards gratuity and compensated absences being defined benefit plans is accounted for on the basis of an independent actuarial valuation done at the year end and actuarial gains / losses are charged to the Profit and Loss Account.

j. Taxes on income

Current Tax:

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

Deferred Tax:

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

k. **Leases:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account.

l. **Provisions and contingencies:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m. **Service Tax:**

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advances recoverable in cash or kind, or for value to be received" for adjustments in subsequent periods. Service tax paid for eligible input services not recoverable by way of credits, if any, are recognised in the revenue account as an expense.

5. **Notes to accounts**

a. The subsidiary companies considered for consolidated financial statements include the following:

Name of the Company	Relation	Country of incorporation	Proportion of ownership interest/voting power (%)
Vista Entertainment Private Limited	Subsidiary	India	100
Growel Entertainment Private Limited	Subsidiary	India	100
Nikmo Finance Private Limited *	Subsidiary	India	100
Cinemax Motion Pictures Limited	Subsidiary	India	100
Odeon Shrine Multiplex Private Limited	Subsidiary	India	100

* The shares of Nikmo Entertainment Private Limited are wholly owned by Growel Entertainment Private Limited which is the wholly owned subsidiary of the Company.

b. **Segment reporting**

Primary segment information:

The Company is organized into four-business segments viz. Theatre Exhibition division comprising of multiplex theatres and other entertainment facilities, Retail space division comprising of construction of malls for sale and or lease to third parties, Windmill division comprising of wind energy generator and Distribution and production of films division.

(₹ in lacs)

Particulars	Theatrical Exhibition	Retail Space	Windmill	Distribution/ Production	Total
External Sales (Gross)	21,043.10	467.27	145.78	-	21,656.15
	(18,643.50)	(430.70)	(151.45)	-	(19,225.65)
Inter- segment sales	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Total revenue	21,043.10	467.27	145.78	-	21,656.15
	(18,643.50)	(430.70)	(151.45)	(-)	(19,225.65)
Segment Results	**660.59**	**311.28**	**64.86**	**-5.79**	**1,030.94**
	(618.53)	**(295.71)**	**(70.31)**	**(-109.99)**	**(874.56)**
Unallocated corporate Income					**584.70**
					(575.00)
Interest expense					**1,111.55**
					(806.98)

Contd...

NOTES TO ACCOUNTS (Contd...)

Particulars	Theatrical Exhibition	Retail Space	Windmill	Distribution/ Production	Total
Net profit before Tax					**504.09**
					(642.58)
Provision for taxation					**-41.28**
					(-1,053.99)
Net profit after tax					**545.37**
					(1,696.57)
Other information					
Segment assets	25,828.35	3,849.98	1,329.98	258.60	31,266.91
	(21,211.20)	(4,340.45)	(1,411.34)	(342.56)	(27,305.55)
Unallocable corporate assets					2,521.14
					(2,512.22)
Total assets					**33,788.05**
					(29,817.77)
Segment liabilities	3,204.19	64.93		8.77	3,277.89
	(3,721.70)	(88.26)		(3.49)	(3,813.45)
Unallocable corporate liabilities					743.61
					(654.26)
Total liabilities					**4,021.50**
					(4,467.71)
Capital Employed					**29,766.55**
					(25,350.06)

Secondary segment information:

The Company does not have geographical distribution of revenue hence the secondary segmental reporting based on geographical location of its customers is not applicable to the Company.

c. Disclosure of Related Party under AS-18:

In accordance with the disclosure requirements of AS -18 "Related party Disclosures" the details of related party transactions are given below:

i. List of related parties:

Nature of relationship	Name of related parties
Directors and Key Management Personnel	1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mrs. Hiral H. Kanakia (upto 10 September 2009)
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal Kanakia 2. Mrs. Manisha Vora 3. Mrs. Hiral H. Kanakia (from 11 September 2009)
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Kanakia Finance And Investments Private Limited 3. R And H Amusements And Games Private Limited 4. Cine Café Services. 5. Kanakia Hospitality Private Limited
Beneficial Trust	1. Babubhai Kanakia Foundation

Contd...

NOTES TO ACCOUNTS (Contd...)

ii. **Transactions with related parties:**

(₹ in lacs)

Nature of Transaction	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advances given/ payment made (Interest free)				
Rasesh B. Kanakia		1,158.05 (2,134.93)		
Himanshu B. Kanakia		1,020.10 (1,947.50)		
R And H Amusement And Games Private Limited	32.40 (44.72)			
Kanakia Spaces Private Limited	106.45 (94.03)			
Others	5.40 (5.09)			
Advances received/ payment received (Interest free)				
Rasesh B. Kanakia		1,231.50 (1,741.00)		
Himanshu B. Kanakia		1,082.85 (1,510.50)		
Kanakia Spaces Private Limited	294.63 (102.16)			
Kanakia Finance And Investment Private Limited	- (5.05)			
Others	4.89 (-)			
Expenses incurred				
Rasesh B. Kanakia		(7.01)		
Kanakia Spaces Private Limited	89.87 (-)			
Expenses reimbursed				
Kanakia Spaces Private Limited	94.28 (6.77)			
Rasesh B. Kanakia		(-) (13.44)		
Others		(-) (0.50)		
Rent paid (gross)				
R And H Amusement And Games Private Limited	43.20 (41.31)			
Kanakia Spaces Private Limited	101.61 (17.57)			

Contd...

NOTES TO ACCOUNTS (Contd...)

Nature of Transaction	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advertisement income				
Kanakia Spaces Private Limited	- (2.34)			
Kanakia Hospitality Private Limited	7.72 (-)			
Deposit given				
Hiral H. Kanakia			1.20 (1.20)	
Rupal R. Kanakia			1.20 (1.20)	
Remuneration				
Rasesh B Kanakia		100.00 (40.20)		
Himanshu B Kanakia		100.00 (40.20)		
Hiral H. Kanakia		(6.67)		
Others			5.00 (4.17)	
Balances as on March 31 2010				
Debit balances				
Kanakia Spaces Private Limited	- (235.86)			
Kanakia Hospitality Private Limited	7.72 (-)			
Others	1.33 (1.33)			
Credit balances				
Rasesh B Kanakia		131.00 (57.55)		
Himanshu B. Kanakia		82.00 (19.25)		
R And H Amusement And Games Private Limited	10.80 (-)			
Kanakia Spaces Private Limited	1.70 (-)			
Others	0.32 (0.83)			

(Figures in brackets indicate previous year figures)

Contd...

NOTES TO ACCOUNTS (Contd...)

d. Operating Lease:

The group is obligated under non-cancelable leases for the multiplex projects which are renewable on a periodic basis.

(₹ in lacs)

Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Lease rental payment for the year *	2,613.64	2,382.57
Future minimum lease rental payment payable		
- not later than one year	3,092.44	1,825.35
- later than one year but not later than five years	13,192.87	7,539.59
- later than five years	13,935.15	7,041.57

* Debited under the head 'Rental Expenses' of Schedule 16 'Operating expenses'

e. Earnings per Share (EPS):

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The EPS is calculated as under.

(₹ in lacs)

Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Net profit after tax	545.37	1,696.57
Weighted Average Number of Shares	280.00	280.00
Earning per share (₹)		
- Basic	1.95	6.06
- Diluted	1.95	6.06
Face value per share (₹)	10	10

f. Deferred Tax:

The components of deferred tax liability and assets arising on account of timing differences between taxable income and accounting income are as follows:

(₹ in lacs)

Particulars		**As at 31 March 2011**	**As at 31 March 2010**
(a) Deferred tax liability arising on account of			
- Book and tax liabilityDepreciation		1,267.57	1,183.11
Total deferred tax liability	**(A)**	**1,267.57**	**1,183.11**
(b) Deferred tax asset arising o account of			
- Gratuity		23.53	17.48
- Compensated Absences		9.11	8.38
- Provision for Doubtful Debts		4.35	16.88
- Bonus		7.27	6.54
- Preliminary Expenses		-	-
- Disallowance		63.24	105.08
- On Business loss		1,096.92	825.50
Total deferred tax assets	**(B)**	**1,204.42**	**979.86**
Deferred tax liability (Net)	**(A)-(B)**	**63.15**	**203.25**
Aggregated on net deferred tax liabilities		**145.00**	**206.07**
Aggregated on net deferred tax assets		**81.85**	**2.82**
Net Deferred tax liability		**63.15**	**203.25**

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NOTES TO ACCOUNTS (Contd...)

g. Bank Loans are secured as follow:

1 Term loans and Cash Credit taken from Jammu and Kashmir Bank are secured against:

i. Personal guarantees of Directors.

ii. Hypothecation of all movable fixed assets including furniture and fixtures, machinery / equipment, fittings etc. to be in upcoming projects at Eight locations.

iii. Assignment of cash flows from eight new multiplexes .

iv. Hypothecation of the Equipments, furniture and other moveable's assets at installed in new nine locations.

v. Assignment of cash flows from new multiplexes proposed to be established at nine locations.

vi. Assignment of all receivables and dues from Hindustan Coca Cola Beverage Private Limited.

vii. Hypothecation of equipments, furniture and other moveable assets to be installed at three new multiplexes.

viii. First Charge of present and future cash flows of all the three multiplexes.

ix. Registered Mortgage of four multiplex.

x. Hypothecation of equipments, furniture and other moveable assets to be installed at four new multiplexs.

xi. First Charge of present and future cash flows of all the four multiplexes.

2. Term Loans from State Bank of India are secured against:

i. Land and construction at a mall being principal securities and against a theatre, being collateral security.

ii. Hypothecation charge on fit-outs financed by the Bank at Twelve Cinema Halls and Multiplexes.

iii. Equatable mortage of one mall and multiplex.

3. Term Loan and Cash Credit / Working Capital Demand Loan taken from Standard Chartered Bank are secured against:

i. Exclusive charge on a Windmill purchased of Standard Chartered Bank Term Loan.

ii. Exclusive charge on a Windmill proposed to be purchased of Standard Chartered.

iii. Bank Term Loan.

iv. Exclusive charge on the receivables of two multiplexes.

v. Personal guarantees of Directors.

vi. Exclusive charge on one commercial property owned by the company.

4. Term Loans from Saraswat Bank are secured against:

i. Registered Mortgage of a property belonging to the company.

ii. Hypothecation of furniture and fixtures installed at four locations.

iii. Hypothecation of projections and screening equipments installed at four locations.

iv. Hypothecation of electrical and air conditioners installed at four locations.

v. Registered Mortgage of a theatre as collateral security.

vi. Personal guarantees of Directors.

5. Term Loan from Tata Capital is secured against:

i. Hypothecation of equipments installed at four locations.

ii. Personal guarantee of Directors.

6. Cash Credit from HDFC Bank is secured against:

i. Assignment of cash accruals of three locations.

ii. Hypothecation of entire stock and receivables of two locations.

iii. Personal Guarantee of directors.

iv. Corporate guarantee of Cinemax India Limited.

7. Vehicle loans taken from various banks are secured against the vehicles taken on Hire purchase and the personal guarantees of the directors.

8. Term Loan (Corporate Loan) from Kotak Mahindra Bank is secured against:

i. Charged on entire credit card receivables of the company.

Contd...

NOTES TO ACCOUNTS (Contd...)

ii. Mortgage of one multiplex as a collateral security.

h. Capital Commitments

Estimated value of contracts to be executed on capital account and not provided for aggregated to Rs. 1086.00 (Previous year Rs. 640.30)

i. CIF value of import in respect of capital goods purchased during the year aggregated to Rs. 139.36 (Previous year Rs. 46.96).

j. Expenditure in foreign currency in relation to foreign traveling and marketing aggregated to Rs. 3.81 (Previous year Rs. 6.75).

k. Auditors Remuneration:

(₹ in lacs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Audit fees and Other Services	23.45	19.17
Out of pocket Expenses	0.32	0.27
Total	**23.77**	**19.44**

l. Contingent liability pertaining to service tax on rental of immovable properties amounts to Rs. 481.02 lacs (Previous year Rs. 286.91 lacs)

m. Bank guarantees amounting to Rs. Nil (Previous year Rs. 328.74)

n. Managerial remuneration:

(₹ in lacs)

Sr. No.	Particulars	Year ended 31 March 2011	Year ended 31 March 2010
1	Salaries	200.00	87.07
2	Contribution to Provident fund and other funds	-	-
	Total	**200.00**	**87.07**

Note:

The above excludes Directors share of liability for Gratuity and Compensated Absences as employee wise break-up is not available.

o. i. Pre-operative expenses directly capitalised to Fixed Assets in respect of Theatre / Mall completed during the year:

(₹ in lacs)

Sr. No.	Particulars	Year ended 31 March 2011	Year ended 31 March 2010
1	Employees remuneration and benefits	71.35	15.47
2	Administrative expenses	125.79	187.99
3	Interest	110.06	41.32
4	Labour / Site expenses	31.89	24.74
5	Legal and Professional fees	1.59	26.10
6	Others	12.33	7.46
	Total	**353.01**	**303.08**

ii. Preoperative expenses forming a part of Capital Work in Progress:

(₹ in lacs)

Sr. No.	Particulars	As at 31 March 2011	As at 31 March 2010
1	Employees remuneration and benefits	80.68	66.67
2	Administrative expenses	271.27	187.67
3	Interest	265.33	300.70
4	Labour / Site expenses	58.23	41.36
5	Legal and Professional fees	62.95	100.78
6	Others	14.64	7.05
	Total	**753.10**	**704.23**

Contd...

NOTES TO ACCOUNTS (Contd...)

p. Based on the available information with the management, the Company does not owe any sum to a small scale Industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951.

q. **Fixed assets owned jointly by the Group are as follows:**

Particulars	Gross Block		Company's Share (60%)		Depreciation			Net Block	
	As at 1 April 2010	As at 31 March 2011	As at 1 April 2010	As at 31 March 2011	Upto 31 March 2010	During the year	Upto 31 March 2011	As at 31 March 2011	As at 31 March 2010
Leasehold Improvements	108.11	-	64.86	-	13.94	-	-	-	50.92
Plant and Machinery									
Theatre Equipments and Fittings	0.47	-	0.29	-	0.04	-	-	-	0.25
Other Plant and Machinery	20.70	-	12.42	-	1.24	-	-	-	11.18
Furniture, Fixtures and Office Equipments									
Theatre Furniture and Fixtures	33.91	-	20.35	-	4.08	-	-	-	16.27
Other Furniture, Fixtures and Office Equipments	82.16	-	49.29	-	9.88	-	-	-	39.41
Total	**245.35**	**-**	**147.21**	**-**	**29.18**	**-**	**-**	**-**	**118.03**

r. The current assets, loans and advances are stated at the value, which in the opinion of the Board, are realizable in the ordinary course of the business. Current liabilities and provisions are stated at the value payable in the ordinary course of the business

s. Balances of certain debtors, advances and creditors are subject to confirmation / reconciliation subsequent adjustment, if any. In the opinion of the management such adjustment are not likely

t. Previous year's figures have been regrouped, wherever considered necessary to conform with the current year's presentation.

Signatures to Schedule 1 to 19

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Sanjay Sanghavi
Director

Jatin Shah
Company Secretary

Place : Mumbai
Date : 28th May, 2011

NOTES

CINEMAX INDIA LTD.

215 Atrium, 10th Floor,Opp. Divine School, J.B. Nagar, Andheri Kurla Road, Andheri- East, Mumbai- 4000 59. India

Tel No.: 022- 6726 8888 | Fax No.: 022- 6726 8899 | Website: www.cinemax.co.in