CINEMAX means

entertainment

entertainment

entertainment

Annual Report 2011-12

Contents

In India, movies are a passion. Indians just love films. And watching a movie on screen provides a matchless experience – the big screen, the dark auditorium, the larger-than-life images and sound, all leave audience enthralled and spellbound. That is why going to movies has been the top form of entertainment in India across ages and classes, connecting with everyone ever since movies began.

At CINEMAX, we make this experience magical and fantastic.

At CINEMAX, we make this experience memorable and fun-filled.

As exhibitors, we do everything to make sure that audience enjoy top-class comfort, ambience and amenities.

But what drives audience to theatres is the quality of movies. At the heart of this overall movie experience is ENTERTAINMENT.

In a poignant moment in one of the biggest hit movies of the year, the protagonist profoundly captured the very core and essence of what movies are all about. In lines that became extremely popular, she said that success of movies depended on three things :

entertainment

entertainment

entertainment

In 2012, when we look at the line-up of films, the quality of entertainment in these films, the sheer star-quotient loaded in these films, we are confident of one thing : 2012 will be one of the biggest years in movies.

At CINEMAX, we are ready – with our signature CINEMAX movie experience, with more screens, with more style, with more :

entertainment. entertainment. entertainment.

For all our audience, our partners, our investors and our employees!

Chairman's Message

Dear Shareholders,

Welcome to an interesting and entertaining year at CINEMAX. The year was interesting and entertaining for many reasons, the most important of which, undoubtedly, was the continued improvement in the quality of movies, which is so crucial in attracting audience to theatres and multiplexes. The other factors which made the year interesting were new launches of CINEMAX, and the demerger of our movie exhibition business and real-estate business into a separate companies.

Exceptionally entertaining movies like AGNEEPATH, RA.ONE, DON2, READY, SINGHAM ZINDAGI NA MILEGI DOBARA and many more ensured that audience, who had shied away from screens in 2009 and 2010, came rushing back. The quality of movies all through 2011-12 was high. Most of these hit movies were family entertainers, which meant that multiplexes and theatres once again became an entertainment destination of choice of entire families. With multiplexes, there is the added attraction of games and gaming arcades, shopping, food, and an overall pleasant and fulfilling experience. No wonder during the year we have seen audience back.

During the year, CINEMAX continued to expand its presences across more key cities of India. We launched six new locations in Bengaluru (two locations), Delhi, Pune, Malad and Surat. We added a total of 28 screens during the year. These increased our total seating capacity by 4491 seats.

We have also managed to drive our ATP to ₹ 140/- from ₹ 135/- in the previous year, and our SPH to ₹ 38/- from ₹ 35/- in the previous year. India still has one of the lowest ATP in the world which also means that there is a large opportunity to improve. To get audience to pay more for their tickets and spend more at locations, the thrust will have to come from the content - movies with a high entertainment quotient. Only when audience are sure that watching movies on screens will provide an experience that cannot be matched on their TV and in their living rooms, but only at theatres or multiplexes, will they be willing to pay more. This has been clearly demonstrated in the huge success of 3D movies where the 3D experience just cannot be replicated at home, and audience are happily willing to pay more for 3D movies for sheer experience.

On the financial performance front, we did quite well in improving our TOTAL INCOME (net) to ₹ 29,039 lacs from ₹ 19,740 lacs in FY2011, an increase of 47%. This was achieved through a combination of higher footfalls and higher ATP. Our footfalls increased to 165.81 lacs from 115.01 lacs in FY11. Our increased presence in more locations and addition of more screens also contributed significantly.

Our EBIDTA increased to ₹ 4,109 lacs from ₹ 3,529 lacs in FY11, and our PAT for the year stood at ₹ 351 lacs compared to ₹ 545 lacs in FY11. Our margins suffered during the year due to all round increases in operating costs, particularly rentals. Our EBIDTA margin was 14% in the current year against 18% in FY11. Our PAT margin for the year was 1.2% against 3% in FY11.

During the year, we incurred and absorbed prepayment charges to the tune of ₹ 203 lacs on account of shifting of banking facilities to avail better terms. The company has also made provision of ₹ 475 lacs pertaining to service tax on Renting of Immoveable property in accordance with the Supreme Court order dated 14 October 2011. We also write off ₹ 99 lacs on account of sale of assets due to upgradation by replacing analog projectors with digital projectors.

Successful execution of any business critically depends on focused implementation of strategy. I am ably supported by our Managing Director, Mr. Himanshu Kanakia. Himanshu is a very hands-on person and ensures all strategies are translated into actions.

As FY2011 was interesting and entertaining, FY2012 promises to be much more exciting and entertaining. When I look at the number of high-quality, family entertainment movies lined up for release in 2012, when I see the 3D Hollywood big-banner films coming to Indian audience in 2012, I just cannot contain my excitement. I am confident about CINEMAX delivering an exceptional performance in 2012.

At CINEMAX, we stand for a top-quality experience of unmatched viewing and entertainment. And when this is combined with top-quality movies, the result is going to be :

entertainment

entertainment

entertainment

With best wishes,

Yours sincerely,

Rasesh B. Kanakia
Chairperson

Operational Review - 2011

An Entertaining Year

Better Movies

The year 2011 saw a much better collection of movies being launched compared to 2010. In 2010, there were only few hits. And because of paucity of quality films, audience attendance declined. Simply put, the movies did not have the entertainment pull to attract audience to theatres and multiplexes. In 2010, there was also the strong influence of the IPL factor as well as the ICC Cricket World Cup, which, for almost an entire quarter of a year, displaced movies as entertainment of choice.

In 2011, there were many more hit movies. What is more important is that these hits were not clustered to a particular period, but were spread throughout the year, ensuring a better spread of footfalls.

One emerging trend in films has been an increase in the number of 'family movies' – movies targeted at the entire family with wholesome and clean entertainment. This has a clear impact not only in higher number footfalls, but also higher sales of food and beverages. 'Going out' once again became synonymous with 'going to a movie' as audience re-discovered the magical movie experience to be enjoyed with the whole family.

Top 10 Movies 2011-12	Cinemax Box Net Collection (₹ in Lacs)	All India Box Net Collection (₹ in Lacs)
AGNEEPATH	855	12,350
BODYGUARD	834	14,393
RA. ONE	789	11,701
DON 2	771	10,875
READY	752	11,950
ZINDAGI NA MILEGI DOBARA	749	9,100
SINGHAM	707	9,749
KAHAANI	533	5,825
THE DIRTY PICTURE	525	8,160
ROCKSTAR	497	7,000

Better Collections

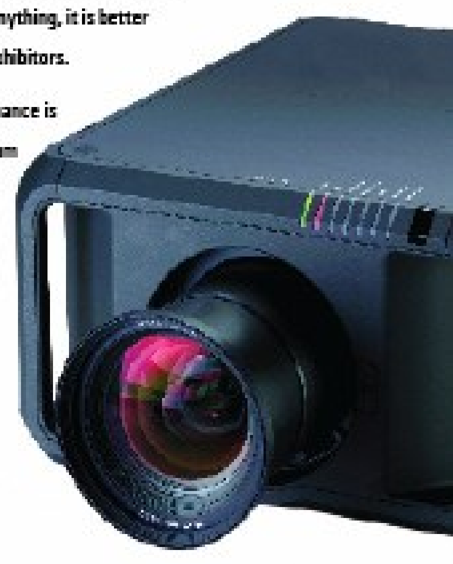
At CINEMAX, better quality of movies resulted in more footfalls and higher box office collections, and therefore, increased revenues for the company. Not only the total revenues, but all other critical operating parameters also witnessed significant improvements during the year :

Parameter	FY 2012	FY 2011
INCOME (NET) (Lacs)	29,039	19,740
EBIDTA (Lacs)	4,109	3,529
PAT (Lacs)	351	545
LOCATIONS	38	33
SCREENS	132	107
SEATS	32,588	28,097
FOOTFALLS (Lacs)	165.81	115.01
AVG. TICKET PRICE (ATP)	140	135
SPEND PER HEAD (SPH)	38	35

* Figures are regrouped and rearranged wherever necessary-adjusted with screens closed.

During the year, we had an average occupancy of 27%, with 37% occupancy during weekends and 22% occupancy during weekdays. Compared to the previous year, this was a much better performance, which again re-confirms the fact that more than anything, it is better movies that result in better numbers for exhibitors.

What also stands out in this year's performance is the fact we were able to command premium prices during weekends. Combined with higher footfalls during weekends, this also resulted in higher SPH.



WEEKEND VS. WEEKDAYS		
	Weekend	Weekdays
Footfalls (Thousand)	9492	7090
ATP (₹)	152	126
Occupancy	37%	22%
SPH (₹)	39.5	34.90

New Launches

CINEMAX expanded to six more locations during the year : 2 in Bengaluru, 1 each in Malad, Surat, Pune and Delhi. These new locations were evenly spread with 2 launches each in Q1, Q2 and Q3 of the year.

New Launches in 2011-12

Location	Screens	Seats	Launched In
CINEMAX DELHI	6	1,116	APRIL 2011
CINEMAX BENGALURU	4	795	JUNE 2011
CINEMAX PUNE	4	975	JULY 2011
CINEMAX MALAD	5	824	SEPT 2011
CINEMAX SURAT	3	716	OCT 2011
CINEMAX BENGALURU 2	6	1,084	DEC 2011

All these new locations have done phenomenally well. The signature CINEMAX experience is so compelling that at these new locations, we were able to command higher ticket prices and also generate higher SPHs.

COMPARABLE VS. NON-COMPARABLE (In ₹)

	FY10-11 AVG.	FY 11-12		FY 11-12 AVG.
		COMPARABLE	NON-COMPARABLE	
ATP	135	136	175	141
SPH	34.90	35.90	48.70	37.50

Non-Comparable Properties: Bengaluru1, Bengaluru2, Delhi, Pune and Surat.

Digitisation

Clearly, the future of the media and entertainment industry lies in new technology. In the exhibition space, it is digitisation that is driving both better viewing experience as well as growth by its cost-effectiveness and wider reach. In keeping with this trend, at CINEMAX, we continued with our digitisation initiative and currently we have 91 digitised screens. All new screens that will be launched will be digitised.

Looking Forward - 2012

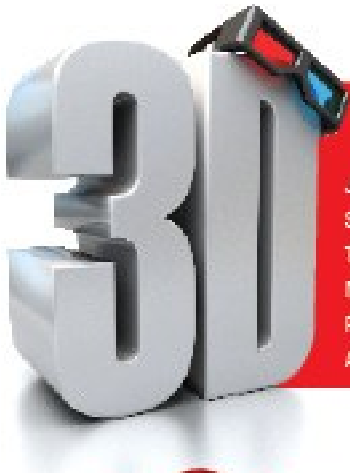
An even more entertaining year

The year 2012 has begun exceptionally well for CINEMAX. With one hit movie after the other, the magic of movies is back. Such has been the quality of content in movies this year, such has been the high-entertainment factor in them, that it has given producers the confidence to release movies even during the IPL season! And they have been proved right – all through the IPL, audience continued to pack multiplexes, proving yet again that ENTERTAINMENT and entertaining movies will always be able to draw crowds. CINEMAX Delhi was #1 in 1st week collection for ROWDY RATHORE, beating established bigger exhibitors in like-to-like properties.

Top Quality Entertainment Throughout The Year

The ENTERTAINMENT factor in all the movies slated for release during the year is of top quality and high standard. As many as 33 mainstream big-banner Hindi and Hollywood movies are scheduled for release in 2012. Add to this an array of other Hindi, English movies and regional movies.

There are as many as 10 top Hollywood 3D movies planned for release in 2012 that are expected to capture the imagination of audience world wide and become major blockbusters. Besides these, another about 17, 3D movies are also in line for release during the year. Every 3D movie provides audience with a unique experience that is close to reality, and audience of all ages thoroughly enjoy this fantastic life-like experience. And because of the 3D experience, 3D movies always command a higher premium in comparison to normal 2D movies.



3D Movies for 2012

JOKER
SPIDERMAN
TITANIC
MEN IN BLACK
RAAZ 3
AVENGERS
DANGEROUS ISHQ
ICE AGE 3: CONTINENTAL DRIFT
MADAGASCAR
RESIDENT EVIL
RISE OF THE GUARDIAN
HANSEL & GRETEL
FINDING NEMO
PROMETHEUS
ABRAHAM LINCOLN : VAMPIRE HUNTER
LIFE OF PI
JACK THE GIANT KILLER
GRAVITY
THE HOBBIT : AN UNEXPECTED STORY
THE GREAT GATSBY
HOTEL TRANSYLVANIA
BATTLE OF THE YEAR
DR. SEUSS THE LORAX
PARANORMAN
CINDRELLA
SHARK NIGHT
STEP UP 4

Releases

EK THA TIGER
TALAASH
DABBANG
YASH CHOPRA NEXT
HOUSEFULL 2
BOL BACHCHAN
SON OF SARDAR
TEZZ
BARFEE
THE AMAZING SPIDER MAN
RACE 2
COCKTAIL
SHOOTOUT AT WADALA
JANNAT 2
SHANGHAI
TERI MERI KAHANI
FERRARI KI SAWARI
KYA SUPER COOL HAI HUM
LOOTERA
DEPARTMENT
MATRU KI MANDOLA
HEROINE
ONCE UPON A TIME IN MUMBAI 2
SKYFALL 007 BOND
VICKY DONOR | HATE STORY
ISHQZAADE
PREMIUM RUSH
DARK KNIGHT
ROCK OF AGES
TOTAL RECALL
EXPENDABLES
BHAAG MILKHA BHAAG
GI JOE 2

Cinemax – The Premium Experience

We are confident because of our audience. Even during the past years when the quality of content in movies was not up to the mark, audience have always appreciated the CINEMAX experience. We never compromise on viewing experience and comfort, and the CINEMAX quality is second to none. It is because of this top-class CINEMAX experience that we are confident our audience will continue their patronage.

The 28 screens we launched during the year 2011-12 will also have their full 12 months impact in 2012-13.

At CINEMAX, we are ready for this mega entertaining year!! With 3 new locations, 15 more screens and over 3000 new seats that we will be adding during the year, we are confident that 2012-13 will be one of our best years and we expect :

- ATP increase to ₹ 150
- SPH increase to ₹ 43
- Footfalls increase to over 208 lacs

2012

more entertainment. more movies

more locations. more footfalls.

Demerger

CINEMAX INDIA LIMITED operated two distinct businesses – the EXHIBITION business and the REAL ESTATE business. The company also has a small Windmill business.

The EXHIBITION business is largely an ENTERTAINMENT activity that includes Motion Picture theatres, gaming, bowling alleys, food courts, distribution of films and other entertainment activities. The REAL-ESTATE business deals with owning and developing properties, lease rentals of retail spaces, and a Windmill division. All these businesses are very different and diverse, and the management felt segregating these businesses under two companies which would result in better operational efficiencies and dedicated focus on each business. It would also lead to :

- Efficient and focused management on Theatre Exhibition segment.
- Unlocking value for the shareholders of CINEMAX INDIA LTD.
- Financial and Administrative efficiencies.
- More relevant peer-to-peer comparison.

Accordingly, in pursuant to order received from Hon'ble High Court of Bombay dated 9th March, 2012, the movie exhibition business was demerged into a new entity called CINEMAX EXHIBITION INDIA LTD. (CEIL). On receipt of the High Court order and approval from Registrar of Companies, Mumbai (ROC) w.e.f. 9th May, 2012 name of "CINEMAX INDIA LTD." (CIL) became "CINEMAX PROPERTIES LTD." (CPL), and the Company is in process of changing name of "CINEMAX EXHIBITION INDIA LTD." (CEIL) to "CINEMAX INDIA LTD." subject to approval received from ROC.

CINEMAX EXHIBITION INDIA LTD. will become CINEMAX INDIA LTD. to ensure that the brand-equity and strong consumer connect of CINEMAX in the exhibition space remains with the company solely focusing on exhibition business.

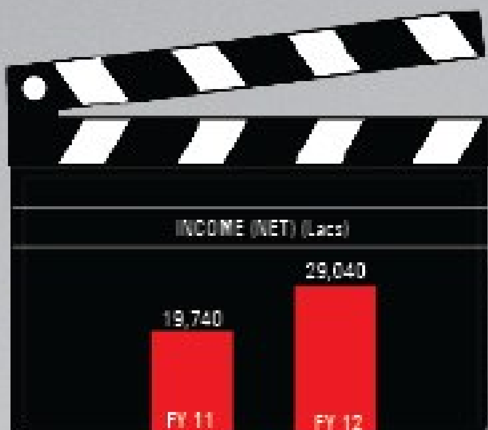
1. The original shareholders of CINEMAX INDIA LTD. holding one equity share of face value of ₹ 10/- each, fully paid-up will get one equity share of CINEMAX EXHIBITION INDIA LTD. (CEIL) of face value of ₹ 5/- each, fully paid-up.
2. Original equity share of CINEMAX INDIA LTD. of face value of ₹ 10/- each, fully paid-up shall be reduced to face value of ₹ 5/- each, fully paid-up.

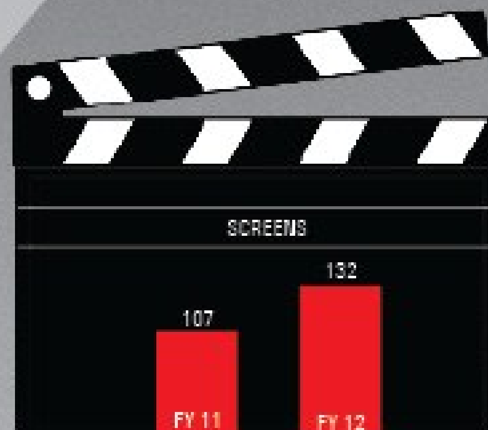
Financial Highlights

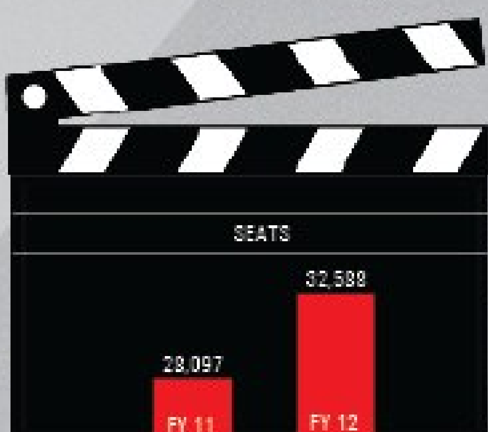
2011-2012

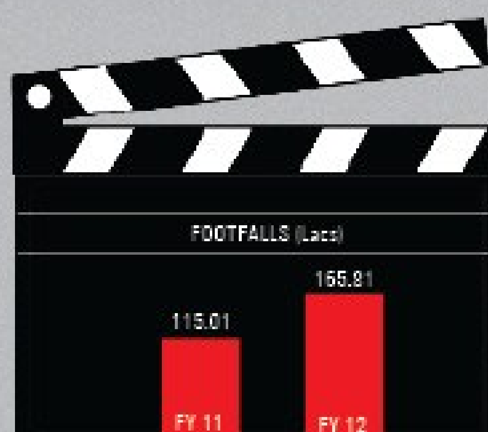
(₹ in Lacs)

Particulars	2011-12	2010-11
Total Income	29,038.80	19,740.75
Total Expenditure	24,929.20	16,212.52
EBIDTA	4,109.60	3,528.23
Depreciation	2,137.86	1912.59
Interest & Finance Charges	1,513.38	1111.55
Profit Before Tax (PBT) before exceptional items & tax	458.36	504.09
Profit After Tax (PAT)	350.58	545.37
Share Capital	2,800.00	2,817.02
Reserves and Surplus	14,668.66	14,318.28
Net Worth	17,468.66	17,135.30
Total Debt	13,376.17	12,691.46
Gross Block	33,819.78	29,234.75
Net Block	24,244.10	21,635.53
Investments	78.38	62.04
Current Assets	6,355.68	4,960.35
Non Current Assets (Excluding Net Block and Investments)	3,794.91	3,556.05
Current Liabilities (Excluding Borrowings and Current Maturities on Long term debt)	6,518.68	4,244.81
Non Current Liabilities (Long Term Provisions)	156.18	85.87
Cash and Cash Equivalents	698.74	914.28
No. of Equity Shares	28,000,000	28,000,000
Earning per share (in ₹) = Basic and Diluted	1.25	1.95


INCOME (NET) (Lacs)
19,740
29,040
FY 11
FY 12


SCREENS
107
132
FY 11
FY 12


SEATS
28,097
32,588
FY 11
FY 12


FOOTFALLS (Lacs)
115.01
165.81
FY 11
FY 12

Corporate Information

Board of Directors
Mr. Rasesh Kanakia, Chairman
Mr. Himanshu Kanakia, Managing Director
Mr. Sanjay Sanghvi, Director
Mr. Girish Dave, Independent Director
Mr. Kranti Sinha, Independent Director
Mr. Utpal Sheth, Independent Director

Senior Management
Mr. Jitendra Mehta, Chief Financial Officer
Mr. Sanjay Dalia, President – Business Development & Programming
Mr. Arpan Dutta – Chief Operation Officer
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 – 400 093.
Tel No.: 022- 6726 8888
Fax No.: 022- 6726 8899
Website: www.cinemax.co.in

Bankers
Axis Bank Ltd.
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.

DIRECTORS' REPORT

To the Members of,
Cinemax Properties Limited
(Formerly known as Cinemax India Limited)

Your Directors are pleased to present the Tenth Annual Report, to the members, on the business and operations of your Company together with Audited Accounts for the financial year ended 31st March 2012.

I. FINANCIAL OVERVIEW

The financial results for the year ended March 31, 2012 are as follows:

(₹ in Lacs)

For the year ended 31st March	2012	2011
Gross Income	**24573.45**	15952.36
Profit before Interest, Depreciation and Tax	**3509.42**	2539.39
Interest & Financial Charges	**1498.98**	1107.89
Depreciation/ Amortisation	**1959.90**	1736.34
Profit / (Loss) before exceptional items and taxes	**50.54**	(304.84)
Exceptional items	**568.85**	-
Profit / (loss) before Tax	**(518.31)**	-
Provision for Tax (including Deferred & Fringe Benefit Tax)	**(607.63)**	(150.64)
Profit / (loss) after Tax	**89.32**	(154.20)
Profit brought forward from previous year	**1558.67**	1713.86
Amount available for Appropriation	**1647.99**	1559.66

REVIEW OF FINANCIALS

During the year under review, the Gross Income increased from ₹ 15952.36 Lacs to ₹ 24573.45 Lacs.

The Profit before Interest, Depreciation and Tax (PBIDT) during the year is ₹ 2940.61 Lacs.

Profit after tax for the year under review stood at ₹ 89.32 Lacs.

II. DIVIDEND

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 2011-2012.

III. SUBSIDIARIES

Your Company has six subsidiaries, namely, Cinemax Motion Pictures Limited, Vista Entertainment Private Limited, Growel Entertainment Private Limited, Nikmo Entertainment Private Limited, Odeon Shrine Multiplex Private Limited and Cinemax Exhibition India Limited as on 31st March, 2012. 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 on any 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's Declaration about code of conduct are furnished in Annexure-D to this report.

X. AUDITORS QUALIFICATION

The Auditors report for the year ended 31st March, 2012 draw attention to Note 24 of the financial statement, relating to managerial remuneration paid in excess of the limit laid down by 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 for getting it at earliest.

XI. AUDITORS

M/s. Walker Chandiok & Co., Chartered Accountants, the Statutory Auditors of your Company, holds 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 ₹ 1.15 Lacs and import of Capital Goods amounting to ₹ 35.72 Lacs (Corresponding figures for previous year are ₹ 3.81 Lacs and ₹139.36 Lacs respectively).

XIII. DIRECTORS

Mr. Kranti Sinha, 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. Kranti Sinha 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. SCHEME OF ARRANGEMENT FOR DEMERGER.

The Hon'ble High Court of Judicature at Bombay vide its order dated 9th March, 2012 has sanctioned the Scheme of demerger i.e. Composite Scheme of Arrangement between the Company and Cinemax Exhibition India Limited and their respective Shareholders and Creditors under Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956. 1st April, 2012 and 20th April, 2012 are respectively the appointed date and effective date of the scheme. Accordingly, the Hon'ble High Court has interalia sanctioned the following:

a) **Demerger of Exhibition of Films business:**

The Scheme envisages the demerger of Theater Exhibition business of the Company into separate entity viz., Cinemax Exhibition India Limited ongoing concern basis in the manner provided for in the scheme.

b) **Issue and Allotment of Shares of Cinemax Exhibition India Limited in the ratio of 1:1.**

Each individual shareholder of Cinemax India Limited (CIL) {including their respective heirs, executors, administrators or other legal representatives or the successors in title} whose name shall appear in the Register of Members of CIL as on the Demerger Record Date shall be issued and allotted shares of CEIL in the following manner:

"1 (One) fully paid Equity Share of ₹ 5 (Rupees Five) each of CEIL shall be issued and allotted for every 1 (One) fully paid Equity Share of ₹ 10 (Rupees Ten) each held in CIL."

c) **Reduction in Face Value of shares of CIL.**

The reduction of the issued, subscribed and paid up equity share capital of CIL, effected by reducing the face value of the each equity shares of Cinemax India Limited from ₹ 10/- to ₹ 5/- per share, fully paid up and thereby reducing the aggregate issued , subscribed and paid-up capital of CIL from ₹ 28.00 crores to ₹ 14.00 crores.

d) **Name change of the Companies:**

Pursuant to Scheme of arrangement name of "**Cinemax India Limited**" changed to "**Cinemax Properties Limited**" w.e.f. 9th May, 2012.

XVI. DIRECTORS' RESPONISIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 your 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 year;

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 "going concern" basis.

ACKNOWLEDGMENTS

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 in future 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
Date: 24th May, 2012

Rasesh B. Kanakia
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

The global economy grew 3.8% in 2011, a drop from 5.2% in 2010. Economists had anticipated a slowdown, but this was even less growth than expected, thanks to the earthquake and tsunami in Japan, unrest in oil-producing countries, the debt crisis in Europe, and a stagnating recovery in the United States. As richer economies struggle to recover from the financial crisis of 2008-09, poorer countries are facing high food prices and rising youth unemployment. Meanwhile, growing income inequality and environmental disruption are challenging conventional notions of economic health.

Developing Asia was responsible for 25% of global economic output in 2011. China's economy, the world's second largest, grew 9.2% in 2011, producing $11.1 trillion in goods and services. Yet this was a much slower expansion than its pre-recession rate of 14% in 2007.

The Indian economy grew by 6.5% in 2011-12 after having grown at 8.4% in each of the two preceding years. Last year the Indian economy registered a robust but slow growth. The Indian economy was threatened by high inflation, weakness in the Indian rupee and falling GDP than estimated.

Industry overview

The Indian Media & Entertainment (M&E) industry witnessed a dynamic year in 2011- A year in which the transformation of the industry began to take hold. It was also a year of mixed fortunes, with advertising growth being strong in the first half, and subdued in the second .The long promised digital ecosystem began to impact various segments. Film saw benefits from digital distribution with wide releases and early capture of revenue, cable digitization got underway, and the music industry grew on the back of consumption of digital music.

The year saw important developments in terms of multiple films crossing the INR 100 Crore mark at the Box office, growing commitment from the cable industry to pursue digitization as per the government's mandate, regional markets defying recessionary trends in terms of growth of television and print, the government's commitment towards phase 3 for radio and the growth of new media.

In terms of performance, the traditional media businesses experienced a slowdown in 2011 compared to last year, especially in the second half of the year. However, the new media segments like animation and VFX, online and gaming witnessed strong growth rates.

The Indian M&E industry stood at INR 728 billion in 2011 compared to INR 652 billion in 2010 , registering an overall growth of 12 percent, backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media and fast increasing new media businesses. The overall M&E market in India is expected to achieve a growth of 13 percent in 2012 by touching INR 823 billion and to reach INR 1.4 trillion in 2016 at a compounded annual growth rate of 15 percent per annum.

Television is the largest medium for media delivery in India in terms of revenue, representing around 45 percent of the total media industry. The over-all television industry was estimated to be INR 329 billion in 2011, and is expected to grow at a CAGR of 17 percent over 2011-16, to reach INR 735 billion in 2016.

Overall Industry size (INR Bn)*	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
TV	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17%
Print	160.0	172.0	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9%
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100.0	109.7	121.1	134.5	150.3	10%
Radio	7.4	8.4	8.3	10.0	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15%
OOH	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10%
Animation and VFX	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17%
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29%
Digital Advertising	4.0	6.0	8.0	10.0	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30%
Total	**514**	**580**	**587**	**652**	**728**	**11.7%**	**823**	**932**	**1,076**	**1,254**	**1,457**	**14.9%**

Film Industry

The Indian film industry has recovered from a two year slowdown in 2011 the key driver for the same was quality content. What is interesting is how the year has overruled some of the industry myths and seen maturing of audience preferences and renewed acceptability towards diverse content. Films which are termed as 'Mass' such as Singham and Bodyguard, and expected to perform well in Tier 2 & 3 locations have also done extremely well in urban centers .Alternately, the urban centric stories such as Zindagi Na Milegi Dobara and Rockstar which were traditionally targeted towards metro audiences have done extremely well in smaller centers.

With several high budget Hindi releases lined up across the year, 2012 is expected to sustain the growth momentum witnessed in 2011. The Indian film industry is projected to grow at a CAGR of 10.1 percent to touch INR 150 Billion in 2016 from INR 92.9 Billion in 2011. The industry expects domestic theatrical revenues to continue dominating the overall pie.

Exhibition

The growth of multiplex chains continued through 2011. Despite representing less than 15 percent of the total screens in India, multiplex screens accounted for a third of the total box office collections in 2011. Larger chains such as PVR, INOX and Cinemax added about 70 screens in 2011 with significant investments underway over the next few years. Despite the overall surge in multiplexes across tier I cities, the industry believes that urban centers are still away from saturation.

An increased number of shows on account of reduction in film duration combined with growth in properties and quality of the film-going experience continues to drive overall footfalls at multiplexes as evidenced by improved occupancy rates in 2011. In addition, the contribution of regional cinema to multiplex chains has continued to increase. In 2011, regional cinema accounted for a third of Cinemax's total box-office revenue.

Although tickets account for the majority of total revenues, contributions from Food & Beverages and Advertising has increased substantially over the past three years. 2011 saw an increase in the average number of purchase incidences and the average ticket size of the F&B purchase at multiplexes.

The industry is expected to double the multiplex screens over the next five years taking the total tally to over 2,200 screens in 2016.

Business overview

The “Cinemax” brand is one of the most recognizable film exhibition brands and stands for superlative and innovative entertainment for families and social cohorts. The company is a part of the Kanakia Group, which has a track record of over 20 years in real estate development. As a result of a recent corporate restructuring, The company presently own/ control all the movie exhibition businesses of the Kanakia group. Our promoters experience in real estate helps us in identifying strategic locations at economical rates, and rapid and timely execution of projects with tight control on costs and quality
During FY12 the company went through a demerger. Two separate entities came in to existence 1) Cinemax India limited (CIL) which has the real estate business 2) Cinemax Exhibition India limited (CEIL) which has the Theatre Exhibition Business. Demerger of the company will benefit the theatre exhibition in the following ways

- Efficient and focussed management on Theatre Exhibition Business segment
- Unlocking value for Shareholders of CIL
- Increase in Financial and Administrative efficiencies
- Relevant peer comparison possible

To leverage the brand of Cinemax India limited the name of Theatre Exhibition Business that is CEIL was changed to Cinemax India limited and the name of the company which is in the real estate business was changed from Cinemax India Limited (CIL) to Cinemax Properties Limited (CPL).

In the last year the company has increased its foot print in the country by adding 5 new locations, this addition makes the company present in 38 locations all over India. There has been an increase in number of screens to 132 as compared to 107 in FY11. Addition in number of screens has increased the number seats by 4491 seats in this year and the total number of seats stood at 32588 in FY12. This makes Cinemax India Ltd, one of the largest exhibition theatre chains in India. The Company is a dominant player operating with 14 locations with 45 screens, having seating capacity of 11769 in and around Mumbai which is a home to Hindi Film Industry (‘Bollywood’).

Though the Indian economy has not grown in FY 12 at the same pace as expected, The Company has managed to increase the Average Ticket Price (ATP) from INR 135 in FY 11 to INR 140 in FY12. The Total Spend per Head (SPH) has also increased to INR 178 as compared to INR 170 in the previous year.

Gaming business

The Gaming business of the Company is currently operational under two brand names 'Giggles- The Gaming Zone™' and 'VERSUS'. The ambience has been exquisitively designed with the interiors and colours that enhance the overall gaming experience.

Giggles:

The gaming business under the brand, 'Giggles' was started as a move to provide additional entertainment options for CINEMAX patrons at its theatres. The variety of games, the spacious layout and the ambience have led to a good response with large footfalls.

Location	Location	No. of games
Nagpur	Eternity Mall, Nagpur	40
Rajkot	ISCON Mega Mall, Rajkot	31
Sion	Cinemax, Sion	14

Versus

VERSUS was created to allow families with children to have fun and offer a new and exciting place to spend their free time. The continuous search for a better quality of life, as well as the lack of places dedicated to free time in modern urban areas has created an increasing need for centers where children can play in complete safety alone, with friends or with their parents.

Location	Location	No. of games
Delhi	Pacific Mall, Delhi	37 + 8 lane bowling

Opportunities

Bollywood, as the Hindi film industry is popularly known, is the largest contributor to the industry's revenue, followed by the South Indian movie industry and other language cinema industries such as Bengali, Bhojpuri, Marathi and Gujarati. India's filmed entertainment industry is the largest in the world in terms of the number of films it produce and its theatrical admissions.

Rapid Digitalization

The share of digital prints continued to grow during 2011. Over the last five years, there has been a reversal of the split between analog and digital prints. Analog constituted 85-90 percent of film release prints till a few years ago. Currently, digital accounts for over 80 percent prints of all Hindi film releases. In addition to significant cost savings (~ INR 50,000 per analog print vis-à-vis INR 10,000 for digital), digital prints provide producers the flexibility to add or decrease screens according to their availability in real-time. The industry expects the analog print format to fade away by 2016.

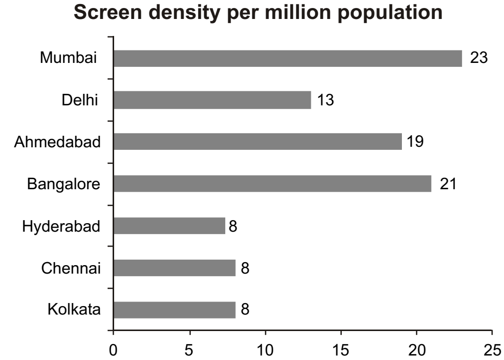
Increase in Cinema Advertising

Increase in transparency of ticket sales in multiplexes in India coupled with digitization of theatres and prints have given confidence to the cinema advertising Industry in India. Advertisers now have better access to occupancy rates and film revenues of film goers. The cinema advertising market has grown at a robust 18 percent in 2011 to reach INR 140 crores. Advertising revenue is expected to contribute to 30 percent of total digital cinema revenue this year as compared to 24 percent in the last financial year.

Multiplex Expansion

Having established their footprint in the rest of India, the industry expects the next growth phase of multiplexes to be driven by the South and East Indian market. On a comparative basis, the multiplex density by city is among the lowest in the South Indian cities with the exception of Bangalore. The industry expects the gap between Chennai, Hyderabad, Kolkata and the other urban centers to narrow over the next few years. Multiplex chains are also moving to tier II/III cities to create a better viewing experience and cash in on the increased disposable income from these cities.

Screen density per million population



Source : RMW, Corporate presentation, 2011

3D films

3D films are slowly gaining prominence both in Hindi and Hollywood films released in India. 3D technology comes at a price but allows multiplexes to marginally increase ticket prices and provide a differentiated experience to the viewer. The viewing experience of 3D cannot be readily replicated on the television and internet.

Outlook (company specific)

The company has plans to increase its number of screens by 15 screens in FY 13 by opening new screens in Hyderabad Inorbit (6 screens), Pune Kumar Pacific (4 screens) and Chennai Valachery (5 locations). This new openings will increase the sitting capacity by 3213 seats. The company expects the ATP to increase to INR 150, Total SPH to increase to INR 193.2 and footfalls to increase to over 200 lacs in FY13.

Risks and concerns

Content risk

Poor quality of content will reduce audiences from going to theatres this in turn will reduce the occupancy and hit the exhibitors financially. To combat this risk the company decides upon which films to exhibit depending on the quality of content. The company has also come up with offers like "Super Hit Wednesdays " in tie up with Uninor (a mobile service provider) in which the company gives free ticket for every one ticket purchased to Uninor subscribers on Wednesday's to increase the footfall on weekdays.

The line up of films to be released is much better in this year than the previous year this will lead to increase in audiences and footfall in the theatres. The company will take advantage of this increase in audiences and will cash on these releases.

Piracy risk

Piracy threat continues to haunt the entire Industry. However advancement in technology is reducing the business case for piracy in theatres. Digitization has ensured that a film is released with over 2000+ prints as against 500+ few years ago. This means that the film is available on the same day across a much larger audience. This will curb piracy.

Competition risk

Competition is present in this business as it is common with all other businesses. New companies are getting into this business and existing companies are increasing their footprint leading to increase in number of screens which will lead to increase in competition.

Brand 'Cinemax' is one of the most recognizable film exhibition brands in the country. The company follows a strategic mix of the ownership and the leasing models which helps the company to effectively manage its cost and increase efficiency. The company provides customer satisfaction through process enhancements and constant innovation and this helps the company to face competition in a better manner.

Reducing theatre to TV window

The theatre release window of films is getting shorter this in turn is hurting the multiplex companies as time for film to gain popularity through word-of-mouth publicity is getting shorter. This is leading to multiplex companies not having an opportunity to exhibit the film to its complete potential.

This risk can be reduced if there is an agreement between the producers and Multiplex Association to put a minimum cap on number of days after which a film can be released on Television.

Rental risk

Rentals of commercial property and malls could go up with increase in demand for retail, This in turn would increase the cost of the company and affect the bottom line of the company. However company has a team comprising of qualified executives and has efficient internal operations in place to mitigate this risk.

Delay in execution

Execution delay due to delay or failure of the property developer to hand over the premises to the company can have a negative impact on the operations of the company.

Internal control systems and their Adequacy

The Company has an adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statues, codes of conducts and corporate policies are duly complied with. The Audit Committee reviews the reports submitted by the Internal Auditors and monitors follow-up and corrective action by Management.

Financial performance

Revenue for the company increased to INR 285.8 crores in FY12 from INR 191.8 crores in the previous year registering a staggering growth of 49%.

Revenue break up is 70% came from ticket sales, 18% from F&B sales ,6% from Ad sales and balance from others.

The EBITA for FY 12 stood at INR 15.2 crores as compared to INR 10.6 crores in the previous year, registering a growth of 43%. There was a marginal drop in the profit before exceptional item which was INR 4.6 crores as compare to INR 5 crores in FY 11.

PAT slipped by INR 1.9 crores in FY12 and stood at INR 3.5 crores as compared to previous year. The fall in the PAT was because of exceptional item amounting to INR 6.7 crores.

Human resources

The company believes that its people are the most valuable assets of the Company as they contribute to the achievement of business objectives. It is the Company's promise to advance a culture that enhances employee morale, facilitates effective performance through personal/professional development and challenges employee potential. As of March 31, 2012, we had 1494 employees.

Cautionary Statement

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

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 Properties Limited (Formerly Known as 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 run internally.

5. Have a simple and transparent corporate structure driven solely by business needs.

The Company, through its Corporate Governance envisage 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 2012 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 Kanakia	Chairman	Executive	Non - Independent
Mr. Himanshu Kanakia	Managing Director	Executive	Non - Independent
Mr. Sanjay Sanghvi	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 and 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 2011-12.

Name of Directors	Rasesh Kanakia	#Himanshu Kanakia	Sanjay Sanghvi	Utpal Sheth	Kranti Sinha	Girish Dave
Designation	Executive Chairman	Managing Director	Non-Executive Director	Independent Directors		
Date of Board Meeting						
28 May, 2011	P	A	P	P	P	A
5 August, 2011	P	A	P	P	P	P
30 September, 2011	P	A	P	P	P	P
10 November, 2011	P	A	A	P	P	P
10 February, 2012	P	P	P	*P	P	P

P - Present **A** - Leave of Absence

* Mr. Utpal Sheth was present in the Board Meeting held on 10th February 2012 via video conferencing.

#Mr. Himanshu Kanakia has informed the board in advance, regarding his unavailability to attend any meetings of the Company for a period of approximately one year due to his other commitments & pre occupations and accordingly sought the leave of absence from the board for the said period.

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 Kanakia	Yes
2	Mr. Himanshu Kanakia	No
3	Mr. Kranti Sinha	Yes
4	Mr. Girish Dave	Yes
5	Mr. Utpal Sheth	Yes
6	Mr. Sanjay Sanghvi	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 Kanakia	3	2	Nil
2	Mr. Himanshu Kanakia	3	1	Nil
3	Mr. Sanjay Sanghvi	3	Nil	Nil
4	Mr. Utpal Sheth	13	2	Nil
5	Mr. Kranti Sinha	4	3	3
6	Mr. Girish Dave	8	8	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, 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 2011-12.

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 Kanakia	Member, Executive Director	4	4
Mr. Utpal Sheth	Member, Executive Director	4	4*
Mr. Girish Dave	Member, Independent Director	4	3

* Mr. Utpal Sheth was present in the Audit Committee held on 10th February 2012 via video conferencing.

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 advice.
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 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, and 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 2011-12.

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 Kanakia	Member, Executive Director	2	2
Mr. Himanshu . Kanakia	Member, Executive Director	2	1

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	Nil	Nil
Non-Receipt of Dividend	10	10
Miscellaneous	4	4
Total	14	14

There were no outstanding complaints as on 31 March 2012.

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 8899

- **Remuneration Committee and Directors Remuneration**

Composition

The remuneration of the Executive 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 Executive Director and is reported to the Board of Directors. Remuneration comprises a fixed component viz. Salary and Perquisites.

The Remuneration Committee presently comprises of three Independent Directors, namely, Mr. Kranti Sinha, Mr. Utpal Sheth 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:

No meeting of the Committee was held during the financial year as there was no related business.

- **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 Directors and to deal with all elements of remuneration package of all such Directors.

Details of Remuneration to Directors during the financial year 2011-12:

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.	25,00,000
Non Executive Director		
Mr. Sanjay Sanghvi, Non-Independent Director	N.A.	N.A.
Mr. Kranti Sinha, Independent Director	2,00,000	N.A.
Mr. Girish Dave, Independent Director	1,40,000	N.A.
Mr. Utpal Sheth, Independent Director	1,80,000	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 subsidiary 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.cinemaxproperties.com.

- **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 thenon-mandatory requirements as mentioned in clause 49 of the Listing Agreement like constitution of Remuneration Committee etc.

- **Management Discussion and 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 31st March, 2012.

  The Code is available on the website of the Company. www.cinemaxproperties.com.

- **CEO /CFO Certification**

  As required by Clause 49 of the Listing Agreement, the Certificate issued by the Chairman 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 Business Standard (English) and NavShakti (Marathi Local) dailies having wide circulation. The results are also displayed on the website of the Company www.cinemaxproperties.com.

  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
2011	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, AndheriKurla Road, Andheri (East). Mumbai-400093	Tuesday, 27 September, 2011	10.00 AM
2010	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, AndheriKurla Road, Andheri (East). Mumbai-400093	Tuesday, 03 August, 2010	10.30 AM
2009	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, AndheriKurla Road, Andheri (East). Mumbai-400093	Thursday, 10 September, 2009	10.30 AM

V. General Shareholders Information

- **Next Annual General Meeting**

Day and Date	:	Thursday, 23rd August, 2012
Time	:	10.00 A.M.
Venue	:	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East). Mumbai-400093

- **Financial Calendar for 2012-2013:-**

The Financial year of the company ends on every 31 March.	Tentative date
i) Un-audited results for the quarter ended 30 June 2012	Second Week of August 2012
ii) Un-audited results for the quarter/half year ending 30 September 2012	Second Week of November 2012
iii) Un-audited results for the quarter/nine months ending 31 December 2012	Second Week of February 2013
iv) Audited results for the year ending 31 March 2013	Last week of May 2013

- **Book Closure date:**

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Tenth Annual General Meeting in terms of Listing Agreement from 17 August 2012 to 23 August 2012 (both days inclusive).

- **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)	CINEPRO
The Stock Exchange, Mumbai (BSE)	532807
ISIN Demat	INE 704H01022

4) The Company has depository connectivity with NSDL and CDSL and has paid Annual Custody Fees for the financial year 2012-2013.

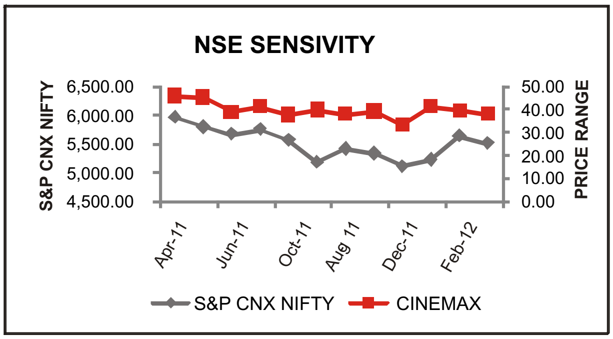
5) The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2012 - 2013.

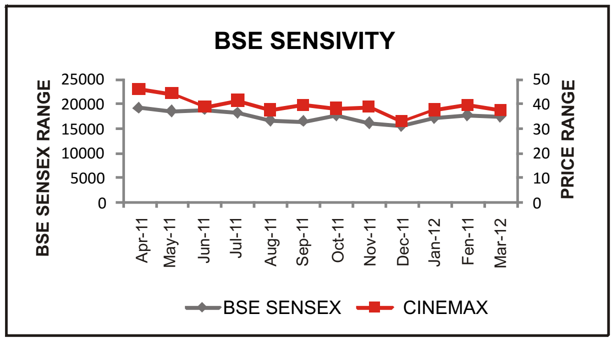
- **Share Price & Volume (Tables / Graphs):**

Month	BSE				NSE			
	Month's High ₹	Month's Low ₹	Volume (No.in lacs)	Sensex	Month's High ₹	Month's Low ₹	Volume (No. in lacs)	Nifty
Apr-11	45.80	39.95	6.24	19,135.96	45.70	39.80	7.60	5,749.50
May-11	44.10	35.00	8.87	18,503.28	45.00	33.20	6.26	5,560.15
Jun-11	38.70	33.30	3.16	18,845.87	38.75	33.55	6.88	5,647.40
Jul-11	41.15	33.70	8.71	18,197.20	41.25	33.60	6.73	5,482.00
Aug-11	37.55	27.75	2.61	16,676.75	37.45	28.05	3.71	5,001.00
Sep-11	39.50	29.40	6.78	16,453.76	39.50	29.55	3.94	4,943.25
Oct-11	38.00	33.10	1.76	17,705.01	37.75	33.50	3.76	5,326.60
Nov-11	38.80	29.90	3.39	16,123.46	38.90	29.50	3.18	4,632.05
Dec-11	32.80	25.80	1.72	15,454.92	33.00	26.05	3.11	4,624.30
Jan-12	37.55	30.05	2.86	17,193.55	41.15	30.00	6.77	5,199.25
Feb-12	39.45	31.50	2.88	17,752.68	39.30	32.00	6.70	5,285.20
Mar-12	37.25	31.05	2.96	17,404.20	37.80	31.20	4.64	5,295.55
Total:			**51.94**		**Total:**		**63.28**	

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

CINEMAX share price performance relative to S&P CNX NIFTY and BSE.
(April '11-March'12):





- **Shareholding Pattern as on 31March 2012:**

Sr. No.	Category	Holders	%	Value	%
1	Clearing Member	96	0.31%	1,020,300	0.36%
2	Corporate Bodies (Promoter Co)	2	0.01%	2,800	0.00%
3	Foreign Inst. Investors	6	0.02%	4,172,830	1.49%
4	Nationalised Banks	2	0.01%	36,140	0.01%
5	Non Nationalised Banks	1	0.00%	10,000	0.00%
6	Non Resident Indians (REPATRIABLE)	285	0.91%	1,425,580	0.51%
7	Non Resident Indians (NON REPATRIABLE)	53	0.17%	157,910	0.06%
8	Other Bodies Corporate	330	1.06%	26,601,970	9.50%
9	Promoters	2	0.01%	187,368,480	66.92%
10	Public	30,313	97.49%	52,627,100	18.80%
11	Relatives of Directors	2	0.01%	6,576,880	2.35%
12	Trust	1	0.00%	10	0.00%
	Total	**31,093**	**100%**	**280,000,000**	**100%**

- **Distribution Schedule as of 31March 2012:**

Distribution	No. of Shareholders	No. of Shares	% of Shareholding
Less than 500	29567	24,49,248	8.75
501 -1000	852	6,87,457	2.46
1001-2000	326	4,94,371	1.77
2001-3000	119	2,98,863	1.07
3001-4000	55	1,92,036	0.69
4001-5000	43	2,00,084	0.71
5001-10000	74	5,27,094	1.88
Above 10000	63	2,31,50,847	82.68
Total	**31,099**	**2,80,00,000**	**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

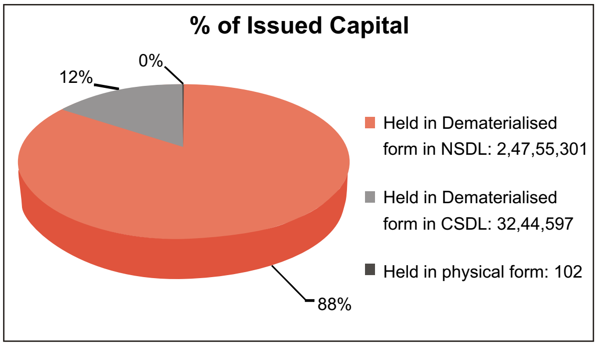
- **Share Transfer System:**

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 31 March 2012, 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 31 March 2012.

- **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 Properties Limited
(Formerly Known as Cinemax India Limited)
215 Atrium, 10th Floor,
Opp. Divine School, J.B. Nagar,
Andheri Kurla Road, Andheri- East,
Mumbai- 4000 93
Phones: +91 22-6726 8888
Fax: +91 22-6726 8899
Email: investor@cinemaxproperties.com.
Website: www.cinemaxproperties.com.

- **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@cinemaxproperties.com.

Chief Financial Officer (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@cinemaxproperties.com.

For and on behalf
of the Board of Directors

Place: Mumbai
Date: 24 May 2012

Rasesh B. Kanakia
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Cinemax Properties Limited
(formerly known as Cinemax India Limited)

We have examined the compliance of the conditions of Corporate Governance by Cinemax Properties Limited (formerly known as Cinemax India Limited) (the 'Company'), for the year ended 31 March 2012 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
Place : Mumbai
Date : 24 May 2012

CHAIRMAN & CFO CERTIFICATION

ANNEXURE-D TO DIRECTORS' REPORT

We, Rasesh Kanakia, Chairman and Jitendra Mehta, Chief Financial Officer of Cinemax Properties Limited (Formerly known as 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.

Rasesh B. Kanakia
Chairman
Place : Mumbai
Date : 24 May 2012

Jitendra Mehta
Chief Financial Officer

AUDITORS' REPORT

To,
The Members,
Cinemax Properties Limited
(formerly known as Cinemax India Limited)

1. We have audited the attached Balance Sheet of Cinemax Properties Limited (formerly known as Cinemax India Limited) (the 'Company'), as at 31 March 2012, and also the Statement of Profit and Loss 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 24 to the financial statements, relating to managerial remuneration paid in excess of the limits laid down under Schedule XIII of the Companies Act, 1956, amounting to ₹ 52 lacs, 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

   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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 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 2012;

      ii) the Statement of Profit and Loss, of the profit 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 : 24 May 2012

Annexure to the Auditors' Report of even date to the members of Cinemax Properties Limited (formerly known as Cinemax India Limited), on the financial statements for the year ended 31 March 2012

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 program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, 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 management has conducted physical verification of inventory at reasonable intervals during the year.

(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) The company has granted unsecured loans to three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 573.16 lacs and the year-end balance is ₹ 550.40 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, receipt of the principal amount and interest is regular.

(d) There is no overdue amount in respect of loans granted to companies, firms or other parties.

(e) The Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 2,700.66 lacs and the year-end balance is ₹ 2,563.69 lacs.

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

(g) In respect of loans taken, payment of the principal amount and interest is regular.

(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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(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.* Undisputed amounts payable in respect thereof, which were *outstanding at the year-end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due Date	Date of Payment
The ESIC Act, 1948	ESIC	0.01	May 2011	21 June 2011	21 May 2011
Income Tax Act, 1961	TDS	0.34	Various dates	Various dates	Various dates

(b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(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) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures 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) In our opinion, 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 terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not *prima facie*, prejudicial to the interest of the Company.

(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) During the year, 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) 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 : 24 May 2012

Balance Sheet as at 31 March 2012

(₹ in Lacs)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	4	**2,800.00**	2,817.02
Reserves and Surplus	5	**11,236.37**	11,147.25
Non-Current Liabilities			
Long-Term Borrowings	6	**9,961.42**	6,269.65
Deferred Tax Liabilities (Net)	7	**-**	112.26
Long Term Provisions	8	**145.56**	79.76
Current Liabilities			
Short Term Borrowings	9	**4,785.80**	5,106.27
Trade Payables		**1,690.93**	877.70
Other Current Liabilities	10	**2,657.14**	4,185.97
Short Term Provisions	11	**1,578.95**	962.74
Total		**34,856.17**	31,558.62
ASSETS			
Non-Current Assets			
Tangible Assets	12	**23,127.68**	20,386.83
Intangible Assets	13	**-**	-
Capital work-in-progress		**2,387.65**	3,964.37
Non Current Investments	14	**191.38**	170.04
Deferred Tax Assets (Net)	7	**496.37**	-
Long Term Loans and Advances	15	**3,405.49**	3,131.01
Other Non Current Assets	16	**82.65**	118.37
Current Assets			
Inventories	17	**250.69**	72.30
Trade Receivables	18	**936.01**	798.89
Cash and Bank Balances	19	**514.31**	781.63
Short Term Loans and Advances	20	**3,463.94**	2,135.18
Total		**34,856.17**	31,558.62

Note 1 to 44 forms an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 24 May 2012

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 24 May 2012

Statement of Profit and Loss for the year ended 31 March 2012

(₹ in Lacs)

Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
REVENUE			
Revenue from Operations	21	**24,156.34**	15,419.27
Other Income	22	**417.11**	533.09
Total Revenue		**24,573.45**	15,952.36
EXPENSES			
Operating Expenses	23	**14,213.44**	8,722.29
Employee Benefits Expenses	24	**2,369.36**	1,728.53
Other Expenses	25	**4,481.23**	2,962.15
Finance Costs	26	**1,498.98**	1,107.89
Depreciation and Amortisation Expenses		**1,959.90**	1,736.34
Total Expenses		**24,522.91**	16,257.20
Profit / (Loss) before Exceptional Items and Tax		**50.54**	(304.84)
Exceptional Items	40	**568.85**	-
Loss before Tax		**(518.31)**	(304.84)
Tax Expense :			
Current Tax (including Wealth Tax)		**1.00**	20.90
Deferred Tax Credit		**(608.63)**	(171.54)
Profit / (Loss) after Tax		**89.32**	(154.20)
Earnings per Equity Share	31		
(1) Basic		**0.32**	(0.55)
(2) Diluted		**0.32**	(0.55)

Note 1 to 44 forms an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 24 May 2012

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 24 May 2012

Cash Flow Statement for the year ended 31 March 2012

(₹ in Lacs)

Particulars		Year ended 31 March 2012	Year ended 31 March 2011
Cash flow from Operating Activities			
Profit / (Loss) before Tax		(518.31)	(304.84)
Adjustments for non cash transactions			
Depreciation / Amortisation		1,959.90	1,736.34
Provison no longer required written back		(124.33)	(178.83)
Profit on sale of Fixed Assets		-	(35.00)
Loss on Sale of Fixed Asset		211.20	0.90
Sundry Balances written off		-	25.66
Sundry Balances written back		(43.50)	(123.10)
		1,484.96	**1,121.13**
Items considered separately			
Interest Expenses		1,462.42	1,063.88
Loan Processing Charges		28.30	-
Interest Income		(60.45)	(78.36)
		1,430.27	**985.52**
Operating Profit before Working Capital Changes		**2,915.23**	**2,106.65**
Adjustments for :			
(Increase) / Decrease in Working Capital			
(Increase) in Inventories		(178.39)	(22.67)
(Increase) in Trade Receivables		(137.12)	(193.68)
(Increase) in Long Term Loans and Advances		(274.48)	(1,019.09)
(Increase) / Decrease in Short Term Loans and Advances		(1,002.37)	399.03
Increase in Trade Payables		813.25	246.54
Increase in Long Term Provisions		65.80	4.40
Increase in other Current Liabilties and Provisions		1,190.56	1,157.36
Net Changes in Working Capital		**477.25**	**571.89**
Income Taxes Paid		153.59	7.27
Net Cash generated from Operating Activities	**(A)**	**3,238.89**	**2,671.27**
Cash flow from Investing Activities			
Purchase of Tangible Assets		(3,433.04)	(4,781.59)
Proceeds from sale of Tangible Assets		134.00	40.00
Interest Received		55.21	74.68
Purchases of Non Current Investments		(16.10)	(26.47)
Net Cash used in Investing Activities	**(B)**	**(3,259.93)**	**(4,693.38)**
Cash flow from Financing Activities			
Interest Paid		(1,462.42)	(1,063.88)
Finance Charges		(240.44)	-
Dividend Paid (including dividend distribution tax)		(1.19)	(390.96)
Proceeds from Long Term Borrowings		3,691.76	1,593.28
(Repayment)/Proceeds from Short Term Borrowings		(2,252.69)	2,157.55
Redemption of Preference Shares		(17.02)	-
Net Cash generated from/(used in) Financing Activities	**(C)**	**(282.00)**	**2,295.99**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**(303.04)**	**273.88**
Cash and Cash Equivalents at the beginning of the year		900.00	626.12
Cash and Cash Equivalents at the end of the year		596.96	900.00
Net Increase/(Decrease) as disclosed above		**(303.04)**	**273.88**

Notes:

1. Cash and cash equivalents as at year end includes:		
a. Fixed deposits pledged with the banks / Government Authorities	188.43	128.22
b. Unpaid Share Application Money	4.53	4.53
c. Unclaimed Dividend	6.53	6.55
Total	**199.50**	**139.30**

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

This is the Cash Flow Statement referred to in our report of even date

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 24 May 2012

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place: Mumbai
Date: 24 May 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

vi. Interest income 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 recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Statement of Profit and Loss 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.

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e. Inventories:

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

ii. Stock of 3D glass is valued at cost arrived on first-in-first out basis and is amortised over its useful life.

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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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 Statement of Profit and Loss.

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.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws gives rise to future economic benefits in the form of adjustments of future income tax liability. The same is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT credit is recognised as an asset in the balance sheet when it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

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 lesser effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss.

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.

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NOTES TO ACCOUNTS

(₹ in Lacs)

NOTE 4: SHARE CAPITAL	As at 31 March 2012	As at 31 March 2011
Authorised:		
40,000,000 (Previous year 40,000,000) Equity shares of ₹ 10 each	4,000.00	4,000.00
250,000 (Previous year 250,000) Preference shares of ₹ 10 each	25.00	25.00
	4,025.00	**4,025.00**
Issued, Subscribed and Fully paid up:		
Equity shares		
Equity shares of Rs. 10 each	2,800.00	2,800.00
Preference shares		
5% Non-Cumulative Redeemable Preference shares of ₹ 10 each	-	17.02
Total	**2,800.00**	**2,817.02**

NOTE 4 (a): RECONCILIATION OF SHARE CAPITAL	Amount (Rs. in lacs)	Number
Equity Share Capital:		
As at 31 March 2012		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
	2,800.00	**28,000,000**
As at 31 March 2011		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
	2,800.00	**28,000,000**
Preference Share Capital:		
As at 31 March 2012		
Balance at the beginning of the year	17.02	170,160
Less: Redemption during the year	17.02	170,160
	-	-
As at 31 March 2011		
Balance at the beginning of the year	17.02	170,160
Less: Redemption during the year	-	-
	17.02	**170,160**

NOTE 4 (b): SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES	Number of Shares held	% of Holding
As at 31 March 2012:		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,368,424	33.46
ICICI Prudential Life Insurance Company Limited	1,876,448	6.70
As at 31 March 2011:		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,193,424	32.83
ICICI Prudential Life Insurance Company Limited	1,876,448	6.70

NOTE 4 (c): DETAILS OF ALLOTMENT OF BONUS SHARES	Year	Aggregate Number of Shares
Equity Shares:		
Issue of fully paid up shares by way of bonus	2008-09	15,000,000

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

		As at 31 March 2012	As at 31 March 2011
NOTE 5: RESERVES AND SURPLUS			
Capital Redemption Reserve			
Opening Balance		-	-
Add: Transferred during the year		17.02	-
Closing Balance		**17.02**	-
Securities Premium Account			
Opening Balance		9,516.46	9,516.46
Add: Securities Premium credited		-	-
Less: Premium utilized		-	-
Closing Balance		**9,516.46**	**9,516.46**
General Reserve			
Opening Balance		72.12	72.12
Less: Written back during the year		17.02	-
Closing Balance		**55.10**	**72.12**
Surplus			
Opening Balance		1,558.67	1,713.86
Add: Surplus / (Deficit) as per Statement of Profit and Loss		89.32	(154.20)
Less: Dividend Paid		(0.17)	(0.85)
Less: Tax on dividends distributed during the year		(0.03)	(0.14)
Closing Balance		**1,647.79**	**1,558.67**
Total		**11,236.37**	**11,147.25**
NOTE 6: LONG TERM BORROWINGS			
Term Loans from Banks (Refer Note 32)		9,957.26	6,259.52
Vehicle Loans (Refer Note 32)		4.16	10.13
Total		**9,961.42**	**6,269.65**
Note: There is no default, continuing or otherwise, as at the balance sheet date, in repayment of any of the above loans.			
NOTE 7: DEFERRED TAX ASSETS (NET)			
Liability			
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961.		(1,268.75)	(1,218.94)
Total deferred tax liability	**(A)**	**(1,268.75)**	**(1,218.94)**
Assets			
Provision for doubtful debts		4.35	-
Gratuity		37.45	21.67
Compensated Absences		13.89	8.48
Bonus Payable		8.86	6.40
Provision for rent		69.03	67.61
Depreciation loss		1,631.54	1,002.52
Total deferred tax assets	**(B)**	**1,765.12**	**1,106.68**
Deferred Tax Assets / (Liabilities)	**(A-B)**	**496.37**	**(112.26)**

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NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 8: LONG TERM PROVISIONS		
Provision for Employee Benefits: (Refer Note 27)		
Gratuity	107.23	60.85
Compensated Absences	38.33	18.91
Total	**145.56**	**79.76**
NOTE 9: SHORT TERM BORROWINGS		
Working Capital Loans repayable on demand (Refer Note 32)	2,221.80	3,176.97
Loans and advances from Related Parties (repayable on demand)		
- Unsecured loans from Subsidiary Companies	2,563.68	1,928.98
- Unsecured loan from others	0.32	0.32
Total	**4,785.80**	**5,106.27**
Note: There is no default, continuing or otherwise, as at the balance sheet date, in repayment of any of the above loans.		
NOTE 10: OTHER CURRENT LIABILITIES		
Current Maturities of Long-term debt (Refer note 32)		
Term loans from Banks	885.00	2,816.17
Vehicle Loans	5.97	7.03
Advances from Customers	90.03	102.16
Unpaid Dividends	6.53	6.55
Application money received for allotment of securities and due for refund	4.53	4.53
Deposits Received	220.04	234.19
Other Payables		
Statutory Dues	227.29	195.86
Expense Payable (Capital items)	473.46	349.47
Expense Payable (Projects)	323.97	470.01
Temporary Overdraft as per Books of Accounts	420.32	-
Total	**2,657.14**	**4,185.97**
NOTE 11: SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Salary and Reimbursements	225.72	157.11
Contribution to Provident Fund	0.63	4.87
Gratuity (Refer Note 27)	13.96	9.28
Compensated Absences	6.61	8.52
Others		
Expenses Payable	1,210.84	658.67
Provision for Dividend Distribution Tax Payable	-	0.14
Provision for Dividend on Preference Shares Liabilities	-	0.85
Provision for Taxation (Net of Advance Tax)	121.19	123.30
Total	**1,578.95**	**962.74**

Contd...

NOTE 12 : TANGIBLE ASSETS (Refer Note 32)

(₹ In lacs)

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2011	Additions during the year	Deletion / Adjustment	As at 31 March 2012	Upto 31 March 2011	During the year	Deletion / Adjustment	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Land - Freehold	1,971.68	-		1,971.68	-	-	-	-	1,971.68	1,971.68
Leasehold Improvements	2,919.90	1,455.32	77.12	4,298.10	632.88	302.67	10.51	925.04	3,373.06	2,287.03
Theatre Buildings	5,641.54	55.96		5,697.50	1,127.31	189.56	-	1,316.87	4,380.63	4,514.23
Plant and Equipments										
Theatre Equipments and Fittings	3,680.80	962.25	502.36	4,140.69	1,141.46	293.53	140.06	1,294.93	2,845.76	2,539.34
Other Plant and Equipment	1,742.17	798.55	67.59	2,473.13	225.54	107.09	0.58	332.05	2,141.08	1,516.63
Furniture, Fixtures and Office Equipments										
Theatre Furniture and Fixtures	5,525.36	380.91	60.80	5,845.47	1,489.15	539.84	2.81	2,026.18	3,819.29	4,036.21
Other Furniture, Fixtures and Office Equipments	2,306.91	1,575.92	121.76	3,761.07	556.32	289.41	0.92	844.81	2,916.26	1,750.59
Computers	764.44	156.56	13.51	907.49	392.08	140.35	3.55	528.88	378.61	372.36
Vehicles	168.91	-		168.91	88.37	16.09	-	104.46	64.45	80.54
Wind Energy Generator	1,536.70	-		1,536.70	218.48	81.36	-	299.84	1,236.86	1,318.22
Total	**26,258.41**	**5,385.47**	**843.14**	**30,800.74**	**5,871.59**	**1,959.90**	**158.43**	**7,673.06**	**23,127.68**	**20,386.83**
Previous Year	**23,450.69**	**2,905.73**	**98.01**	**26,258.41**	**4,177.84**	**1,698.17**	**4.43**	**5,871.58**	**20,386.83**	**-**

NOTE 13 : INTANGIBLE ASSETS

(₹ In lacs)

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2011	Additions during the year	Deletion / Adjustment	As at 31 March 2012	Upto 31 March 2011	During the year	Deletion / Adjustment	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Goodwill	190.84	-	-	190.84	190.84	-	-	190.84	-	-
Total	**190.84**	**-**	**-**	**190.84**	**190.84**	**-**	**-**	**190.84**	**-**	**-**
Previous Year	**190.84**	**-**	**-**	**190.84**	**152.67**	**38.17**	**-**	**190.84**	**-**	**-**

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 14: NON CURRENT INVESTMENTS		
Long term, unquoted, unless otherwise stated		
In Government Securities		
National Savings Certificates [including accrued interest ₹ 5.23 lacs (Previous year ₹ 3.68 lacs)]	77.93	61.59
(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		
101,000 (Previous year 101,000) Equity shares in Vista Entertainment Private Limited of ₹100 each, fully paid-up	101.00	101.00
10,000 (Previous year 10,000) Equity shares in Growel Entertainment Private Limited of ₹ 10 each, fully paid-up	1.00	1.00
50,000 (Previous year 50,000) Equity shares in Cinemax Motion Pictures Limited of ₹ 10 each, fully paid-up	5.00	5.00
10,000 (Previous year 10,000) Equity shares in Odean Shrine Multiplex Private Limited of ₹ 10 each, fully paid-up	1.00	1.00
50,000 (Previous year Nil) Equity shares in Cinemax Exhibition India Limited of ₹ 10 each, fully paid-up	5.00	-
2,000 (Previous year 2,000) Equity shares in Gupta Infrastructure (I) Private Limited of ₹ 10 each, fully paid-up	0.20	0.20
2,500 (Previous year 2,500) Equity shares of Saraswat Co-Op. Bank Limited of ₹ 10 each, fully paid-up	0.25	0.25
Total	**191.38**	**170.04**
NOTE 15: LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	69.20	239.54
Security Deposits		
Unsecured, considered good	3,336.29	2,891.47
Doubtful	40.54	40.54
Less: Provision for doubtful deposits	40.54	40.54
	3,336.29	**2,891.47**
Total	**3,405.49**	**3,131.01**
NOTE 16: OTHER NON CURRENT ASSETS		
Non Current Bank Balances		
Fixed Deposit Accounts	82.65	118.37
(Pledged with Banks / Government Authorities)		
Total	**82.65**	**118.37**
NOTE 17: INVENTORIES (as certified by the Management)		
Finished Goods	115.63	72.30
3 D Glasses	135.06	-
Total	**250.69**	**72.30**

Note: Finished goods and stock in trade of 3D Glasses are valued at cost or net realisable value, whichever is lower.

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 18: TRADE RECEIVABLES		
Trade Receivables outstanding for a period less than six months from the date they are due for payment :		
Unsecured, considered good*	663.24	561.32
	663.24	**561.32**
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good*	272.77	237.57
Unsecured, considered doubtful	14.07	14.07
	286.84	**251.64**
Less: Provision for doubtful debts	14.07	14.07
	272.77	**237.57**
Total	**936.01**	**798.89**
*Includes dues from Company under the same management		
Cine Café Services	1.35	1.33
Kanakia Hospitality Private Limited	-	6.18
Kanakia Spaces Private Limited	3.22	-
NOTE 19: CASH AND BANK BALANCES		
Cash in hand (including cheques on hand)	105.78	47.87
Balances with Scheduled banks		
-in Current Accounts	232.82	712.83
-in Unclaimed Dividend Accounts	6.53	6.55
-in Share Application Money Refund Account	4.53	4.53
-in Fixed Deposit Accounts with maturity less than 12 months	164.65	9.85
(Pledged with Banks / Government Authorities)	82.65	118.37
-in Fixed Deposit Accounts with maturity more than 12 months		
	596.96	**900.00**
Less: Amounts disclosed as Other Non Current Assets	82.65	118.37
Total	**514.31**	**781.63**
NOTE 20: SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans and Advances to Related Parties*	550.40	307.30
Advances recoverable in cash or in kind, or for the value to be received	1,476.79	691.29
Advance to Suppliers	490.23	536.85
Advance Tax Paid (Net of Provisions)	506.27	355.78
MAT Credit Entitlement	243.96	243.96
Security Deposit	196.29	-
Total	**3,463.94**	**2,135.18**
* includes amount outstanding from Company under the same management.		
-Growel Entertainment Private Limited	4.36	2.04

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 21: REVENUE FROM OPERATIONS		
Sale of Services		
Sale of Tickets	19,482.95	12,390.06
Less: Entertainment Tax	3,446.05	2,281.39
	16,036.90	**10,108.67**
Rental Income		
Mall Rentals	310.45	348.31
Common Area Maintenance	108.52	118.96
	418.97	**467.27**
Advertisement Income	1,662.67	1,151.35
Sale of Products		
Sale of Food and Beverages	5,003.28	3,143.85
Sale of Power	172.84	145.78
Other Operating Revenues	861.68	402.35
Total	**24,156.34**	**15,419.27**
NOTE 22: OTHER INCOME		
Royalty Income	62.26	32.47
Interest Income	60.45	78.36
Profit on sale of Fixed Assets	-	35.00
Sundry balances written back	43.50	123.10
Provision no longer required written back	124.33	178.83
Miscellaneous Income	126.57	85.33
Total	**417.11**	**533.09**
NOTE 23: OPERATING EXPENSES		
Food and Beverages Consumed		
Opening Stock	72.30	49.63
Add: Purchases	1,561.18	907.42
Less: Closing Stock	115.63	72.30
	1,517.85	**884.75**
3D Glasses Consumed		
Opening Stock	-	-
Add: Purchases	219.24	31.12
Less: Closing Stock	135.06	-
	84.18	**31.12**
Distributors' Share	6,754.10	4,190.99
Rental Expenses (Refer Note 30)	3,621.01	2,032.79
Power and Fuel	1,872.43	1,331.26
Other Operating Expenses	363.87	251.38
Total	**14,213.44**	**8,722.29**

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 24: EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus (including Directors' Remuneration)	2,047.69	1,520.68
Contribution to Provident and Other Funds (Refer Note 27)	215.88	123.72
Staff Welfare	105.79	84.13
Total	**2,369.36**	**1,728.53**
NOTE 25: OTHER EXPENSES		
Travelling and Conveyance	122.87	122.58
Communication Expenses	125.69	102.67
Insurance	94.99	64.59
Rates and Taxes	689.91	510.44
License Fees	19.30	9.33
Printing and Stationery	34.78	27.97
Legal and Professional Fees	127.32	129.15
Director's Sitting Fees	5.50	4.40
Repairs and Maintenance		
- Building	86.36	33.27
- Common Area Maintenance	704.55	453.74
- Cleaning Charges	365.71	231.22
- Plant and Equipments	176.11	152.54
- Others	290.31	146.25
	1,623.04	**1,017.02**
Advertising and Publicity	198.26	162.64
Marketing and Sales Promotion	491.74	299.27
Auditors' Remuneration (Refer Note 37)	12.35	13.42
Asset Written Off	31.41	-
Security Charges	204.02	151.02
Royalty Expenses	-	5.37
Sundry Debit Balance written off	-	25.66
Loss on sale of Fixed Assets	211.20	0.90
Contract Labour Charges	227.15	99.11
Miscellaneous Expenses	261.70	216.61
Total	**4,481.23**	**2,962.15**
NOTE 26: FINANCE COSTS		
Interest		
On Term loan	1,456.86	1,060.70
On Others	5.56	3.18
Finance Charges	36.56	44.01
Total	**1,498.98**	**1,107.89**

Contd...

NOTES TO ACCOUNTS

27. Disclosures pursuant to Accounting Standard 15 (AS -15) "Employee Benefits"

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.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

		31 March 2012	31 March 2011
I.	**Assumption:**	**31 March 2012**	**31 March 2011**
	Discount Rate	8.25%	8.00%
	Salary Escalation	6.00%	6.00%
	Attrition Rate	2.00%	2.00%
II.	**Table showing Change in Benefit Obligation:**	**31 March 2012 (₹ in lacs)**	**31 March 2011 (₹ in lacs)**
	Liability at the beginning of the year	70.13	50.63
	Interest Cost	5.79	5.52
	Current Service Cost	22.23	21.30
	Past Service Cost (Non Vested Benefit)	-	-
	Past Service Cost (Vested Benefit)	-	0.53
	Liability Transfer in	-	1.92
	Liability Transfer out	-	(0.45)
	Benefits Paid	(9.28)	(5.95)
	Actuarial (gain) / loss on obligations	32.32	(3.37)
	Liability at the End of the Year	**121.19**	**70.13**
III.	**Amount Recognised in the Balance Sheet :**		
	Liability at the end of the year	(121.19)	(70.13)
	Fair Value of Plan Assets at the end of the year	-	-
	Funded Status	(121.19)	(70.13)
	Unrecognised Past Service Cost	-	-
	Unrecognised Transition Liability	-	-
	Amount Recognised in the Balance Sheet	**(121.19)**	**(70.13)**
IV.	**Expenses Recognised in the Income Statement :**		
	Current Service Cost	22.23	21.30
	Interest cost	5.79	5.52
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	-	0.53
	Recognition of Transition Liability	-	-
	Actuarial (gain) / loss	32.32	(3.37)
	Expenses Recognised in Statement of Profit and Loss	**60.34**	**23.98**
V.	**Balance Sheet Reconciliation :**		
	Opening Net Liability	70.13	50.63
	Expenses as above	60.34	23.98
	Net Transfer in	-	1.92
	(Net Transfer out)	-	(0.45)
	Employers Contribution	(9.28)	(5.95)
	Amount Recognised in Balance Sheet	**121.19**	**70.13**
VI.	**Experience adjustment :**		
	On plan liability (gain) / loss	18.67	1.96

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

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NOTES TO ACCOUNTS

28. Segment reporting:

Primary segment information:

The Company is organised 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)	27,011.00 (17,059.69)	418.97 (467.27)	172.84 (145.78)	27,602.81 (17,663.74)
Inter- segment sales	-	-	-	-
Total revenue	**27,011.00** (17,050.69)	**418.97** (467.27)	**172.84** (145.78)	**27,602.81** (17,663.74)
Segment Results	778.38 (-143.10)	262.97 (311.28)	91.48 (64.86)	1,132.83 (233.04)
Unallocated Corporate Income				416.69 (570.01)
Interest expense				1,498.98 (1,107.89)
Exceptional Items				568.85 (-)
Loss before tax				**-518.31** (-304.84)
Provision for Taxation				-607.63 (-150.64)
Net profit/(loss) after tax				**89.32** (-154.20)
Other information				
Segment Assets	27,842.32 (24,773.51)	3,725.27 (3,954.93)	1,248.74 (1,291.00)	32,816.33 (30,019.44)
Unallocable Corporate Assets				2,039.84 (1,539.18)
Total assets				**34,856.17** (31,558.62)
Segment Liabilities	10,682.63 (11,017.68)	43.50 (64.93)	- (-)	10,726.13 (11,082.61)
Unallocable Corporate Liabilities				132.25 (242.09)
Total liabilities				**10,858.38** (11,324.70)
Capital Employed				23,997.79 (20233.92)

(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.

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NOTES TO ACCOUNTS

29. 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:

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 5. Cinemax Exhibition India Limited (with effect from 30 September 2011)
	Ultimate Subsidiary
	1. Nikmo Entertainment Private Limited
Directors and Key Management Personnel	1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mr. Sanjay Sanghvi
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal R. Kanakia 2. Mrs. Manisha M. Vora 3. Mrs. Hiral H. Kanakia
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Kanakia Finance And Investments Private Limited 3. R&H Property Developers Private Limited (formerly known as 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 & Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advances given/ payment made					
Vista Entertainment Private Limited	1,681.98 (518.95)				
Nikmo Entertainment Private Limited	824.10 (-)				
Cinemax Motion Pictures Limited	681.92 (2,442.70)				
Odeon Shrine Multiplex Private Limited	447.72 (-)				
Himanshu B. Kanakia			- (1.35)		
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)		39.60 (32.40)			
Kanakia Spaces Private Limited		1,017.07 (106.45)			
Others	17.39 (289.68)	14.37 (5.40)			

Contd...

(₹ in Lacs)

Nature of Transaction	Subsidiaries & Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Advances received / payment received					
Vista Entertainment Private Limited	2,039.71 (1,274.32)				
Nikmo Entertainment Private Limited	1,070.12 (-)				
Cinemax Motion Pictures Limited	475.00 (2,729.70)				
Odeon Shrine Multiplex Private Limited	485.44 (-)				
Rashesh B. Kanakia			- (5.50)		
Himanshu B. Kanakia			- (1.35)		
Kanakia Spaces Private Limited		772.20 (294.63)			
Others	- (526.62)	20.53 (4.89)			
Expenses incurred					
Vista Entertainment Private Limited	0.21 (2.76)				
Growel Entertainment Private Limited	0.32 (-)				
Odeon Shrine Multiplex Private Limited	1.30 (0.61)				
Cinemax Exhibition India Limited	0.45 (-)				
Kanakia Spaces Private Limited		22.21 (89.87)			
Others	- (0.10)				
Expenses reimbursed					
Nikmo Entertainment Private Limited	1.64 (5.89)				
Vista Entertainment Private Limited	12.26 (12.59)				
Cinemax Motion Pictures Limited	1.96 (6.61)				
Odeon Shrine Multiplex Private Limited	1.57 (9.05)				
Kanakia Spaces Private Limited		22.85 (94.28)			
Royalty income					
Odeon Shrine Multiplex Private Limited	45.67 (19.33)				

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

Nature of Transaction	Subsidiaries & Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Rent paid (gross)					
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)		37.24 (43.20)			
Kanakia Spaces Private Limited		261.63 (101.61)			
Interest Charged					
Cinemax Motion Pictures Limited	20.60 (63.64)				
Distributor Share					
Cinemax Motion Pictures Limited	0.61 (-)				
Investments					
Cinemax Exhibition India Limited	5.00 (-)				
Kanakia Hospitality Private Limited		- (6.18)			
Deposit given					
Hiral H. Kanakia				- (1.20)	
Rupal R. Kanakia				- (1.20)	
Deposit Received					
Hiral H. Kanakia				1.20 (-)	
Rupal R. Kanakia				1.20 (-)	
Remuneration					
Rasesh B. Kanakia			100.00 (100.00)		
Himanshu B. Kanakia			25.00 (100.00)		
Others				6.06 (5.00)	
Balances outstanding as on 31 March 2012					
Debit balances					
Cinemax Motion Pictures Limited	530.20 (305.26)				
Kanakia Hospitality Private Limited		- (6.18)			
Cine Café Services		1.35 (1.33)			
Hiral H. Kanakia				- (1.20)	
Rupal R. Kanakia				- (1.20)	
Others	20.20 (2.04)				

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Nature of Transaction	Subsidiaries & Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Credit balances					
Vista Entertainment Private Limited	2,059.03 (1,689.25)				
Nikmo Entertainment Private Limited	410.63 (-)				
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)		8.44 (10.80)			
Kanakia Spaces Private Limited		19.76 (2.35)			
Others	49.74 (239.73)	0.32 (0.32)			

(Figures in brackets indicate previous year figures)

30. 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 2012**	**Year ended 31 March 2011**
Lease rental payment for the year *	3,621.01	2,032.79
Future minimum lease rental payment payable		
- not later than one year	4,116.93	2,400.50
- later than one year but not later than five years	18,079.18	10,136.68
- later than five years	19,699.13	12,814.92
Total	**45,456.09**	**27,382.39**

* Debited under the head 'Rental Expenses' of Note 23 'Operating expenses'

31. Earnings/(Losses) per Share (EPS):

The basic earnings/(losses) per equity share is computed by dividing the net profit/(loss) 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/(losses) per share comprises the weighted average number of shares considered for deriving basic earnings/(losses) 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 Earnings/(Losses) per share is calculated as under:

(₹ in Lacs)

Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2011**
Profit / (loss) after tax before appropriation	89.32	(154.20)
Less: Preference Dividend (inclusive of dividend distribution tax)	0.20	0.99
Profit available for Equity Shareholders	89.12	(155.19)
Weighted Average Number of Shares	280.00	280.00
Earnings / (losses) per share (₹)		
- Basic	0.32	(0.55)
- Diluted	0.32	(0.55)
Face value per share (₹)	10	10

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NOTES TO ACCOUNTS

32. Bank Borrowings:

1. Term Loans, Working Capital Loans and Non Fund Based Credit Facilities taken from Axis Bank are secured against:

   i. Personal Guarantee of Mr. Rasesh B. Kanakia and Mr. Himanshu B. Kanakia

   ii. Charge on the moveable fixed assets and current assets of the Company and its three wholly owned subsidiaries viz. Vista Entertainment Private Limited, Nikmo Entertainment Private Limited and Odean Shrine Multiplex Private Limited.

   iii. Exclusive charge by way of mortgage of the following three properties as under:

      a) Commercial Building "Eternity Mall and Multiplex" situated at plot no. 1, KH No. 312/2,313/1, Bearing Corporation House No. 22, C.S No. 1784/1, Ward No. 71, Mouje Sitabuldi, Taluka and District Nagpur.

      b) Commercial Building "Cinemax" Multiplex, Eternity Mall, Teen Haat Naka, L.B.S. Marg, Thane (West) 400602.

      c) Commercial Building "Cinemax" Multiplex, Wonder Mall, Kapurbawadi Junction, Ghodbunder Road, Thane (West) 400601.

   iv. Debt Service Reserve Account (DSRA) equivalent to one month interest repayment to be maintained under lien with Axis Bank.

   v. Corporate guarantee of the three wholly owned operating subsidiaries viz. Vista Entertainment Private Limited, Nikmo Entertainment Private Limited and Odeon Shrine Multiplex Private Limited.

   vi. Goods procured under Letter of Credit.

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

3. Terms of repayment :

(₹ in Lacs)

Nature of Loan	Within 1 Year	More than 1 Year but less than 3 years	More than 3 Years
Term Loan	885.00	3,306.00	6,651.26
Vehicle Loan	5.97	4.16	-
Total Loan	**890.97**	**3,310.16**	**6,651.26**

33. Contingent liability pertaining to service tax on rental of immovable properties amounts to ₹ 365.92 lacs (Previous year ₹ 377.19 lacs)

34. Capital Commitments:

Estimated value of contracts remaining to be executed on capital account and not provided for, net of advances, aggregated to ₹ 269.45 lacs (Previous year ₹ 1,086.00 lacs).

35. CIF value of import in respect of capital goods purchased during the year aggregated to ₹ 35.72 lacs (Previous year ₹ 139.36 lacs).

36. Expenditure in foreign currency in relation to foreign traveling and marketing aggregated to ₹ 1.15 lacs (Previous year ₹ 3.81 lacs).

37. Auditors Remuneration:

(₹ in Lacs)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Audit fees	12.29	13.10
Other Services	-	-
Out of pocket Expenses	0.06	0.32
Total	**12.35**	**13.42**

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NOTES TO ACCOUNTS

38. 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 2012	Year ended 31 March 2011
1.	Employees Remuneration and Benefits	92.42	71.35
2.	Administrative Expenses	347.59	125.79
3.	Interest	90.52	110.06
4.	Labour / Site Expenses	22.04	31.89
5.	Legal and Professional Fees	0.06	1.59
6.	Others	70.22	12.33
	Total	**622.85**	**353.01**

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

(₹ in Lacs)

Sr. No.	Particulars	As at 31 March 2012	As at 31 March 2011
1.	Employees Remuneration and Benefits	79.67	80.68
2.	Administrative Expenses	203.87	271.27
3.	Interest	290.01	265.33
4.	Labour / Site Expenses	48.11	58.23
5.	Legal and Professional Fees	56.45	62.95
6.	Others	14.88	14.64
	Total	**692.99**	**753.10**

39. Based on the available information with the management, the Company does not owe any sum to a micro, small or medium enterprise as defined in Micro, Small and Medium Enterprises Development Act, 2006.

40. The exceptional items includes -:

(I) ₹ 202.93 lacs towards prepayment charges on account of shifting of banking facilities to avail better terms.

(ii) The Company has made provision of ₹ 365.92 lacs pertaining to service tax on Renting of Immoveable property in accordance with the Supereme Court Order dated 14 October 2011.

41. 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.

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

43. Events occurring after Balance Sheet date:

The Hon'ble High Court of Judicature at Bombay vide its order dated 9 March 2012 has sanctioned the Scheme of demerger i.e. Composite Scheme of Arrangement between the Cinemax Properties Limited (formerly known as Cinemax India Limited) and Cinemax Exhibition India Limited (CEIL) and their respective Shareholders and Creditors under Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956. 1 April 2012 and 20 April 2012 are the appointed date and effective date, respectively of the scheme. Accordingly, the Hon'ble High Court has inter alia sanctioned the following:

a) **<u>Demerger of Exhibition of Films business:</u>**

The Scheme envisages the demerger of Theatre Exhibition business of Cinemax Properties Limited (formerly known as Cinemax India Limited) into separate entity viz., Cinemax Exhibition India Limited on a going concern basis in the manner provided for in the scheme.

b) **<u>Issue and Allotment of Shares of Cinemax Exhibition India Limited (CEIL) in the ratio of 1:1.</u>**

Each individual shareholder of Cinemax India Limited (CIL) {including their respective heirs, executors, administrators or other legal representatives or the successors in title}whose name shall appear in the Register of Members of CIL as on

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NOTES TO ACCOUNTS

the Demerger Record Date i.e.18 May 2012 shall be issued and allotted shares of CEIL in the following manner:

"1 (One) fully paid Equity Share of ₹ 5 (Rupees Five) each of CEIL shall be issued and allotted for every 1 (One) fully paid Equity Share of ₹ 10 (Rupees Ten) each held in CIL."

c) **Reduction of the existing equity share capital of CEIL.**

Subsequent to allotment as prescribed in Note 14 (b) above, the existing 100,000 equity shares of ₹ 5 (Rupees Five) each of the Company will be cancelled. This reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Companies Act, 1956.

d) **Name change of the Company:**

Pursuant to Scheme of arrangement name of "Cinemax India Limited" changed to "Cinemax Properties Limited" with effect from 9 May 2012.

44. Previous year comparatives:

Till the year end 31 March 2011, the Company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised schedule VI, notified under the Companies Act, 1956, has become applicable to the Company. The Company has accordingly reclassified previous year figures to confirm to this year classification.

For and on behalf of the Board of Directors

Rasesh B. Kanakia	**Himanshu B. Kanakia**	**Jatin J. Shah**
Chairman	Managing Director	Company Secretary

Place : Mumbai
Date : 24 May 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956

(₹ in Lacs)

Sr. No.	Name of the Subsidiary Company	Cinemax Exhibition India Limited	Cinemax Motion Pictures Limited	Vista Entertainment Private Limited	Growel Entertainment Private Limited	Nikmo Entertainment Private Limited	Odeon Shrine Multiplex Private Limited
1	Financial Year ended on	31/3/2012	31/3/2012	31/3/2012	31/3/2012	31/3/2012	31/3/2012
2	Date from Which it became a subsidiary	9/30/2011	22/04/2008	21/12/2004	4/1/2006	4/1/2006	10/1/2010
3	Extent of Holding Company's interest in the subisdiary Company	1,00,000 shares of ₹ 5/- each	50,000 shares of ₹ 10/- each	1,01,000 shares of ₹ 100/- each	10,000 shares of ₹ 10/- each	10,020 shares of ₹ 10/- each*	10,000 shares of ₹ 10/- each
	Extent of Holding	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
4	Net agrregate 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	(15.84)	(131.78)	205.46	(2.00)**	169.63	40.09
	b) For the previous years since it became a subsidiary	NA	(273.41)	2762.99	(5.20)**	648.14	(4.35)
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	NIL
	b) For the previous years since it became a subsidiary	Nil	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

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date: 24 May 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of Cinemax Properties Limited (formerly known as Cinemax India Limited)

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

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 whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

4. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:

   i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;

   ii) the Consolidated Statement of Profit and Loss, 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 : 24th May 2012

Consolidated Balance Sheet as at 31 March 2012

(₹ in Lacs)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	5	**2,800.00**	2,817.02
Reserves and Surplus	6	**14,668.66**	14,318.28
Non Current Liabilities			
Long Term Borrowings	7	**9,961.42**	6,377.66
Deferred Tax Liabilities (Net)	8	**-**	63.15
Long Term Provisions	9	**156.18**	85.87
Current Liabilities			
Short Term Borrowings	10	**2,523.78**	3,450.17
Trade Payables		**2,354.58**	1,301.95
Other Current Liabilities	11	**2,730.91**	4,293.39
Short Term Provisions	12	**2,324.16**	1,513.10
Total		**37,519.69**	34,220.59
ASSETS			
Non Current Assets			
Tangible Assets	13	**24,244.10**	21,635.53
Intangible Assets	14	**-**	-
Goodwill on Consolidation		**42.25**	42.25
Capital work-in-progress		**2,387.65**	3,964.37
Non Current Investments	15	**78.38**	62.04
Deferred Tax Assets (Net)	8	**616.71**	-
Long Term Loans and Advances	16	**3,712.26**	3,437.68
Other Non Current Assets	17	**82.65**	118.37
Current Assets			
Inventories	18	**284.62**	80.82
Trade Receivables	19	**1,131.31**	954.06
Cash and Bank Balances	20	**616.09**	795.91
Short Term Loans and Advances	21	**4,323.67**	3,129.56
Total		**37,519.69**	34,220.59

Note 1 to 44 forms an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 24 May 2012

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 24 May 2012

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

(₹ in Lacs)

Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
REVENUE			
Revenue from Operations	22	**28,584.43**	19,187.87
Other Income	23	**454.37**	552.88
Total Revenue		**29,038.80**	19,740.75
EXPENSES			
Operating Expenses	24	**16,993.93**	10,763.66
Employee Benefits Expenses	25	**2,555.97**	1,879.01
Other Expenses	26	**5,379.30**	3,569.85
Finance Costs	27	**1,513.38**	1,111.55
Depreciation and Amortisation Expenses		**2,137.86**	1,912.59
Total Expenses		**28,580.44**	19,236.66
Profit before Exceptional Items and Tax		**458.36**	504.09
Exceptional Items	40	**678.39**	-
Profit / (Loss) before Tax		**(220.03)**	504.09
Tax Expense :			
Current Tax (including Wealth Tax)		**82.82**	202.49
Deferred Tax Credit		**(679.86)**	(103.68)
MAT Credit Entitlement		**26.43**	(140.09)
Profit after Tax		**350.58**	545.37
Earnings per Equity Share	31		
(1) Basic		**1.25**	1.95
(2) Diluted		**1.25**	1.95
Note 1 to 44 forms an integral part of the financial statements			

This is the Statement of Profit and Loss referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 24 May 2012

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 24 May 2012

Consolidated Cash Flow Statement for the year ended 31 March 2012

(₹ in Lacs)

		Year ended 31 March 2012	Year ended 31 March 2011
Cash flow from Operating Activities			
Profit / (Loss) before Tax		(220.03)	504.09
Adjustments for non cash transactions			
Depreciation / Amortisation		2,137.86	1,912.59
Provison no longer required written back		(150.66)	(232.57)
Profit on sale of Fixed Assets		-	(34.10)
Loss on sale of Fixed Asset		211.20	-
Sundry Balance written off		0.90	29.27
Sundry Balances written back		(49.31)	(127.63)
Advances written off		75.00	-
Assets written off		36.74	-
		2,041.70	**2,051.65**
Items considered sepretaly			
Interest Expenses		1,473.22	1,065.97
Loan Processing Charges		28.55	-
Interest Income		(36.57)	(14.71)
		1,465.20	**1,051.26**
Operating Profit before Working Capital Changes		**3,506.90**	**3,102.91**
Adjustments for :			
(Increase) / Decrease in Working Capital			
(Increase) in Inventories		(203.80)	(23.25)
(Increase) in Trade Receivables		(178.15)	(274.29)
Increase in Trade Payables		1,052.63	403.15
Decrease / (Increase) in Long Term Loans and Advances		81.93	(353.61)
(Increase) in Short Term Loans and Advances		(1,194.10)	(410.64)
Increase in Long Term Liabilities and Provisions		70.31	84.44
Increase in Other Current Liabilities and Provisions		1,342.52	101.88
Net Changes in Working Capital		**971.34**	**(472.32)**
Income Taxes Paid		(285.14)	3.34
Net Cash generated from Operation	**(A)**	**4,193.10**	**2,633.93**
Cash flow from Investing Activities			
Purchase of Tangible Assets		(3,515.47)	(4,796.31)
Proceeds from sale of Fixed Assets		134.00	40.00
Interest Received		31.33	11.03
Purchases of non Current Investments		(11.10)	(25.47)
Net Cash used in Investing Activities	**(B)**	**(3,361.24)**	**(4,770.75)**
Cash flow from Financing Activities			
Interest Paid		(1,473.22)	(1,065.97)
Finance Charges		(240.69)	-
Dividend Paid (including dividend distribution tax)		(1.19)	(390.95)
(Repayment)/Proceeds from Short Term Borrowings		(926.39)	714.50
Proceeds from Long Term Borrowings		1,611.11	3,157.61
Redemption of Preference Shares		(17.02)	-
Net Cash generated from/(used in) Financing Activities	**(C)**	**(1,047.40)**	**2,415.19**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**(215.54)**	**278.37**
Cash and Cash Equivalents at the beginning of the year		914.28	635.91
Cash and Cash Equivalents at the end of the year		698.74	914.28
Net Increase/(Decrease) as disclosed above		**(215.54)**	**278.37**

Notes:

1. Cash and cash equivalents as at year end includes:			
a. Fixed deposits pledged with the Banks/Government Authorities		247.31	128.22
b. Unpaid Share Application Money		4.53	4.53
c. Unclaimed Dividend		6.53	6.55
	Total	**258.37**	**139.30**

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

This is the Cash Flow Statement referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 24 May 2012

For and on behalf of the Board of Directors

Rasesh B.Kanakia
Chairman

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary
Place: Mumbai
Date: 24 May 2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. The Group and nature of operations

Cinemax Properties Limited (formerly known as 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), Cinemax Exhibition India Limited (CEIL) 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 31 July 2017, 25 January 2016 and 31 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 Properties Limited (formerly known as 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.

v. 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 Entertainment Private Limited *	Subsidiary	India	100
Cinemax Motion Pictures Limited	Subsidiary	India	100
Odeon Shrine Multiplex Private Limited	Subsidiary	India	100
Cinemax Exhibition India 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. 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.

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

vi. Interest income 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 recognised 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.

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 Statement of Profit and Loss 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:

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

ii. Stock of 3D glass is valued at cost arrived on first-in-first out basis and is amortised over its useful life.

g. Borrowing Costs:

Borrowing Costs incurred on constructing or acquiring a qualifying asset are capitalised as cost of that

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NOTES TO ACCOUNTS

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 Statement of Profit and Loss.

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 Statement of Profit and Loss in the year in which they arise.

i. 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 benefits plan is accounted for on the basis of an independent actuarial valuation done at the year end and actuarial gains / losses are charged to the Statement of Profit and Loss.

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.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws gives rise to future economic benefits in the form of adjustments of future income tax liability. The same is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT credit is recognised as an asset in the balance sheet when it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

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.

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 recognised as an expense in the Statement of Profit and Loss.

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.

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NOTES TO ACCOUNTS

(₹ in Lacs)

NOTE 5: SHARE CAPITAL	As at 31 March 2012	As at 31 March 2011
Authorised:		
40,000,000 (Previous year 40,000,000) Equity shares of ₹ 10 each	4,000.00	4,000.00
250,000 (Previous year 250,000) Preference shares of ₹ 10 each	25.00	25.00
	4,025.00	**4,025.00**
Issued, Subscribed and Fully paid up:		
Equity Shares		
Equity shares of ₹ 10 each	2,800.00	2,800.00
Preference Shares		
5% Non-Cumulative Redeemable Preference shares of ₹ 10 each	-	17.02
Total	**2,800.00**	**2,817.02**

NOTE 5(a): RECONCILIATION OF SHARE CAPITAL	Amount (₹ in Lacs)	Number
Equity Share Capital:		
As at 31 March 2012		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
	2,800.00	**28,000,000**
As at 31 March 2011		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
	2,800.00	**28,000,000**
Preference Share Capital:		
As at 31 March 2012		
Balance at the beginning of the year	17.02	170,160
Less: Redemption during the year	17.02	170,160
	-	-
As at 31 March 2011		
Balance at the beginning of the year	17.02	170,160
Less: Redemption during the year	-	-
	17.02	**170,160**

NOTE 5(b): SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES	Number of Shares held	% of Holding
As at 31 March 2012:		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,368,424	33.46
ICICI Prudential Life Insurance Company Limited	1,876,448	6.70
As at 31 March 2011:		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,193,424	32.83
ICICI Prudential Life Insurance Company Limited	1,876,448	6.70

NOTE 5 (c): DETAILS OF ALLOTMENT OF BONUS SHARES	Year	Aggregate Number of Shares
Equity Shares:		
Issue of Fully paid up shares by way of bonus	2008-09	15,000,000

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NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 6: RESERVES AND SURPLUS		
Capital Redemption Reserve		
Opening Balance	-	-
Add: Transferred during the year	17.02	-
Closing Balance	**17.02**	**-**
Securities Premium Account		
Opening Balance	9,516.46	9,516.46
Add: Securities Premium credited	-	-
Less: Premium utilised	-	-
Closing Balance	**9,516.46**	**9,516.46**
General Reserve		
Opening Balance	72.12	72.12
Less: Written back during the year	(17.02)	-
Closing Balance	**55.10**	**72.12**
Surplus		
Opening Balance	4,729.70	4,185.32
Add: Surplus as per Statement of Profit and Loss	350.58	545.37
Less: Dividend paid	(0.17)	(0.85)
Less: Tax on dividends distributed during the year	(0.03)	(0.14)
Closing Balance	**5,080.08**	**4,729.70**
Total	**14,668.66**	**14,318.28**
NOTE 7: LONG TERM BORROWINGS		
Secured (Refer Note 32):		
Term Loans		
- From Banks	9,957.26	6,367.53
Vehicle Loans	4.16	10.13
Total	**9,961.42**	**6,377.66**
Note : There is no default, continuing or otherwise, as at the balance sheet date, in repayment of any of the above loans		
NOTE 8: DEFERRED TAX ASSETS (NET)		
Liability		
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	(1,301.14)	(1,267.57)
Total Deferred Tax Liability (A)	**(1,301.14)**	**(1,267.57)**
Assets		
Provision for doubtful debts	4.35	4.35
Gratuity	40.49	23.53
Compensated Absences	14.90	9.11
Bonus payable	9.66	7.27
Provision for rent	69.03	63.24
Depreciation loss	1,779.42	1,096.92
Total Deferred Tax Assets (B)	**1,917.85**	**1,204.42**
Deferred Tax Assets / (Liabilities) (A-B)	**616.71**	**(63.15)**

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NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 9: LONG TERM PROVISIONS		
Provision for Employee Benefits		
Gratuity	115.21	65.64
Compensated Absences	40.97	20.23
Total	**156.18**	**85.87**
NOTE 10: SHORT TERM BORROWINGS		
Secured:		
Working Capital Loans repayable on demand (Refer Note 32)	2,523.46	3,236.85
Unsecured:		
Loans and advances from Related Parties (repayable on demand)		
- Directors	-	213.00
- Others	0.32	0.32
Total	**2,523.78**	**3,450.17**
Note: There is no default, continuing or otherwise, as at the balance sheet date, in repayment of any of the above loans.		
NOTE 11: OTHER CURRENT LIABILITIES		
Current Maturities on Long term debt (Refer Note 32)		
Term Loan from Bank	885.00	2,856.60
Vehicle Loans	5.97	7.03
Advances from Customers	92.73	106.81
Unpaid Dividend	6.53	6.55
Application money received for allotment of securities and due for refund	4.53	4.53
Deposits Received	222.71	237.76
Other Payables		
Statutory Dues	285.84	254.63
Expense Payable (capital items)	473.46	349.47
Expense Payable (projects)	323.97	470.01
Temporary Overdraft as per Books of Accounts	430.17	-
Total	**2,730.91**	**4,293.39**
NOTE 12: SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Salary, Wages and Bonus	244.22	169.13
Contribution to Provident Fund	2.73	5.34
Gratuity	15.39	10.14
Compensated Absences	7.11	9.11
Others		
Expense Payable	1,388.45	731.83
Provision for Dividend Distribution Tax	-	0.14
Provision for Dividend on Preference Shares Liabilities	-	0.85
Provision for Taxation (Net of Advance Tax)	666.26	586.56
Total	**2,324.16**	**1,513.10**

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NOTES TO ACCOUNTS

NOTE 13 : TANGIBLE ASSETS (Refer Note 32)

(₹ in Lacs)

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2011	Additions during the year	Deletion / Adjustment	As at 31 March 2012	Upto 31 March 2011	During the year	Deletion / Adjustment	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Land - Freehold	1,971.68	-	-	1,971.68	-	-	-	-	1,971.68	1,971.68
Leasehold Improvements	4,100.29	1,455.31	77.12	5,478.48	1,205.25	408.84	10.51	1,603.58	3,874.90	2,895.04
Theatre Buildings	5,641.54	55.96	-	5,697.50	1,127.31	189.56	-	1,316.87	4,380.63	4,514.23
Plant and Equipments										
Theatre Equipments and Fittings	4,509.62	999.65	507.80	5,001.47	1,364.55	353.13	141.87	1,575.81	3,425.66	3,145.07
Other Plant and Equipments	1,745.96	806.41	67.59	2,484.78	225.95	107.38	0.58	332.75	2,152.03	1,520.01
Furniture, Fixtures and Office Equipments										
Theatre Furniture and Fixtures	5,545.34	384.15	61.34	5,868.15	1,492.87	541.60	3.03	2,031.44	3,836.71	4,052.47
Other Furniture, Fixtures and Office Equipments	2,312.69	1,576.33	121.76	3,767.26	559.29	290.18	0.92	848.55	2,918.71	1,753.40
Computers	828.68	158.65	15.82	971.51	443.81	149.72	4.49	589.04	382.47	384.87
Vehicles	168.91	-	-	168.91	88.37	16.09	-	104.46	64.45	80.54
Wind Energy Generator	1,536.70	-	-	1,536.70	218.48	81.36	-	299.84	1,236.86	1,318.22
Total	**28,361.41**	**5,436.46**	**851.43**	**32,946.44**	**6,725.88**	**2,137.86**	**161.40**	**8,702.34**	**24,244.10**	**21,635.53**
Previous Year	**25,538.97**	**2,920.45**	**98.01**	**28,361.41**	**4,855.89**	**1,874.42**	**4.43**	**6,725.88**	**21,635.53**	**-**

NOTE 14: INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2011	Additions during the year	Deletion / Adjustment	As at 31 March 2012	Upto 31 March 2011	During the year	Deletion / Adjustment	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011
Goodwill	190.84	-	-	190.84	190.84	-	-	190.84	-	-
Distribution Rights	682.50	-	-	682.50	682.50	-	-	682.50	-	-
Total	**873.34**	**-**	**-**	**873.34**	**873.34**	**-**	**-**	**873.34**	**-**	**-**
Previous Year	**873.34**	**-**	**-**	**873.34**	**835.17**	**38.17**	**-**	**873.34**	**-**	**-**

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 15: NON CURRENT INVESTMENTS		
Long term, unquoted, unless otherwise stated		
In Government Securities		
National Savings Certificates [including accrued interest ₹ 5.23 lacs (Previous year ₹ 3.68 lacs)]	77.93	61.59
(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 ₹ 10 each, fully paid-up	0.20	0.20
2,500 Equity shares of Saraswat Co-Op. Bank Limited of ₹ 10 each, fully paid-up	0.25	0.25
Total	**78.38**	**62.04**
NOTE 16: LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	69.20	239.54
Security Deposits		
Unsecured, considered good	3,643.06	3,198.14
Doubtful	40.54	40.54
Less: Provision for Doubtful Deposits	(40.54)	(40.54)
	3,643.06	**3,198.14**
Total	**3,712.26**	**3,437.68**
NOTE 17: OTHER NON CURRENT ASSETS		
Non Current Bank Balance		
- Fixed Deposit Accounts	82.65	118.37
(Pledged with Banks / Government Authorities)	-	-
Total	**82.65**	**118.37**
NOTE 18: INVENTORIES (as certified by the management)		
Finished Goods	128.07	80.82
3 D Glasses	156.55	-
Total	**284.62**	**80.82**

Note: Finished goods and stock in trade of 3D Glasses are valued at cost or net realisable value, whichever is lower.

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
NOTE 19: TRADE RECEIVABLES		
Trade Receivables outstanding for a period less than six months from the date they are due for payment :		
Unsecured, considered good *	840.33	679.39
	840.33	**679.39**
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good *	290.98	274.67
Unsecured, considered doubtful	14.07	14.07
	305.05	**288.74**
Less: Provision for doubtful debts	14.07	14.07
	290.98	**274.67**
Total	**1,131.31**	**954.06**
*Includes dues from Company under the same management		
Cine Café Services	1.35	1.33
Kanakia Hospitality Private Limited	-	7.72
Kanakia Spaces Private Limited	3.87	-
NOTE 20: CASH AND BANK BALANCES		
Cash in hand (including cheques on hand)	116.42	52.23
Balances with Scheduled Banks		
-in Current Accounts	323.96	722.75
-in Unclaimed Dividend Accounts	6.53	6.55
-in Share Application Money Refund Account	4.53	4.53
-in Fixed Deposit Accounts having maturity less than 12 months	164.65	9.85
(Pledged with Banks / Government Authorities)	82.65	188.37
-in Fixed Deposit Accounts having maturity more than 12 months		
	698.74	**914.28**
Less: Amounts disclosed as Other Non Current Assets	82.65	188.37
Total	**616.09**	**795.91**
NOTE 21: SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind, or for the value to be received	1,496.16	736.16
Advance to Suppliers	723.64	840.38
Advance Tax Paid (Net of Provisions)	1,294.62	1,014.00
MAT Credit Entitlement	514	539.02
Security Deposit	295.25	-
Total	**4,323.67**	**3,129.56**

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 22: REVENUE FROM OPERATIONS		
Sale of Services		
Sale of Tickets	23,307.21	15,385.97
Less: Entertainment Tax	4,222.25	2,500.10
	19,084.96	**12,885.87**
Rental Income		
Mall Rentals	310.45	348.31
Common Area Maintenance	108.52	118.96
	418.97	**467.27**
Advertisement Income	2,007.12	1,389.31
Income from Distribution	0.28	-
Sale of Products		
Sale of Food and Beverages	6,004.33	3,897.29
Sale of Power	172.84	145.78
Other Operating Revenues	895.93	402.35
Total	**28,584.43**	**19,187.87**
NOTE 23: OTHER INCOME		
Royalty Income	16.59	14.06
Interest Income	36.57	14.71
Profit on sale of Fixed Assets	-	35.00
Sundry balances written back	49.31	127.63
Provision no longer required written back	150.66	232.57
Other Recovery	35.00	-
Miscellaneous Income	166.24	128.91
Total	**454.37**	**552.88**
NOTE 24: OPERATING EXPENSES		
Food and Beverages Consumed		
Opening Stock	80.81	57.57
Add: Purchases	1,857.77	1,109.35
Less: Closing Stock	128.07	80.82
	1,810.51	**1,086.10**
3D Glasses Consumed		
Opening Stock	-	-
Add: Purchases	287.39	69.25
Less: Closing Stock	156.55	-
	130.84	**69.25**
Distributors' Share	7,945.93	5,145.88
Rental Expenses (Refer Note 30)	4,432.99	2,613.64
Power and Fuel	2,193.72	1,563.79
Advances written off	75.00	-
Other Operating Expenses	404.94	285.00
Total	**16,993.93**	**10,763.66**

Contd...

NOTES TO ACCOUNTS

(₹ in Lacs)

	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 25: EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus (including Directors' Remuneration)	2,205.11	1,652.58
Contribution to Provident and Other Funds	235.01	136.18
Staff Welfare	115.85	90.25
Total	**2,555.97**	**1,879.01**
NOTE 26: OTHER EXPENSES		
Travelling and Conveyance	129.13	129.78
Communication Expenses	131.29	108.23
Insurance	100.44	69.06
Rates and Taxes	958.24	683.31
License Fees	33.10	22.75
Printing and Stationery	36.35	29.55
Legal and Professional Fees	147.00	139.31
Director's Sitting Fees	5.50	4.40
Repairs and Maintenance		
- Building	93.83	61.78
- Common area maintenance	830.08	532.92
- Cleaning Charges	420.76	231.27
- Plant and Equipments	204.08	195.87
- Others	365.39	195.62
	1,914.14	**1,217.46**
Advertising and Publicity	209.67	180.37
Marketing and Sales Promotion	661.08	414.09
Auditors' Remuneration (Refer Note 36)	25.51	23.77
Assets Written off	36.74	-
Security Charges	228.60	173.35
Royalty Expenses	-	5.37
Sundry Balances written off	0.90	29.27
Loss on sale of Fixed Assets	211.20	0.90
Contract Labour Charges	243.70	100.10
Miscellaneous Expenses	308.71	238.78
Total	**5,379.30**	**3,569.85**
NOTE 27: FINANCE COSTS		
Interest		
On Term Loan	1,456.86	999.06
On Others	16.36	66.91
Finance Charges	40.16	45.58
Total	**1,513.38**	**1,111.55**

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28. Segment reporting:

Primary segment information:

The Company is organised 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)	32,215.01	418.97	172.84	0.28	32,807.10
	(21,043.10)	(467.27)	(145.78)	(-)	(21,656.15)
Inter- segment sales	-	-	-	-	-
Total revenue	32,215.01	418.97	172.84	0.28	32,807.10
	(21,043.10)	(467.27)	(145.78)	-	(21,656.15)
Segment Results	**1,248.61**	**262.97**	**91.48**	**-85.27**	**1,517.79**
	(666.94)	**(311.28)**	**(58.51)**	**(-5.79)**	**(1,030.94)**
Unallocated corporate Income					**435.95**
					(584.70)
Interest expense					**1,513.38**
					(1,111.55)
Exceptional Items					**678.39**
					(-)
Profit/(Loss) before Tax					**-220.03**
					(504.09)
Provision for taxation					**-570.61**
					(-41.28)
Net profit after tax					**350.58**
					(545.37)
Other information					
Segment assets	29,288.08	3,725.27	1,248.74	133.54	34,395.63
	(26,194.92)	(3,954.93)	(1,291.00)	(258.60)	(31,699.45)
Unallocable corporate assets					3,124.06
					(2,521.14)
Total assets					**37,519.69**
					(34,220.59)
Segment liabilities	9,363.37	43.50	-	9.95	9,416.82
	(9,890.32)	(64.93)	(-)	(8.77)	(9,964.02)
Unallocable corporate liabilities					672.79
					(743.61)
Total liabilities					**10,089.61**
					(10,707.63)
Capital Employed					**27,430.08**
					(23,512.96)

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.

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NOTES TO ACCOUNTS

29. 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. Mr. Sanjay Sanghvi
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal R. Kanakia 2. Mrs. Manisha M. Vora 3. Mrs. Hiral H. Kanakia
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Kanakia Finance And Investments Private Limited 3. R&H Property Developers Private Limited (formerly known as R AndH 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	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		356.00 (1,158.05)		
Himanshu B. Kanakia		307.00 (1,020.10)		
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)	39.60 (32.40)			
Kanakia Spaces Private Limited	1,017.07 (106.45)			
Others	14.37 (5.40)			
Advances received/ payment received (Interest free)				
Rasesh B. Kanakia		225.00 (1,231.50)		
Himanshu B. Kanakia		225.00 (1,082.85)		
Kanakia Spaces Private Limited	772.20 (294.63)			
Others	22.08 (4.89)			
Expenses incurred				
Kanakia Spaces Private Limited	22.21 (89.87)			

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Nature of Transaction	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
Expenses reimbursed				
Kanakia Spaces Private Limited	22.85 (94.28)			
Rent paid (gross)				
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)	37.24 (43.20)			
Kanakia Spaces Private Limited	261.63 (101.61)			
Advertisement income				
Kanakia Hospitality Private Limited	- (7.72)			
Deposit given				
Hiral H. Kanakia			- (1.20)	
Rupal R. Kanakia			- (1.20)	
Deposit Received				
Hiral H. Kanakia			1.20 (-)	
Rupal R. Kanakia			1.20 (-)	
Remuneration				
Rasesh B Kanakia		100.00 (100.00)		
Himanshu B Kanakia		25.00 (100.00)		
Others			6.06 (5.00)	
Balances as on March 31 2012				
Debit balances				
Kanakia Hospitality Private Limited	- (7.72)			
Cine Café Services	1.35 (1.33)			
Credit balances				
Rasesh B Kanakia		- (131.00)		
Himanshu B. Kanakia		- (82.00)		
R&H Property Developers Private Limited (formerly known as R And H Amusements And Games Private Limited)	8.44 (10.80)			
Kanakia Spaces Private Limited	19.11 (1.70)			
Others	0.32 (0.32)			

(Figures in brackets indicate previous year figures)

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NOTES TO ACCOUNTS

30. 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 2012	Year ended 31 March 2011
Lease rental payment for the year *	4,432.98	2,613.64
Future minimum lease rental payment payable		
- not later than one year	4,940.04	3,092.44
- later than one year but not later than five years	21,710.04	13,192.87
- later than five years	20,682.21	13,935.15
Total	**51,765.27**	**32,834.10**

* Debited under the head 'Rental Expenses' of Note 24 'Operating expenses'

31. 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.

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net profit after tax (₹ In lacs)	350.58	545.37
Less : Preference Dividend (inclusive of dividend distribution tax) (₹ in lacs)	0.20	0.99
Profit available for equity shareholders (₹ in lacs)	350.38	544.36
Weighted Average Number of Shares	280.00	280.00
Earning per share (₹)		
- Basic	1.25	1.95
- Diluted	1.25	1.95
Face value per share (₹)	10.00	10.00

32. Bank Borrowings:

a. Term Loans, Working Capital Loans and Non Fund Based Credit Facilities taken from Axis Bank are secured against:

i. Personal Guarantee of Mr. Rasesh B. Kanakia and Mr. Himanshu B. Kanakia.

ii. Charge on the movable fixed assets and current assets of the Company and its three wholly owned subsidiaries viz. Vista Entertainment Private Limited, Nikmo Entertainment Private Limited and Odean Shrine Multiplex Private Limited.

iii. Exclusive charge by way of mortgage of the following three properties as under:

a) Commercial Building “Eternity Mall and Multiplex” situated at plot no. 1, KH No. 312/2,313/1, Bearing Corporation House No. 22, C.S No. 1784/1, Ward No. 71, Mouje Sitabuldi, Taluka and District Nagpur.

b) Commercial Building “Cinemax” Multiplex, Eternity Mall, Teen Haat Naka, L.B.S. Marg, Thane (West) 400602.

c) Commercial Building “Cinemax” Multiplex, Wonder Mall, Kapurbawadi Junction, Ghodbunder Road, Thane (West) 400601.

iv. Debt Service Reserve Account (DSRA) equivalent to one month interest repayment to be maintained under lien with Axis Bank.

v. Goods procured under Letter of Credit.

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b. Vehicle Loans taken from various banks are secured against the vehicles taken on hire purchase and the personal guarantees of the directors.

c. Terms of repayment : (₹ in Lacs)

Nature of Loan	Within 1 Year	More than 1 Year but less than 3 years	More than 3 Years
Term Loan	885.00	3,306.00	6,651.26
Vehicle Loan	5.97	4.16	-
Total Loan	**890.97**	**3,310.16**	**6,651.26**

33. Capital Commitments

Estimated value of contracts to be executed on capital account and not provided for aggregated to ₹ 269.45 lacs (Previous year ₹ 1,086.00 lacs)

34. CIF value of import in respect of capital goods purchased during the year aggregated to ₹ 35.72 lacs (Previous year ₹ 139.36 lacs).

35. Expenditure in foreign currency in relation to foreign travelling and marketing aggregated to ₹ 1.15 lacs (Previous year ₹ 3.81 lacs).

36. Auditors Remuneration:

(₹ in Lacs)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Audit fees (including service tax)	23.45	23.45
Out of pocket Expenses	0.06	0.32
Total	**23.51**	**23.77**

37. Contingent liability pertaining to service tax on rental of immovable properties amounts to ₹ 475.46 lacs (Previous year ₹ 481.02 lacs)

38. 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 2012	Year ended 31 March 2011
1	Employees Remuneration and Benefits	92.42	71.35
2	Administrative Expenses	347.59	125.79
3	Interest Expenses	90.52	110.06
4	Labour / Site Expenses	22.04	31.89
5	Legal and Professional Fees	0.06	1.59
6	Others	70.22	12.33
	Total	**622.85**	**353.01**

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

(₹ in lacs)

Sr. No.	Particulars	As at 31 March 2012	As at 31 March 2011
1	Employees Remuneration and Benefits	79.67	80.68
2	Administrative Expenses	203.87	271.27
3	Interest	290.01	265.33
4	Labour / Site Expenses	48.11	58.23
5	Legal and Professional Fees	56.45	62.95
6	Others	14.88	14.64
	Total	**692.99**	**753.10**

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NOTES TO ACCOUNTS

39. Based on the available information with the management, the Company does not owe any sum to a micro, small or medium enterprise as defined in Micro, Small and Medium Enterprises Development Act, 2006.

40. The exceptional items includes -:

(i) ₹ 202.93 lacs towards prepayment charges on account of shifting of banking facilities to avail better terms.

(ii) The Company has made provision of ₹ 475.46 lacs pertaining to service tax on Renting of Immoveable property in accordance with the Supereme Court Order dated 14 October 2011.

41. 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.

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

43. Events occuring after Balance Sheet date:

The Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012 has sanctioned the Scheme of demerger i.e. Composite Scheme of Arrangement between the Cinemax Properties Limited (formerly known as Cinemax India Limited) and Cinemax Exhibition India Limited (CEIL) and their respective Shareholders and Creditors under Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956. 1 April 2012 and 20 April 2012 are the appointed date and effective date, respectively of the scheme. Accordingly, the Honorable High Court has inter alia sanctioned the following:

a) <u>Demerger of Exhibition of Films business:</u>

The Scheme envisages the demerger of Theatre Exhibition business of Cinemax Properties Limited (formerly known as Cinemax India Limited) into separate entity viz., Cinemax Exhibition India Limited on a going concern basis in the manner provided for in the scheme.

b) <u>Issue and Allotment of Shares of Cinemax Exhibition India Limited (CEIL) in the ratio of 1:1.</u>

Each individual shareholder of Cinemax India Limited (CIL) {including their respective heirs, executors, administrators or other legal representatives or the successors in title} whose name shall appear in the Register of Members of CIL as on the Demerger Record Date i.e.18 May 2012 shall be issued and allotted shares of CEIL in the following manner:

"1 (One) fully paid Equity Share of ₹ 5 (Rupees Five) each of CEIL shall be issued and allotted for every 1 (One) fully paid Equity Share of ₹ 10 (Rupees Ten) each held in CIL."

c) <u>Reduction of the existing equity share capital of CEIL.</u>

Subsequent to allotment as prescribed in Note 14 (b) above, the existing 100,000 equity shares of ₹ 5 (Rupees Five) each of the Company will be cancelled. This reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Companies Act, 1956.

d) <u>Name change of the Company:</u>

Pursuant to Scheme of arrangement name of "Cinemax India Limited" changed to "Cinemax Properties Limited" with effect from 9 May 2012.

44. Previous year comparatives:

Till the year end 31 March 2011, the Company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its consolidated financial statements. During the year ended 31 March 2012, the revised schedule VI, notified under the Companies Act, 1956, has become applicable to the Company. The Company has accordingly reclassified previous year figures to confirm to this year classification.

For and on behalf of the Board of Directors

Rasesh B. Kanakia	**Himanshu B. Kanakia**	**Jatin J. Shah**
Chairman	Managing Director	Company Secretary

Place : Mumbai
Date : 24 May 2012

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 Exhibition India Limited 100%	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	5.00	101.00	1.00	1.00
2	Reserves & Surplus	(15.84)	(405.19)	2,968.45	853.42	35.74
3	Total Assets	5.00	135.56	4,127.31	1,483.89	318.72
4	Total Liabilities (Excluding 1 & 2)	15.84	535.75	1,057.86	629.47	281.98
5	Investments	Nil	Nil	Nil	Nil	Nil
6	Turnover	Nil	1.53	2,389.27	1,286.66	858.82
7	Profit/(loss) Before tax	(15.84)	(105.81)	303.84	176.80	(56.09)
8	Provision for taxation	-	(25.97)	98.38	9.17	(96.18)
9	Profit/(loss) After tax	(15.84)	(131.78)	205.46	167.63	40.09
10	Proposed Dividend	Nil	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

Himanshu B. Kanakia
Managing Director

Jatin J. Shah
Company Secretary

Place : Mumbai
Date : 24 May 2012

CINEMAX PROPERTIES LIMITED
(FORMERLY KNOWN AS CINEMAX INDIA LIMITED)

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