CINEMAX

ANNUAL REPORT 2012-13

PDF processed with CutePDF evaluation edition www.CutePDF.com

BOARD OF DIRECTORS

Mr. Ajay Bijli	Managing Director
Mr. Sanjeev Kumar	Director
Ms. Renuka Ramnath	Director
Mr. Ravinder Singh Thakran	Director
Mr. Sanjai Vohra	Director
Mr. Sanjay Khanna	Director
Mr. Vikram Bakshi	Director
Mr. Amit Burman	Director

COMPANY SECRETARY & COMPLIANCE OFFICER
Ms. Harshada N. Eklahare

STATUTORY AUDITORS
Walker, Chandiok & Co.
Chartered Accountants,
16th Floor, Tower -II, India Bulls,
Finance Center, S.B. Marg,
Elphinstone (W), Mumbai- 400013

REGISTRARS & SHARE TRANSFER AGENTS
Sharepro Services India Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Andheri (E), Mumbai-400072

REGISTERED OFFICE
215 Atrium, 10th Floor, Opp. Divine School,
J.B. Nagar, Andheri Kurla Road, Andheri (E),
Mumbai- 400093.
Tel No. 022-67268888
Fax No: - 022-67268899
Website: - www.cinemax.co.in

BANKERS
Axis Bank Limited
The Jammu & Kashmir Bank Limited
State Bank of India
HDFC Bank Limited
ICICI Bank Limited

CONTENTS

DIRECTORS' REPORT

To,
The Members of
CINEMAX INDIA LIMITED
(Formerly known as Cinemax Exhibition India Limited)

Dear Shareholders,

Your Directors have pleasure in presenting the 2nd Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended March 31, 2013.

Financial Highlights

(Rs. In Lakhs)

	2012-13	Period from 30.09.2011 to 31.03.2012
Income from Operations	**35,422.57**	**-**
Other Income	**497.90**	**-**
Total	**35,920.47**	**-**
Less: Expenditure	28,842.18	15.84
Earnings before depreciation/ amortization interest and tax (EBDITA)	**7078.29**	**(15.84)**
Less : Depreciation & Amortization Expenses	1911.14	**-**
Finance Cost	1219.44	-
Profit before Exceptional Item & Tax	**3947.71**	**(15.84)**
Exceptional Item	751.71	-
Provision for Tax Credit/ (Expense) (net)	722.78	-
Net Profit after Tax	**2473.22**	**(15.84)**
Earnings/(losses) per share		
Basic	**8.83**	**(15.84)**
Diluted	**8.83**	**(15.84)**

FINANCIAL REVIEW:

During the Financial year ended March 31, 2013, your Company earned a total income of Rs. 359.20 Crores and a net profit of Rs. 24.73 Crores. The Revenues and Net Profits of your Company have substantially increased as compared to the previous year on account of demerger and vesting of the theatre Exhibition business of erstwhile Cineline India Limited in your Company with effect from 01st April 2012 ("the appointed date").

OPERATIONS REVIEW

Kindly refer to Management Discussion & Analysis Report covered under Corporate Governance which forms part of this Annual report for a detailed Operational Review.

DIVIDEND

With a view to plough back the profits of the Company for future operations, your Directors have thought it prudent not to recommend dividend for the financial year 2012-13.

SUBSIDIARIES

Your Company has five subsidiaries, namely, Cinemax Motion Pictures Limited, Vista Entertainment Limited, Growel Entertainment Limited, Nikmo Entertainment Limited and Odeon Shrine Multiplex Limited. Further, Nikmo Entertainment Limited is a subsidiary of Growel Entertainment Limited.

During the year under review, Vista Entertainment Private Limited, Growel Entertainment Private Limited, Nikmo Entertainment Private Limited and Odeon Shrine Multiplex Private Limited have converted themselves from Private Limited to Public Limited Company.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the Financial Year 2012-13.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India has granted a general exemption from attaching the audited accounts of the subsidiaries in the Consolidated Accounts of the Company vide General Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India.

Accordingly, your Company has decided to publish consolidated accounts for financial year 2012-13 without detailed audited accounts of its subsidiaries. However, summery containing highlights of financial results shall be provided along with published annual accounts of the Company.

FIXED DEPOSITS

During the year under review, your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975.

DEMERGER & VESTING OF THEATERE EXHIBITION BUSINESS:

The Hon'ble High Court of Judicature at Bombay vide its order dated 9th March 2012 *inter alia* demerged the Theater Exhibition Business from Cineline India Limited (Formerly known as Cinemax Properties Ltd.) and vested it in your Company on a going concern basis. The name of your Company was changed to its present name vide a fresh certificate of incorporation dated 22nd June 2012, issued by Registrar of Companies, Mumbai.

LISTING OF EQUITY SHARES

Subsequent to the aforesaid demerger, your Company listed its Equity Shares on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) effective from 18th October, 2012.

CHANGE OF MANAGEMENT:

During the year under review, PVR Limited through its wholly owned subsidiary Cine Hospitality Private Limited ("CHPL"), pursuant to a share purchase Agreement dated 29th November 2012, acquired controlling stake ie 19,394,816 Equity Shares representing 69.27% of the paid-up Capital of your Company from Kanakia family, the erstwhile promoter's of the Company. Subsequently, Cine Hospitality Private Limited (Acquirer) and PVR Limited (Person acting in Concert) in compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 acquired 66,97,189 Equity Shares representing 23.92% of the Paid-up Capital through a Open Offer from Public Shareholders of the Company. Pursuant to the aforesaid acquisitions, PVR through CHPL presently holds 93.19% the paid up capital of your Company.

Consequent to the signing of the Share Purchase Agreement with *inter alia* CHPL for the transfer of entire 69.27% equity share capital of the Company from Kanakia family to CHPL all the erstwhile directors of the Company resigned effective from 08th January, 2013.

The Company appointed Mr. Ajay Bijli, Mr. Sanjeev Kumar and Mr. Sanjay Khanna effective from 8th January 2013 whereas Ms. Renuka Ramnath and Mr. Ravinder Singh Thakran were co-opted on the Board effective from 30th January 2013. Subsequently, Mr. Vikram Bakshi, Mr. Sanjai Vohra and Mr. Amit Burman were co-opted on the Board effective from 17th January 2013, 21st March 2013 and 28th March 2013 respectively.

For the convenience of managing the corporate affairs of the Company more efficiently and smoothly the registered office of the Company is being shifted from Mumbai to New Delhi.

CORPORATE GOVERNANCE

The Company is committed to uphold the highest standards of corporate governance. Your Company strongly believes that this relationship can be strengthened through corporate fairness, transparency and accountability. Your Company complies with all the mandatory provisions of Clause 49 of the Listing Agreement.

A report on Corporate Governance, along with a Certificate from a Practicing Company Secretary is enclosed. A Certificate from Managing Director and Chief Financial Officer confirming the correctness of the financial statements, adequacy of the internal control measures as enumerated in Clause 49 of the Listing Agreement is also enclosed.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement, is presented in a separate section forming an integral part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

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

iii. That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That they had prepared the annual accounts for the Financial Year ended 31st March, 2013 on a going concern basis.

AUDITORS REPORT

The Auditor's of the Company vide Clause (ix)(a) of the annexure to the Audit Report have stated that ESIC and Service Tax have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.

In this regard it is hereby clarified that delay in depositing of ESIC for more than 6 months was on account of non availability of Registration No. under ESIC sub code for on line payment for Company's Pune Inorbit Multiplex. However, the Company in due course has obtained the ESIC sub code for the said unit and has duly deposited the overdue amount of ESIC with the appropriate authorites.

Further, the delay in deposit of Service Tax towards Hindustan Coke's outstanding was on account of delay in receipt of payment from them. Similarly, in few other cases, there was delay in deposit of Service Tax pertaining to convenience fees income. However, in all such cases the outstanding amount has been duly deposited with the Service Tax authorities on 26th April 2013 and proper system has been put in place to ensure timely compliances.

APPOINTMENT OF STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Walker, Chandiok & Co., Chartered Accountants, vide their letter dated 3rd June 2013 have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Board of Directors of the Company recommends the appointment of M/s. S.R. Batliboi & Co., LLP, as the Statutory Auditors of the Company at the ensuing Annual General Meeting to hold office up to the conclusion of next Annual General Meeting. M/s. S.R. Batliboi & Co., LLP have confirmed that their reappointment if made shall be within the limits of Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

A statement giving details of Conservation of Energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given as Annexure - I hereto and forms part of this report.

PARTICULARS OF EMPLOYEES

The information as required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in Annexure 'II' to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information.

Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from Clients, Vendors, Financial Institutions, Bankers, Business Associates and various Governmental, as well as Regulatory Agencies for their valuable support. Your Directors also wish to place on record their appreciation for the contribution made by the employees.

For and on behalf of the Board

Place: Gurgaon, Haryana
Date: 7th June 2013

Ajay Bijli
Chairman

ANNEXURE – I TO DIRECTORS REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217(1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as mentioned herein below:

i) Conservation of Energy

Energy conservation measures taken:

- Power factor is being maintained above 0.95 with the use of capacitor banks. These banks are used to neutralize the inductive current by providing capacitive current. As a result a power factor improves and gets rebate applicable on energy bills from Electricity Distribution Companies.
- Switching on/off procedure is being followed for entire lighting and other load within the premises. Timers are being used to ensure this.
- The air conditioning system preventive maintenance routine services are monitored to make the system efficient. Also regulation of the AHU timings for proper utilization has further helped in saving electricity consumption.
- All the new fittings are with CFL or energy saver which uses less electrical power as compared to old GL lamps.
- Temperature sensors are being put in Audi's for better control on AC.
- Seat lights of LED's are used in place of GSL light to save energy.
- Outside consultants have been appointed to suggest energy saving measures over and above the existing system. They will suggest on optimization of energy distribution, Lux level of various areas, design aspects of electrical and HVAC system etc. so that other aspects of energy conservation and equipment efficiency can be maintained.
- Installed Variable Frequency Drives (VFD) for various Air Handling Units (AHU's) to conserve energy.
- Close monitoring of AC Plant, AHU's, pumps, running hours by installation of Running Hours Meters & Energy Meters.
- Building Signage with LED's based Technology to save energy and longer life span.
- Postal windows in all cinemas having copper chokes have been replaced with electronic ballast to conserve energy and to enhance the light of tube lights and also reduce the numbers of tube lights from 4 to 2 in each poster window to conserve Energy.

ii) Technology Absorption:

Since the Company has no subsisting Technology Agreement hence not applicable.

iii) Foreign Exchange Earnings & Outgo

	March 31,2013 (Rs.) In Lakhs	**March 31,2012** (Rs.) In Lakhs
Earnings in foreign currency (on accrual basis)	NIL	NIL
Total	**NIL**	**NIL**
CIF Value of Imports	28.57	**NIL**
Total	**28.57**	**NIL**

For and On behalf of the Board

Place: Gurgaon, Haryana
Date : 7th June 2013

Ajay Bijli
Chairman

Annexure II to the Directors Report
Detail of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the listing Agreement)

Name of Director	Date of Birth	Qualification	Nature of Expertise in specific Functional Areas	Board Membership in other Companies as on 31.03.2013	Chairman/ Members/of Committees of the Board of Directors of the Company as on 31.03.2013	Chairman/ Members of Committees of the of Board Directors of other Companies as on 31.03.2013	No. of Shares held in the Company as on 31.03.2013
Mr. Ajay Bijli	9/2/1967	B.Com. from Hindu College, Delhi University and Owners President Management Progam from Harward Business School.	23 years of experience in Cinema Exhibition Business	PVR Ltd. Priya Exhibitors Pvt. Ltd. Bijli Investment Pvt. Ltd. ATC Carriers Pvt. Ltd. The Amritsar Transport Co. Pvt. Ltd. PVR Pictures Ltd. Kriros Private Ltd. PVR bluO Entertainment Ltd. Bijli Holdings Pvt. Ltd. PVR Leisure Ltd. Lettuce Entertain You Ltd. ODEAN Shrine Multiplex Pvt. Ltd. Cinemax Motion Pictures Ltd. Growel Entertainment Pvt. Ltd. Vista Entertainment Pvt. Ltd. Nikmo Entertainment Pvt. Ltd.	2	3	Nil
Mr. Sanjeev Kumar	1/4/1972	Bachelor's degree in finance and accounts from Salford University Manchester & MBA from London University	22 Years of experience in cinema exhibition business.	PVR Ltd. Bijli Holdings Pvt. Ltd. Priya Exhibitors Pvt. Ltd. Bijli Investments Pvt. Ltd. PVR Pictures Ltd. PVR bluO Entertainment Ltd. PVR Leisure Ltd. Lettuce Entertain You Ltd. ODEAN Shrine Multiplex Pvt. Ltd. Cinemax Motion Pictures Ltd. Growel Entertainment Pvt. Ltd. Vista Entertainment Pvt. Ltd. Nikmo Entertainment Pvt. Ltd.	1	1	Nil
Mr. Sanjay Khanna	21/04/1960	B.Com	30 years of experience in Textile trading business.	PVR Ltd.	2	1	Nil

Name of Director	Date of Birth	Qualification	Nature of Expertise in specific Functional Areas	Board Membership in other Companies as on 31.03.2013	Chairman/ Members/of Committees of the Board of Directors of the Company as on 31.03.2013	Chairman/ Members of Committees of the of Board Directors of other Companies as on 31.03.2013	No. of Shares held in the Company as on 31.03.2013
Ms. Renuka Ramnath	14/09/1961	Bachelor of Engineering and MBA from University of Mumbai & Advanced Management Program from Harward Business School	Over 25 years of Experience in Private Equity, Investment Banking and Structured Finance.	PVR Ltd. Subhiksha Trading Services Ltd. Subhiksha Retail Ltd. Multiples Alternate Asset Management Pvt. Ltd. Multiples Equity Fund Trustee Pvt. Ltd. Shri Nath G Corporate Management Services Pvt. Ltd. Arvind Ltd. Indian Energy Exchange Ltd. Mogae Media Pvt. Ltd. B2RTechnologies Pvt. Ltd.	-	-	Nil
Mr. Ravinder Singh Thakran	21/05/1963	Masters in Science and Masters in Business Administration IIM Ahmadabad.	More than 25 years of experience in various streams of business.	FAB India Overseas PvT. Ltd. PVR Ltd. PVR Leisure Ltd. LVMH Watch and Jwellery India Pvt Ltd	-	-	Nil
Mr. Vikram Bakshi	06.01.1955	B.Sc. from Delhi University	Over 25 years of Experience in Banking Industry, Private Finance and Risk Manage-ment.	Vikram Bakshi and Company Pvt. Ltd Jupitar Estates And Builders Pvt. Ltd. Bakshi Holdings Pvt. Ltd. Crescent Printing Works Pvt. Ltd. Bakshi Vikram Vikas Construcion Co. Pvt.Ltd. Connaught Plaza Restaurants Pvt. Ltd. Golden Diamond Estates Pvt. Ltd. Panita Properties Pvt. Ltd. Kalanidhi International Pvt. Ltd. Brite India Pvt. Ltd. Karmyogi Finlease Pvt. Ltd. Bee Gee Promoters Pvt. Ltd. Ascot Hotels And Resorts Pvt. Ltd. Penguin Resorts Pvt. Ltd. PVR LimitedAscot Utilities Pvt. Ltd. Acot Inns Pvt. Ltd. Arabian Sea Resorts Ltd. Canacona Condos Pvt. Ltd. Kassowlie Inn Pvt. Ltd. Jagran Prakashan Ltd. Ascot GTM Mehtab Compelx Jallandhar Pvt. Ltd. Ascot Suites and Inns Pvt. Ltd.	1	4	Nil

Name of Director	Date of Birth	Qualification	Nature of Expertise in specific Functional Areas	Board Membership in other Companies as on 31.03.2013	Chairman/ Members/of Committees of the Board of Directors of the Company as on 31.03.2013	Chairman/ Members of Committees of the of Board Directors of other Companies as on 31.03.2013	No. of Shares held in the Company as on 31.03.2013
Mr. Sanjai Vohra	5/9/1960	Science graduate from St. Stephens College, New Delhi & PGDM from IIM Ahmadabad.	Over 25 years of Experience in Banking Industry, Private Finance and Risk Manage-ment.	PVR Ltd. Pawaa Software Pvt. Ltd. PVR Leisure Ltd. PVR Limited.	-	2	Nil
Mr. Amit Burman	16/07/1969	Bachelor of Science from Lehigh University USA, Masters in Science from Columbia University, USA & MBA from Cambridge university, UK	Over 22 years of experience in various streams of businesses.	Angel Softech Pvt. Ltd. Gyan Enterprises Pvt. Ltd. Dabur India Ltd. Lite Bite Foods Pvt. LTd. Ratna Commercial Enterprices Pvt. Ltd. Chowdry Associates QH Talbros Ltd. Dabur Securities Pvt. Ltd. Oriental Structural Engineers Pvt. Ltd. Natures Bounty Wines and allied Products Pvt. Ltd. Consortium Consumercare Pvt. Ltd. H&B Stroes Ltd. A.B. Propmart Pvt. Ltd. Lite Eat Out Foods Pvt. Ltd. Jetage Infrastucture Ltd. Talbros Automotive Components Ltd. Shree Investment Pvt. Ltd. Micromax Informatics Ltd. Passionate Foods Pvt. Ltd. LBF Trading Co. Pvt. Ltd. Lite Bite Travel Foods Pvt. Ltd.	-	1	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis Section should be read in conjunction with the financial statements and notes to accounts for the period ended 31st March, 2013. This discussion contains certain forward looking statements based on current expectations, which entail various risks and uncertainties that could cause the actual results to differ materially from those reflected in them. All references to “Cinemax”, “we”, “our”, “Company” in this report refers to Cinemax India Limited and should be construed accordingly.

Industry Structure & Development

After several years of muted growth, 2011 and 2012 were exciting years for the Indian film industry. India’s domestic theatrical revenues grew at a CAGR of 23.8 percent, contributing 76 percent to the INR 112.4 billion film industry and this trend is expected to continue in the foreseeable future. Digital distribution played a significant role in increasing the reach of the industry. The industry has begun penetrating tier II and III markets and entertaining the un-served population which sits near the bottom of the pyramid. All this has been made possible by leveraging technology which allows for a movie watching experience at an affordable cost and in a secure environment.

Indian cinema has continued to enchant the Indian audience for a century now and it is expected to continue on its growth trajectory and be worth INR 193.3 billion by 2017. Domestic theatricals will continue to be the major growth driver for the industry while ancillary revenue streams will also grow rapidly albeit off a smaller base.

(Source: FICCI- KPMG Indian Media and Entertainment Report 2013)

Opportunities

Largest Industry

The Indian film industry is one of the largest globally with a history of steady growth. With films being the most popular form of mass entertainment in India, the film industry has witnessed robust double-digit growth over the past decade.

Under screened market:

India continues to be heavily under screened with 8 screens per million available, unlike in the United States, where there are 117 per million. The opportunity is huge and the exhibition industry is expanding its supply, although it is constrained in recent times by the slowdown in the growth of the commercial real estate market.

Penetration into tier II and tier III markets

Digitization has changed the face of the movie industry in a number of ways, one being simultaneous release of Indian movies on several screens, including those in tier II and tier III cities. Movie Exhibitors now see tier II and tier III cities as potential drivers of growth. With lower real estate prices in smaller towns and the leeway to launch a no frills cinema, the exhibitors are able to considerably bring down the cost per screen.

Digital dominance

Digitization has changed the landscape of Indian cinema in several ways. Widespread release of movies across several screens, curtailment of piracy, reduced cost of prints, lower storage and maintenance expenditure and release of small budget films in a cost effective manner are some advantages offered by this technology.

Over the past few years the industry has steadily shifted from releasing films with physical prints to digital distribution. The share of the digital format has increased from roughly 50 percent in 2010 to around 80-90 percent in 2012. Digital distribution has enabled films to broaden their reach and most films now garner about 60-80 percent of their revenue in the first week of release.

The main driver behind this is the huge price difference between digital and physical prints, which now makes it affordable for a distributor to release a greater number of prints for a film. Big-budget movies are now released across as many as 3,500 screens now as compared to 1,000 three years ago.

Emergence of 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. Moreover, this viewing experience cannot be readily replicated on the television and internet.

Transparency of ticket sales & In Cinema Advertising:

The industry has witnessed a marked improvement in transparency of ticket sales over the years. Systems and processes introduced by multiplex chains in addition to digitization of theatres is the key contributor. The growing penetration of digital distribution has given rise to the growth of cinema advertising, giving the advertiser the flexibility to target a captive audience in the desired region. Currently, an exhibitor’s revenue comprises 70 percent ticket sales, 20 percent food and beverage and 10 percent cinema advertising. While the proportion of each is expected to remain the same, the volume in absolute terms is expected to go up.

Distribution of Hollywood content

The distribution of Hollywood content is also evolving rapidly. 2012 proved to be a blockbuster year not only for Bollywood but also for Hollywood films in India. The share of Hollywood movies in gross box office collections increased to 8.5 percent in 2012 with total collections of INR 9.5 billion. A wider distribution network due to digitization, growth in multiplexes and robust marketing has aided the growth of Hollywood content.

Growth of Multiplexes

The exponential growth in domestic theatrical revenues can be attributed to the growth in number of screens via growth of multiplexes, coupled with increased ticket prices and delivery of robust content. In 2012, the industry added 152 new screens with major growth coming from expansion of multiplexes. Growth of the multiplex industry will be highly correlated to the level of real estate development as most players intend to grow both organically and inorganically. Organic growth of the industry will be mostly through greenfield investments as most multiplex players do not perceive value from converting single screens into multiplexes. In the short run, organic growth will be limited by the bottlenecks created due to slowing development of malls and commercial real estate.

Shortening of the movie shelf life

First week business has increased driven by the wider release and number of prints. The first week and weekend contribute almost 60-80 percent of a film's total collection. Even within the first week, the trend is getting skewed towards the weekend. Considering this, multiplex chains are experimenting with pricing strategies to maximize revenue. By adopting a differential pricing model for weekdays and weekends, they are able to maximize footfalls across the week.

Use of social media in pre-release marketing strategies

With Social Media grabbing about 25 percent of the internet surfing time in India, this medium is rather hard to ignore. India has more than 70 million social network surfers – a potentially large platform for digital marketing. These consumers are already being targeting by the film industry. Yash Chopra's Jab Tak Hai Jaan trailer received 30,000 likes in the first week of its release on YouTube, breaking records worldwide.

Threats/Risks and Mitigation Measures

Piracy

The issue of piracy remains a critical issue for the Indian film industry. However, there are some changes that have helped the industry battle this issue aggressively. A few years ago, a film reached television and home video only after six months of its theatrical release. Pirates could take advantage of this delay, and would flood the market with pirated DVDs/VCDs. Currently the theatre-to-television window has been reduced to less than 3 months. This has discouraged the business of pirated DVDs to some extent.

In this context, it is important that industries collaborate and create efficient mechanisms for content protection. With cooperation from the government and internet service providers, site-blocking measures can combat online piracy. The initiatives of Telugu film industry are a significant step in that direction. A major deterrent to piracy will come only from a change in mindset on the part of consumers.

Under-penetration of theatre screens

While India leads world averages in terms of the number of films produced each year and attendance, the under penetration of theatre screens in India remains the biggest challenge for the industry. There are just 8 screens per million people, unlike in the United States, where there are 117 per million.

Quality of Content:

Success in the film exhibition business is heavily dependent on the flow of the content and quality of content being released during the year. The success of a release can be highly unstable and seasonal, therefore impacts the performance of the business. With the advent of more and more professional entities into film production, the industry is becoming better and organized and is all set to roll out quality movies on a consistent basis thus producing quality movies for cinema goers. A film that is strong on content is well cast and marketed, can earn good returns.

Slow Development of Malls

The number of screens is highly correlated with commercial real estate development in the country, which is currently challenged due to the overall economic slowdown. At many places urban land supply is controlled by state-owned development bodies and housing boards, leaving limited space for development of malls. Restricted land supply also leads to high real estate prices. Moreover, the approval process for a multiplex is very slow and cumbersome, as it is largely controlled by the local municipalities. Obtaining a theatre operating license can take as long as 6 months in certain cases.

Ticket price controls

Ticket pricing in many states is regulated by state governments. In Tamil Nadu, single screen theatres are allowed to charge a maximum of INR 50 per ticket and multiplexes can charge a maximum of INR 120 per ticket depending on the set of facilities.

The industry expects the governments to relax regulations on fixed number of shows and cap on ticket pricing and let the exhibitors decide on the admission rates according to demand. Flexible pricing will also help to reduce black-marketing of tickets since theatre owners will have freedom to revise the rates according to the audience inflow.

Higher Tax Regime

High entertainment tax acts as a major impediment to the growth of exhibition industry, as the overall tax implication is as high as 40-50 percent in states like Maharashtra, Uttar Pradesh, Bihar and Karnataka. It is estimated that approximately 25-30 percent of the ticket sales is under reported by these theatres. Hence, it is imperative that the entertainment tax structure across the country be rationalized by bringing down rates of entertainment taxes.

Also, it will be useful to provide tax holiday benefits for infrastructural development on setting up cineplexes in tier II and tier III cities to incentivise the sector and boost growth and development of such cities.

Cable and satellite rights

Revenue from Cable and satellite (C&S) rights grew at 20 percent in 2012. With digitization likely to provide greater clarity in terms of TRPs, Video-On-Demand (VOD) services, and greater number of movie channels, the demand for all genres of films on cable and satellite platforms is expected to increase. The theatre-to-television window is reducing with movies being broadcast on television within 60 to 90 days of their theatrical release. Films such as ‘Kahaani’, ‘Ek Tha Tiger’, and ‘Son of Sardar’ were broadcasted on TV within 3 months of their release.

Reflecting a reversal of the trend of showcasing new movies on GECs, television networks are now premiering new movies back on the movie channels. They are also launching strong marketing campaigns to mark the premiere of movies.

Pay per view (PPV):

With the net DTH subscriber base growing at 18.8 percent in 2012, pay per view is expected to grow robustly over the years. The phase 2 of TV digitization is set to cover 38 cities by March 2013 (although with likely delays) and phase 3 aims to cover smaller towns and cities by November 2014. There will be considerable monetization potential for regional pay per view services. PPV will also aid the airing of parallel cinema movies, which often struggle to find slots in the exhibition space. With the emergence of new talented directors producing movies with strong storyline and inclination of Indian audience towards good quality content, PPV will be a strong driver for indian cinema.

Product wise analysis

The Revenue Growth under various heads during the year under review is summarised as under:

Revenue Growth

	Rs. In Lacs 31.03.2013
Income from Ticket Sales (Net of Entertainment Tax)	24246.40
Advertisement Income	1988.47
Rental Income	53.45
Sale of Food and Beverages	8073.89
Gaming Income	547.64
Web Booking Income	512.72
Net Operating Income	**35422.57**
Other Income	497.90
Total Income	**35920.47**

Performance of the Company

The Company’s financial performance is discussed under the head “Financial Review” in Directors Report to the Shareholders. Figures for the previous year are not available as the present theatre Exhibition business of your Company was vested with Cineline India Limited (Formerly known as "Cinemax Properties Limited").

Operating performance

1. **Footfalls & Occupancy**

   We entertained around 46.4 Lacs patrons at our cinemas during FY 2012-13. With the addition of 15-20 new screens planned in 2013-14, your Company expects a robust growth in footfalls during the current year.

2. **Future Outlook**

   Future outlook for the FY 2013-14 is positive and barring the unforseen circumstances the company's performance is expected to show continued growth.

Internal Control Systems and their adequacy

The Company has adequate internal control systems commensurate with its size and need.

M/s Ernst & Young, Chartered Accountants periodically review all control systems and assists in monitoring and upgrading the effectiveness of control systems. The Audit Committee also reviews this process.

Material Developments in Human Resources:

Recruitment & Selection

At Cinemax, we believe in hiring potential talent and develop their skills further by putting up a structured and extensive training programme to develop them of professionals who would handle patrons by providing highest level of customer services in the entertainment world.

The stern process of selection encompasses evaluating candidates based on their educational background, Skill & Industry experience. Our linkage with best education and training institutes ensures constant supply of resources that are industry trained and ready to deliver on the values that govern the organization.

Industrial Relations

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSPHY ON CORPORATE GOVERNANCE

Corporate governance is about commitment to values and ethical business conduct and includes its corporate and other structures, its culture, policies and the manner in which it deals with various 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 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 envisages the 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 functional Management of the Company.

BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2013, the Company had Eight Directors on the Board. The Board is comprised of eight Non Executive Directors out of which four are Independent Directors.

The terms of reference of the Board of Directors are in accordance with that *inter-alia* as specified in Clause 49 of the Listing Agreement and other applicable provisions of the Companies Act, 1956.

During the year under review, PVR Limited through its wholly owned subsidiary Cine Hospitality Private Limited, pursuant to a share purchase Agreement dated 29th November 2012, acquired controlling stake ie 19,394,816 Equity Shares representing 69.27% of the paid-up Capital of your Company from Kanakia family, the erstwhile promoter's of the Company and further acquired 66,97,189 Equity Shares representing 23.92% of the Paid-up Capital through a Open Offer from Public Shareholders of the Company in compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Pursuant to the aforesaid acquisitions, the Management and control of your Company now vests with PVR Limited.

Accordingly, the previous management of the Company resigned with effect from 08th January, 2013 and the Board was reconstituted as nominated by PVR Limited, the new promoters of the Company.

The composition of the Board of Directors as on 31st March 2013, the details regarding directorship/membership in Committees of public companies, attendance in last Annual General Meeting & Board Meetings held during the financial year 2012-13 are as follows:

Name of the Directors	Category	Shareholding in the Company (No. of shares) as on 31.03.2013	No. of Board Meetings attended during the financial year.	Attendance at the last AGM held on 14.06.2012	Number of other Director ships as on 31.03.2013	Number of Committee Memberships and Chairmanship in all Companies including Cinemax India Limited	
						Memberships	Chairmanships
*Mr. Rasesh Kanakia	Whole Time Director	Nil	3	P	31	2	0
*Mr. Himanshu Kanakia	Managing Director	Nil	2	P	30	1	0
*Mr. Sanjay Sanghvi	Non-Executive Director	Nil	3	P	3	0	0
*Mr. Utpal Sheth	Independent, Non-Executive Director	Nil	2	No	24	2	0
*Mr. Kranti Sinha	Independent, Non-Executive Director	Nil	3	No	4	4	8
*Mr. Girish Dave	Independent, Non-Executivze Director	Nil	1	No	13	2	-
Ajay Bijli	Promoter, Non Executive Director	Nil	1	NA	16	3	2
Sanjeev Kumar	Non Executive, Non Independent	Nil	1	NA	13	2	-
Renuka Ramnath	Non Executive, Non Independent	Nil	NA	NA	8	-	-
Ravinder Singh Thakran	Non Executive, Non Independent	Nil	NA	NA	21	-	-
Sanjai Vohra	Non Executive, Independent	Nil	NA	NA	3	2	-
Sanjay Khanna	Non Executive, Independent	Nil	1	NA	1	3	-
Vikram Bakshi	Non Executive, Independent	Nil	1	NA	27	4	1
Amit Burman	Non Executive, Independent	-	NA	NA	28	1	-

*****Resigned with effect from 8th January 2013 consequent to change of management.

Board Meetings

Board meetings are generally held at the Corporate 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 / Committee(s) to enable him to include the same in the agenda for the Board / Committee meeting(s).

Number of Board Meetings

The Board of Directors met five (5) times during the year under review as follows:

- 16th May, 2012
- 24th May, 2012
- 18th September, 2012
- 9th November, 2012
- 30th January, 2013

Remuneration paid to Directors

Executive Directors

The Executive Directors of the Company were paid the following remuneration and perquisites during the year under review:

Amount (In Rs.)

Remuneration	*Mr.Rasesh Kanakia	*Mr. Himanshu Kanakia	Mr. Ajay Bijli
Salary	Rs.1,00,00,000	Rs.1,00,00,000	Nil
Perquisites (HRA)	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Total	Rs. 1,00,00,000	Rs. 1,00,00,000	Nil

*Resigned with effect from 8th January 2013

Non Executive Directors

The following Non-Executive Directors of the Company were paid remuneration (Sitting fees) for attending meetings of the Board/Committee of the Directors as follows:

Name of the Directors	Sitting Fees (Rs.)
Mr. Sanjeev Kumar	Nil
Ms. Renuka Ramnath	Nil
Mr. Ravinder Singh Thakran	Nil
Mr. Vikram Bakshi	40000
Mr. Sanjai Vohra	Nil
Mr. Sanjay Khanna	40000
Mr. Amit Burman	Nil
*Mr. Sanjay Sanghvi	Nil
*Mr. Utpal Sheth	60000
*Mr. Kranti Sinha	60000
*Mr. Girish Dave	20,000
Total	**220000**

*Resigned with effect from 8th January 2013

The Company does not have any direct pecuniary relationship/transaction with any of its Non Executive Directors.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company which is available on the website of the Company. All the Board members and functional management one level below the Board have affirmed compliance with the said Code. A declaration signed by the Managing Director to this effect is provided elsewhere in the Annual Report.

Committees of Board:

Audit Committee

The Audit Committee presently comprises of three members namely :

Mr. Vikram Bakshi	–	Chairman
Mr. Ajay Bijli	–	Member
Mr. Sanjay Khanna	–	Member

Mr. Vikram Bakshi and Mr. Sanjay Khanna are Independent Directors. The members possess requisite 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 Chief Financial Officer, Statutory Auditors and Internal Auditors of the Company 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 discharging 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:

During the Financial year 2012-13, the Audit Committee Met twice on 18th September, 2012 and 30th January, 2013 wherein all the members were present.

Terms of References:

The powers and functions of the Audit Committee are as provided under the Listing Agreement:

Shareholders' / Investors' Grievance Committee

Composition:

The Shareholders' /Investors' Grievance Committee of the Board, comprises of three members namely:

Mr. Ajay Bijli	–	Chairman
Mr. Sanjeev Kumar	–	Member
Mr. Sanjay Khanna	–	Member

Meetings

The Committee did not held any meetings during the year under review, as no complaints were received from the investors.

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to look into the redressal of the Shareholders and investors complaints and report the same to the Investor Grievance Committee.

Remuneration Committee:

Composition

The remuneration of the Executive Directors is decided by the Remuneration Committee based on various criteria's such as Industry Benchmarks, the Company's performance vis-à-vis industry, performance/track record of the Executive Directors and is recommended 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. Vikram Bakshi	–	Chairman
Mr. Sanjai Vohra	–	Member
Mr. Sanjay Khanna	–	Member

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**:

Pay for responsibility,

Pay for performance and potential

Pay 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.

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.cinemax.co.in.

Compliances

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

The Company has an informal whistle blower policy.

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

Management Discussion and Analysis

The Management Discussion and Analysis report forms part of this Annual Report.

Code of Conduct

The Company has adopted a Code of Ethical Conduct to be complied by its senior key managerial personnel.

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 2013.

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

Resolutions passed during the year through Postal Ballot:

During the year under review, no Special Resolution was passed by way of Postal Ballot.

CEO /CFO Certification

The Certificate from Managing Director and Chief Financial Officer of the Company in terms of Clause 49 (V) of the listing agreement with the stock exchanges for the year under review as placed before the Board is enclosed at the end of this report.

Auditor's Certificate on Corporate Governance

The auditor's certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an Annexure to the Director's 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 Nav Shakti (Marathi Local) dailies having wide circulation. The results are also displayed on the website of the Company – www.cinemax.co.in.

The official news releases and presentations made from time to time to investors and financial analysts at investors meets are also displayed on the Company's website.

Details of Last year Annual General Meetings (AGM) :

Year	Venue/Location	Day and Date	Time	Special Resolutions passed
2012	215, Atrium, 10th Floor, J.B. Nagar, Andheri Kurla Road, Andheri (East). Mumbai-400059	Thursday, 14th June 2012	10.00 AM	No special resolution was passed in the last Annual General Meeting

General Shareholders Information

Next Annual General Meeting

Day and Date: Monday, 22nd July, 2013

Time : 10.00 A.M.

Venue : CINEMAX THEATRE, EAGLE'S FLIGHT,
BEHIND GURUNANAK PETROL PUMP, ANDHERI KURLA ROAD,
ANDHERI (E), MUMBAI-400059.

Financial Calendar for 2013-2014:-

	The Financial year of the company ends on every 31 March.	Tentative date(s)
i)	Un-audited results for the quarter ended June, 2013	Last Week of July 2013
ii)	Un-audited results for the quarter/half year ending September, 2013.	Last Week of October 2013
iii)	Un-audited results for the quarter/nine months ending December, 2013.	Last Week of January 2014
iv)	Audited results for the financial year March, 2013-14.	Last week of May 2014

Book Closure date:

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of 2nd Annual General Meeting in terms of Listing Agreement from 15th July, 2013 to 22nd July, 2013 (both days inclusive).

Listing

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

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

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

3) **Scrip Information:**

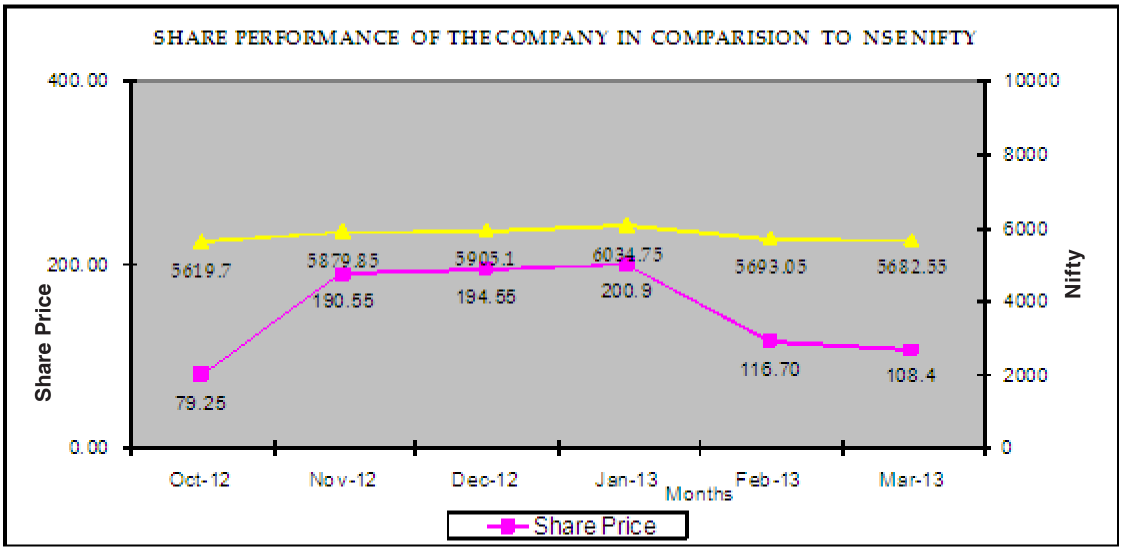
Name of the Exchange	Trading Symbol/Code
National Stock Exchange, Mumbai (NSE)	CINEMAXIN
The Bombay Stock Exchange, Mumbai (BSE)	534711
ISIN	INE460N01011

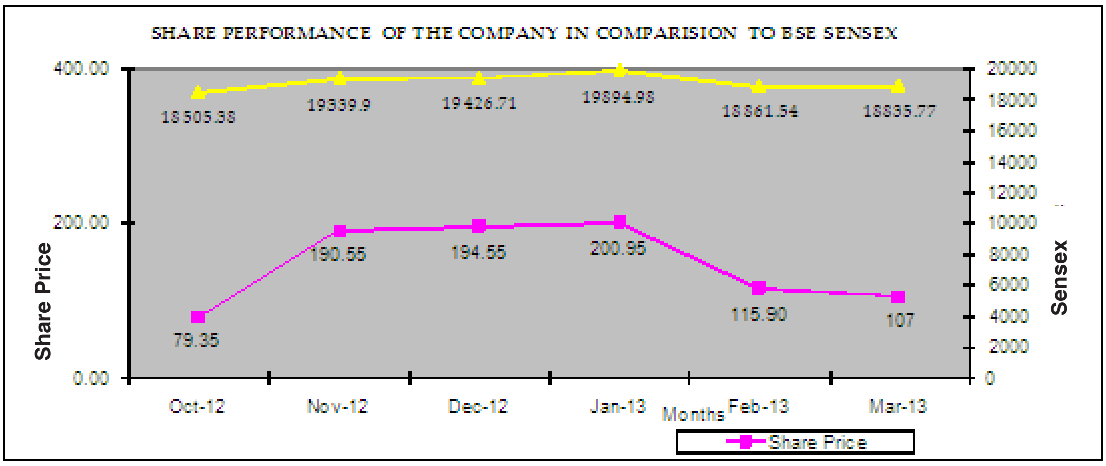
4) The Company has depository connectivity with NSDL and CDSL and has paid Annual Custodial Fees for the financial year 2013-2014.

5) The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2013-2014.

Share Price & Volume (Tables / Graphs) :

Month	BSE					NSE				
	Month's High (In Rs.)	Month's Low (In Rs.)	Volume (No. in Lacs)	Close Price	Sensex Closing	Month's High (In Rs.)	Month's Low (In Rs.)	Volume (No. in Lacs)	Close Price	Nifty Closing
Oct- 12	85.15	55.05	4.78	**79.35**	18505.38	85.70	55.35	10.95	**79.25**	5619.70
Nov-12	193.45	77.10	70.86	**190.55**	19339.90	193.60	78.25	120.33	**190.55**	5879.85
Dec-12	195.00	190.00	6.81	**194.55**	19426.71	195.00	188.40	17.32	**194.55**	5905.10
Jan-13	202.65	194.10	208.28	**200.95**	19894.98	201.45	194.50	24.22	**200.90**	6034.75
Feb-13	202.40	115.15	1.46	**115.90**	18861.54	202.25	115.05	6.11	**116.70**	5693.05
Mar-13	166.45	104.80	0.20	**107.00**	18835.77	167.20	105.00	0.59	**108.40**	5682.55





Shareholding Pattern as on 31st March 2013:

Sr. No.	Category	Holders	Total No. of shares	%
1	Clearing Member	—	—	—
2	Corporate Bodies (Promoter Co)	1	26092005	93.19%
3	Foreign Inst. Investors	—	—	—
4	Financial Institutions/Banks	2	3614	0.01%
6	Non Resident Indians (REPATRIABLE)	232	64230	0.23%
7	Non Resident Indians (NON REPATRIABLE)	46	7317	0.03%
8	Other Bodies Corporate	266	131255	0.47%
9	Individual shareholders holding nominal share capital upto Rs. 1,00,000/-	19691	1701578	6.08%
10	Relatives Of Directors	—	—	—
11	Trust	1	1	0.00%
Total		**20239**	**28000000**	**100%**

- **Distribution Schedule as of 31st March 2013:**

Distribution	No. of Shareholders	No. of Shares	% of Shareholding
Less than 500	19863	1370467	4.895%
501 -1000	242	194154	0.693%
1001-2000	84	129667	0.463%
2001-3000	23	59572	0.213%
3001-4000	9	30886	0.110%
4001-5000	9	39790	0.142%
5001-10000	7	60971	0.218%
Above 10000	2	26114493	93.266%
Total	**20239**	**2,80,00,000**	**100%**

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 Sharepro Services India Private Limited as the Registrar and Share Transfer Agents of the Company. Their correspondence address is as follows:

M/s Sharepro Services India Private Limited

13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Andheri (East), Mumbai, Maharashtra, Pin : 400 072
Ph: (022) 67720300/400. Fax: (022) 28591568

Share Transfer System:

The trading in Equity shares of the Company being in compulsory demat form, are transferable through depository system. The shares in physical form 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 15 days from the date of lodgment.

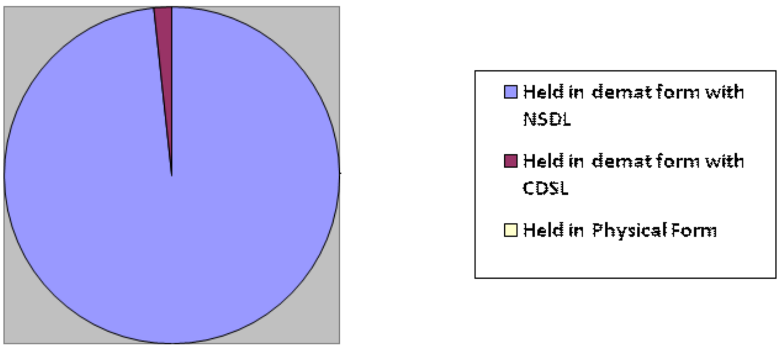
As on 31st March 2013, there was no unprocessed transfer pending.

Dematerialisation of Shares and Liquidity

The Equity Shares of the company are tradable in dematerialized form since its listing. We have entered into agreement with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate trading in dematerialized form in India.

The breakup of Equity Share capital in dematerailised form held with depositories and in physical form as on 31st March 2013 is as follows:

Sl.No.	Category	Total Shares	% to Equity
1	Physical	103	-
2	NSDL	2,74,94,713	98.20
3	CDSL	5,05,184	1.80
Total		2,80,00,000	100.00



- **ECS Mandate**

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

Registered Office

Cinemax India Limited
(Formerly Known as Cinemax Exhibition India Limited)
215 Atrium, 10th Floor,
Opp. Divine School, J.B. Nagar,
Andheri Kurla Road, Andheri- East,
Mumbai- 400059
Phones: +91 – 22 – 6726 8888
Fax: +91 – 22 – 6726 8899
Email: harshada.eklahare@cinemax.co.in Website: www.cinemax.co.in

Investor Correspondence:

Shareholders can contact the following officials:

For all shares / dividend related queries, please write to above address and super scribed with “Kind Attention: Company Secretary”

Email: harshada.eklahare@cinemax.co.in

Vice President – Finance & Accounts- Mr. Mayur Parekh

For all finance related queries, please write to above address and superscripted with “Kind Attention: Vice President – Finance & Accounts”

Email: mayur.parekh@cinemax.co.in

For and On behalf of the Board

Place: Gurgaon, Haryana
Date : 7th June 2013

Ajay Bijli
Managing Director

MD'S Declaration

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

It is hereby declared that all Board Members and senior management personnel have affirmed compliance with the Code of Conduct for the Directors and Senior Management in respect of Financial Year ended March 31, 2013.

Place: Gurgaon	**Ajay Bijli**
Date: 7th June 2013	Managing Director

MD AND CFO'S Certification

We, Ajay Bijli, Managing Director, and Nitin Sood, Chief Financial Officer of Cinemax India Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and cash flow statements for the financial year ended 31st March, 2013 and to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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;
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
   a) Deficiencies in the design or operation of internal controls, if any, which come to our notice and steps have been taken / proposed to be taken to rectify these deficiencies;
   b) Significant changes in internal control over financial reporting during the year;
   c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
   d) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurgaon	**Ajay Bijli**	**Nitin Sood**
Date: 7th June 2013	Managing Director	Chief Financial Officer

CERTIFICATE ON COMPLIANCE under Clause 49 of the Listing Agreement

To the Members of Cinemax India Limited

1. We have examined the compliance of conditions of Corporate Governance by **M/s Cinemax India Limited** for the financial year ended March 31, 2013 with the relevant records and documents maintained by the Company, furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors.

2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 opinion on the financial statements of the Company.

3. 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.

4. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place: New Delhi
Date: 7th June 2013

For **Arun Gupta & Associates**
Company Secretaries

Arun Kumar Gupta
(Proprietor)
M. No. : 21227
C.P. No.: 8003

AUDITORS' REPORT

To the Members of Cinemax India Limited (formerly known as Cinemax Exhibition India Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cinemax India Limited (formerly known as Cinemax Exhibition India Limited), (the 'Company') which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

   ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

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

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and

e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

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

per **Khushroo B. Panthaky**
Partner
Membership No.: F-42423

Place: Gurgaon
Date: 28 May 2013

Annexure to the Auditors' Report of even date to the members of Cinemax India Limited (formerly known as Cinemax Exhibition India Limited), on the financial statements for the year ended 31 March 2013.

Based upon the audit procedures performed for the purpose of reporting the 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 fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(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 between physical inventory and book records were noticed on physical verification.

(iii) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 538.67 lacs and the year-end balance is Rs. Nil.

(b) The Company has granted an interest free loan to two parties covered under Section 301 of the Act and the other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) In respect of interest free loans granted, receipt of the principal amount is regular.

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

(e) The Company has taken unsecured loans from four parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the period is Rs. 3,277.23 lacs and the year-end balance is Rs. Nil.

(f) In respect of interest free loans taken, the 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 interest free loans taken, payment of the principal amount 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 services. During the course of 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) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at 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 not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of 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 (Rs. in lacs)	Period to which the amount relates	Due Date	Date of Payment
Finance Act, 1994	Service Tax	76.58	Previous year 2012-13	Several dates	26 April 2013
ESIC Act, 1948	ESIC	0.66	Previous year 2012-13	Several dates	Several 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) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable.

(xi) In our opinion, 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 guarantee 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 investments by the Company.

(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 year covered by our audit.

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

per **Khushroo B. Panthaky**
Partner
Membership No.F-42423

Place: Gurgaon
Date: 28 May 2013

STANDALONE FINANCIAL STATEMENTS

Balance Sheet as at 31 March 2013

(Rs. in lacs)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	4	1,400.00	5.00
Reserves and Surplus	5	8,415.86	(15.84)
Non Current Liabilities			
Long Term Borrowings	6	6,547.15	-
Deferred Tax Liabilities (Net)	7	109.40	-
Other Long Term Liabilities	8	91.93	-
Long Term Provisions	9	169.06	-
Current Liabilities			
Short Term Borrowings	10	5,258.20	15.84
Trade Payables		924.29	-
Other Current Liabilities	11	1,899.65	-
Short Term Provisions	12	1,697.10	-
	Total	**26,512.64**	**5.00**
ASSETS			
Non Current Assets			
Tangible Assets	13	14,182.82	-
Capital work-in-progress		2,559.33	-
Non Current Investments	14	200.74	-
Long Term Loans and Advances	15	5,853.65	0.10
Other Non Current Assets	16	9.82	-
Current Assets			
Inventories	17	164.01	-
Trade Receivables	18	1,052.32	-
Cash and Bank Balances	19	648.22	4.90
Short Term Loans and Advances	20	1,841.73	-
	Total	**26,512.64**	**5.00**

Note 1 to 46 forms an integral part of these 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

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Statement of Profit and Loss for the year ended 31 March 2013

(Rs. in lacs)

Particulars	Note No.	Year ended 31 March 2013	Year ended 31 March 2012
REVENUE			
Revenue from Operations	21	35,422.57	-
Other Income	22	497.90	-
Total Revenue		**35,920.47**	**-**
EXPENSES			
Operating Expenses	23	21,513.08	-
Employee Benefits Expenses	24	2,880.85	-
Other Expenses	25	4,448.25	15.84
Finance Costs	26	1,219.44	-
Depreciation and Amortisation Expense		1,911.14	-
Total Expenses		**31,972.76**	**15.84**
Profit / (Loss) before Exceptional Items and Tax		**3,947.71**	**(15.84)**
Exceptional Items	36	751.71	-
Profit / (Loss) before Tax		**3,196.00**	**(15.84)**
Tax Expense :			
Current Tax (including Wealth Tax)		670.10	-
Deferred Tax		722.68	-
MAT Credit Entitlement		(670.00)	-
Profit / (Loss) after Tax		**2,473.22**	**(15.84)**
Earnings / (Losses) Per Equity Share	31		
(1) Basic		**8.83**	**(15.84)**
(2) Diluted		**8.83**	**(15.84)**
Note 1 to 46 forms an integral part of these 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

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Cash Flow Statement for the year ended 31 March 2013

(Rs. in lacs)

Particulars		Year ended 31 March 2013	Year ended 31 March 2012
Cash Flow from Operating Activities			
Profit / (Loss) before Tax		3,196.00	(15.84)
Adjustments for non cash transactions			
Depreciation / Amortisation		1,911.14	-
Assets written off		201.69	-
Provision for expenses / taxes for earlier years		59.48	-
Provision towards rent for food court		100.00	-
Provision for service tax in relation to service tax on immovable properties		329.23	-
Reversal of Entertainment Tax no longer recoverable		61.31	-
Provision for doubtful debts		67.60	-
Provision for doubtful advances		45.58	-
Provision for doubtful deposits		31.00	-
Deposits written off		13.36	-
Inventory written off		3.03	-
Provision no longer required written back		(144.90)	-
Profit on sale of Fixed Assets		(3.66)	-
Loss on sale of Fixed Assets		9.95	-
Sundry Balances written back		(16.57)	-
Preliminary Expenses		-	15.39
		5,864.24	**(0.45)**
Items considered separately			
Interest Expenses		1,084.11	-
Loan Processing Charges		65.21	-
Interest Income		(44.89)	-
		1,104.43	**-**
Operating Profit / (Loss) before Working Capital Changes		**6,968.67**	**(0.45)**
Adjustments for :			
(Increase) / Decrease in Working Capital			
Increase in Inventories		(51.42)	-
Increase in Trade Receivables		(443.87)	-
Increase in Long Term Loans and Advances		(1,817.69)	(0.10)
Decrease in Short Term Loans and Advances		647.80	-
Decrease in Trade Payables		(684.12)	-
Increase in Long Term Provisions		23.50	-
Decrease in Other Current Liabilities		(720.78)	-
Decrease in Short Term Provisions		(76.54)	-
Increase in Other Long Term Liabilities		62.99	-
Net Changes in Working Capital		**(3,060.13)**	**(0.10)**
Income Taxes Paid		(728.89)	-
Net Cash generated from / (used in) Operating Activities	**(A)**	**3,179.65**	**(0.55)**
Cash Flow from Investing Activities			
Purchase of Fixed Assets		(1,649.28)	-
Proceeds from sale of Fixed Assets		18.01	-
Maturity of Fixed Deposits		7.10	-
Interest Received		30.00	-
Purchase of Non Current Investments		(8.00)	-
Net Cash used in Investing Activities	**(B)**	**(1,602.17)**	**-**

Cash Flow Statement for the year ended 31 March 2013

(Rs. in lacs)

Particulars		Year ended 31 March 2013	Year ended 31 March 2012
Cash Flow from Financing Activities			
Interest paid		(1,084.11)	-
Loan Processing Charges paid		(18.77)	-
Repayment of Long Term Borrowings		(1,214.27)	-
Proceeds from Short Term Borrowings		779.07	15.84
Issue of Share Capital		-	5.00
Preliminary Expenses		-	(15.39)
Net Cash generated from/(used in) Financing Activities	**(C)**	**(1,538.08)**	**5.45**
Net Increase in Cash and Cash Equivalents	**(A+B+C)**	**39.40**	**4.90**
Cash and Cash Equivalents at the beginning of the year		4.90	-
Add: Transferred pursuant to scheme of demerger		333.81	-
Cash and Cash Equivalents at the end of the year		378.11	4.90
Net Increase as disclosed above		**39.40**	**4.90**

1. 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.
2. The Theatre Exhibition Business of Cineline India Limited (formerly known as Cinemax Properties Limited) has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (currently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012. Hence the figures for the previous year cannot be effectively compared with the figures for the period ended 31 March 2013.

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

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Significant accounting policies and other explanatory information for the year ended 31 March 2013

Background of the Company

The Company is one of the largest Exhibition theatre chains in India and having business of exhibition of films. "Cinemax" brand is one of the most recognisable film exhibition brands and stands for superlative and innovative entertainment for families and social cohorts. The exhibition chain is a combination of high-end multiplexes and provides customer satisfaction through process enhancements and constant innovation in the services and facilities such as high comfort recliner seating arrangements in 'The Red Lounge', massage chairs, etc.

The Company is also engaged in gaming business which is currently operational under two brand names "Giggles-The Gaming Zone" and "VERSUS". The ambience has been exclusively designed with interiors and colors that enhance the overall gaming experience.

1. **Basis of preparation of financial statements**

   The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006, 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 managements' 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 from sale of food and beverages is recognised upon delivery to customers and is net of refund, discounts and complimentary.

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

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

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

      vii. 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.

NOTES TO ACCOUNTS

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

c. Capital work-in-progress

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

d. 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.

e. Investments:

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

f. Inventories:

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

g. Borrowing Costs:

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

NOTES TO ACCOUNTS

iii. The Companys' 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 created/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 recognises 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.

NOTES TO ACCOUNTS

(Rs. in lacs)

NOTE 4: SHARE CAPITAL	As at 31 March 2013	As at 31 March 2012
Authorised:		
40,000,000 (Previous year 40,000,000) Equity Shares of Rs. 5 each	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, Subscribed and Fully paid up:		
Equity Shares		
28,000,000 (Previous year 100,000) Equity Shares of Rs. 5 each	1,400.00	5.00
Total	**1,400.00**	**5.00**

NOTE 4 (a): RECONCILIATION OF SHARE CAPITAL	Amount (Rs. in lacs)	Numbers
Equity Share Capital:		
As at 31 March 2013		
Balance at the beginning of the year	5.00	100,000
Add: Issued pursuant to scheme of Demerger	1,400.00	28,000,000
Less: Cancellation of opening balance pursuant to scheme of Demerger (Refer Note 40)	5.00	100,000
Total	**1,400.00**	**28,000,000**
As at 31 March 2012		
Balance at the beginning of the year	-	-
Add: Issued during the year	5.00	100,000
Total	**5.00**	**100,000**

NOTE 4 (b): SHARES HELD BY THE HOLDING COMPANY	Number of shares held	% of Holding
As at 31 March 2013:		
Cine Hospitality Private Limited	26,092,005	93.19
As at 31 March 2012:		
Cineline India Limited (Formerly known as Cinemax Properties Limited)	100,000	100.00

NOTE 4 (c): SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES	Number of shares held	% of Holding
As at 31 March 2013:		
Cine Hospitality Private Limited	26,092,005	93.19
As at 31 March 2012:		
Cineline India Limited (Formerly known as Cinemax Properties Limited)	100,000	100.00

4 (d). During the year the Company has issued 28,000,000 Equity Shares of Rs. 5 each pursuant to Scheme of Demerger without payment being received in cash.

4 (e). **Rights and restrictions attached to equity shareholders:**
The Company has only one class of Equity Share having face value of Rs. 5 each. Every holder of Equity Share is entitled to one vote per share. In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive any of the remaining assets of the Company.

NOTES TO ACCOUNTS

(Rs. in lacs)

		As at 31 March 2013	As at 31 March 2012
NOTE 5: RESERVES AND SURPLUS			
Securities Premium Account			
Opening Balance		-	-
Add: Securities Premium credited pursuant to scheme of Demerger		5,958.48	-
Less: Premium utilized		-	-
Closing Balance		**5,958.48**	**-**
Surplus			
Opening Balance		(15.84)	-
Add: Surplus / (Deficit) as per Statement of Profit and Loss		2,473.22	(15.84)
Closing Balance		**2,457.38**	**(15.84)**
	Total	**8,415.86**	**(15.84)**
NOTE 6: LONG TERM BORROWINGS			
Secured			
Term Loans from Bank (Refer Note 32)		6,536.46	-
Vehicle Loans (Refer Note 32)		10.69	-
	Total	**6,547.15**	**-**
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 LIABILITIES (NET)			
Liability			
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961		600.04	-
Total Deferred Tax Liability	**(A)**	**600.04**	**-**
Assets			
Gratuity		45.04	-
Compensated Absences		18.40	-
Bonus Payable		8.33	-
Provision for Rent		80.50	-
Provision for Doubtful Debts, Deposits and Advances		44.55	-
Provision for Sales Tax		8.20	-
Depreciation Loss		285.62	-
Total Deferred Tax Assets	**(B)**	**490.64**	**-**
Deferred Tax Liabilities	**(A-B)**	**109.40**	**-**
Reconciliation of Deferred Tax Liability			
Opening Balance		-	-
Deferred Tax Asset transferred pursuant to Scheme of Demerger		613.28	-
Closing balance of Deferred Tax Liability		109.40	-
Difference charged to Statement of Profit and Loss		722.68	-

NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013	As at 31 March 2012
NOTE 8. OTHER LONG TERM LIABILITIES		
Deposits Received	91.93	-
Total	**91.93**	**-**
NOTE 9: LONG TERM PROVISIONS		
Provision for Employee Benefits		
Gratuity [Refer Note 27 (i)]	122.16	-
Compensated Absences [Refer Note 27 (ii)]	46.90	-
Total	**169.06**	**-**
NOTE 10: SHORT TERM BORROWINGS		
Secured		
Working Capital Loans repayable on demand (Refer Note 32)	2,210.39	-
Loans and advances from Related Parties (Unsecured, repayable on demand)		
- From Subsidiaries	3,016.09	-
Loans and advances from Others (Unsecured, repayable on demand)	31.72	15.84
Total	**5,258.20**	**15.84**
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 of Long-term debt (Refer Note 32)		
Term Loans from Bank	1,209.85	-
Vehicle Loans	3.64	-
Advances from Customers	201.74	-
Other Payables		
Statutory Dues	308.29	-
Employee Dues Payable	3.61	-
Expense Payable (Capital items)	88.35	-
Expense Payable (Projects)	53.40	-
Book Overdraft	30.77	-
Total	**1,899.65**	**-**
NOTE 12: SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Salary and Reimbursements	185.69	-
Gratuity [Refer Note 27 (i)]	23.61	-
Compensated Absences [Refer Note 27 (ii)]	12.65	-
Others		
Expenses Payable	1,475.15	-
Total	**1,697.10**	**-**

NOTES TO ACCOUNTS

13. TANGIBLE ASSETS (Refer Note 32)

(Rs. in lacs)

Particulars	Gross Block (At Cost)						Accumulated Depreciation/Amortisation						Net Block	
	As at 1st April, 2012	Transferred in Pursuant to Demerger	Additions During the year	Deletion/ Adjustment	Assets Written off	As at 31st March, 2013	Up to 31st March, 2012	Transferred in Pursuant to Demerger	Additions During the year	Deletion/ Adjustment	Assets Written off	Up to 31st March, 2013	As at 31st March 2013	As at 31st March 2012
Leasehold Improvements	-	4,298.10	316.12	-	65.24	4,548.98	-	925.04	432.30	-	36.00	1,321.34	3,227.64	-
Plant and Equipments														
Theatre Equipments and Fittings	-	4,139.75	253.32	15.32	17.33	4,360.42	-	1,292.86	304.84	11.03	7.25	1,579.42	2,781.00	-
Other Plant and Equipments	-	2,473.13	442.70	-	31.86	2,883.97	-	332.05	182.50	-	7.80	506.75	2,377.22	-
Furniture, Fixtures and Office Equipments														
Theatre Furniture and Fixtures	-	4,656.26	142.91	16.43	160.35	4,622.39	-	1,573.98	453.25	5.16	83.88	1,938.19	2,684.20	-
Other Furniture, Fixtures and Office Equipments	-	3,600.30	355.78	-	82.80	3,873.28	-	785.47	368.67	-	43.07	1,111.07	2,762.21	-
Computers	-	906.72	69.87	-	14.30	962.29	-	528.38	154.23	-	12.40	670.21	292.08	-
Vehicles	-	167.51	18.99	31.82	-	154.68	-	103.93	15.35	23.07	-	96.21	58.47	-
Total	**-**	**20,241.77**	**1,599.69**	**63.57**	**371.88**	**21,406.01**	**-**	**5,541.71**	**1,911.14**	**39.26**	**190.40**	**7,223.19**	**14,182.82**	**-**
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013	As at 31 March 2012
NOTE 14: NON CURRENT INVESTMENTS		
Long term, unquoted, unless otherwise stated		
In Government Securities		
National Savings Certificates [including accrued interest Rs.6.37 lacs84.29		-
(Previous year Nil)]		
(The investments made are held in the name of the Company's erstwhile directors, in trust for the Company and are pledged with the respective district collectors as required by the State Government Multiplex Policy)		
In Subsidiaries (Trade Investment, Valued at cost)		
101,000 (Previous year Nil) Equity Shares in Vista Entertainment Limited (Formerly known as Vista Entertainment Private Limited) of Rs.100 each, fully paid-up	101.00	-
50,000 (Previous year Nil) Equity Shares in Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited) of Rs.10 each, fully paid-up	5.00	-
50,000 (Previous year Nil) Equity Shares in Cinemax Motion Pictures Limited of Rs.10 each, fully paid-up*	5.00	-
50,000 (Previous year Nil) Equity Shares in Odeon Shrine Multiplex Limited (Formerly known as Odeon Shrine Multiplex Private Limited) of Rs.10 each, fully paid-up	5.00	-
In Others (Trade Investment, Valued at cost)		
2,000 (Previous year Nil) Equity Shares in Gupta Infrastructure (I) Private Limited of Rs.10 each, fully paid-up	0.20	-
2,500 (Previous year Nil) Equity Shares in Saraswat Co-Op. Bank Limited of Rs.10 each, fully paid-up	0.25	-
Total	**200.74**	**-**

*As at 31 March 2013, the Company has investment of Rs. 5 lacs and advances of Rs. 504 lacs from Cinemax Motion Pictures Limited (CMPL), a wholly owned subsidiary of the Company. Net-worth of CMPL at the end of the year was Rs. (421.35) lacs and incurred loss of Rs.21.16 lacs. Management considers investment in CMPL as strategic in nature and believes that present diminution in value is only temporary in nature. Based on the expected business growth, management is confident that the amount is recoverable and no provision is required.

NOTE 15: LONG TERM LOANS AND ADVANCES

(Rs. in lacs)

	As at 31 March 2013	As at 31 March 2012
(Unsecured, considered good)		
Capital Advances	25.72	-
Advance Tax paid (Net of Provisions)	58.79	-
MAT Credit Entitlement	670.00	-
Entertainment Tax Recoverable	1,097.12	-
Other Loans and Advances		
Prepaid expenses	153.30	-
Security Deposits		
Unsecured, considered good	3,848.72	0.10
Doubtful	71.54	-
Less: Provision for doubtful deposits	71.54	-
	3,848.72	**0.10**
Total	**5,853.65**	**0.10**

NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013	As at 31 March 2012
NOTE 16: OTHER NON CURRENT ASSETS		
Non Current Bank Balances		
Fixed Deposit Accounts	9.82	-
(Pledged with Banks / Government Authorities)		
Total	**9.82**	**-**
NOTE 17: INVENTORIES (as certified by the Management)		
Finished Goods (Food and Beverages)	164.01	-
Total	**164.01**	**-**
Note: Finished goods are valued at cost or net realisable value, whichever is lower		
NOTE 18: TRADE RECEIVABLES		
Outstanding for a period less than six months from the date they are due for payment :		
Unsecured, considered good	621.72	-
	621.72	**-**
Outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good	430.60	-
Unsecured, considered doubtful	67.60	-
	498.20	**-**
Less: Provision for doubtful debts	67.60	-
	430.60	**-**
Total	**1,052.32**	**-**
NOTE 19. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand (including cheques on hand)		
Balances with Banks	210.52	-
-in Current Accounts	167.59	4.90
	378.11	4.90
Other Bank Balances		
- in Fixed Deposit Accounts with maturity less than 12 months (Pledged with Banks / Government Authorities)	270.11	-
- in Fixed Deposit Accounts with maturity more than 12 months (Pledged with Banks / Government Authorities)	9.82	-
	279.93	**-**
Less: Amounts disclosed as Other Non Current Assets	9.82	**-**
	270.11	-
Total	**648.22**	**4.90**

NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013	As at 31 March 2012
NOTE 20: SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans and Advances to Related Parties*	510.23	-
Advances recoverable in cash or in kind, or for the value to be received		
Unsecured, considered good	293.96	-
Unsecured, considered doubtful	45.58	-
	339.54	-
Less: Provision for doubtful advances	45.58	-
	293.96	-
Advance to Suppliers	802.80	-
Security Deposit	234.74	-
Total	**1,841.73**	**-**
* includes amount outstanding from Company under the same management.		
- Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited)	5.99	-

	Year ended 31 March 2013	Year ended 31 March 2012
NOTE 21: REVENUE FROM OPERATIONS		
Sale of Services		
Sale of Tickets	29,876.05	-
Less: Entertainment Tax	5,629.65	-
	24,246.40	**-**
Advertisement Income	1,988.47	-
Rental Income	53.45	-
Sale of Products		
Sale of Food and Beverages	8,073.89	-
Other Operating Revenues		
Gaming Income	547.64	-
Web Booking Income	512.72	-
Total	**35,422.57**	**-**
NOTE 22. OTHER INCOME		
Royalty Income	185.64	-
Interest Income	44.89	-
Profit on Sale of Assets	3.66	-
Sundry balances written back	16.57	-
Provision no longer required written back	144.90	-
Miscellaneous Income	102.24	-
Total	**497.90**	**-**

NOTES TO ACCOUNTS

(Rs. in lacs)

		Year ended 31 March 2013	Year ended 31 March 2012
NOTE 23. OPERATING EXPENSES			
Food and Beverages Consumed		2,267.89	-
Distributors' Share		10,296.48	-
Rental Expenses (Refer Note 30)		5,960.95	-
Power and Fuel		2,502.73	-
Other Operating Expenses		485.03	-
	Total	**21,513.08**	**-**
NOTE 24: EMPLOYEE BENEFITS EXPENSES			
Salaries, Wages and Bonus (including Directors' Remuneration)		2,556.18	-
Contribution to Provident and Other Funds		221.54	-
Staff Welfare		103.13	-
	Total	**2,880.85**	**-**
NOTE 25: OTHER EXPENSES			
Travelling and Conveyance		167.23	-
Communication Expenses		124.20	-
Insurance		59.57	-
Rates and Taxes		222.21	-
License Fees		23.36	-
Printing and Stationery		32.31	-
Legal and Professional Fees		240.17	-
Repairs and Maintenance			
- Building		104.55	-
- Common Area Maintenance		1,072.75	-
- Cleaning Charges		528.85	-
- Plant and Equipments		321.48	-
- Others		258.61	-
		2,286.24	**-**
Advertising and Publicity		143.78	
Provision for doubtful debts		67.60	-
Provision for doubtful advances		45.58	-
Provision for doubtful deposits		31.00	-
Deposits written off		13.36	-
Marketing and Sales Promotion		131.48	-
Auditors' Remuneration (Refer Note 37)		13.04	-
Security Charges		248.22	-
Directors Sitting Fees		2.37	-
Loss on sale of Assets		9.95	-
Contract Labour Charges		223.19	
Miscellaneous Expenses		363.39	0.45
Preliminary Expenses		-	15.39
	Total	**4,448.25**	**15.84**

NOTES TO ACCOUNTS

(Rs. in lacs)

	Year ended 31 March 2013	Year ended 31 March 2012
NOTE 26: FINANCE COSTS		
Interest		
On Term Loans	981.05	-
On Working Capital Loans	162.57	
On Others	5.70	-
Finance Charges	70.12	-
Total	**1,219.44**	**-**

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

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

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.

I. Assumptions	**31 March 2013**
Discount Rate	8.00%
Salary Escalation	5.50%
Attrition Rate	
Age <=30 years	25.00%
Age >=31 years and <=44 years	15.00%
Age >=45 years	10.00%

II. Table Showing Change in Benefit Obligation:	**31 March 2013 (Rs. in lacs)**
Liability at the beginning of the year	-
Interest Cost	10.30
Current Service Cost	29.25
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Liability Transfer in	121.19
Liability Transfer out	-
Benefits Paid	(11.41)
Actuarial gains on obligations	(3.56)
Liability at the end of the year	**145.77**

NOTES TO ACCOUNTS

III. Amount Recognised in the Balance Sheet:	31 March 2013 (Rs. in lacs)
Liability at the end of the year	(145.77)
Fair Value of Plan Assets at the end of the year	-
Funded Status	(145.77)
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	
- Non Current	122.16
- Current	**23.61**
IV. Expenses Recognised in the Statement of Profit and Loss:	
Current Service Cost	29.25
Interest Cost	10.30
Past Service Cost (Non Vested Benefit) Recognised	-
Past Service Cost (Vested Benefit) Recognised	-
Recognised of Transition Liability	-
Actuarial gains	(3.56)
Expenses Recognised in the Statement of Profit and Loss	**35.99**
V. Balance Sheet Reconciliation:	
Opening Net Liability	-
Expenses as above	35.99
Net transfer in	121.19
(Net transfer out)	-
Benefits paid	(11.41)
Amount Recognised in the Balance Sheet	145.77
VI. Experience Adjustment:	
On plan liability gains	(0.18)

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

NOTES TO ACCOUNTS

ii. The Company has a defined benefit Compensated Absences Plan. It is payable to all the eligible employees at the rate of daily salary subject to a maximum of forty two days.

The following table set out the status of the Compensated Absences benefit obligation as required under Accounting Standard (AS) - 15 - Employee benefits.

(Rs. in lacs)

Particulars	**31 March 2013**
Liability at the end of the year	59.55
Amount recognised in the Balance Sheet	
- Non Current	**46.90**
- Current	**12.65**

28. Segment reporting:

Primary segment information:
As the Companys' business activity falls within a single primary business segment i.e., Film exhibition, the disclosure requirements of AS-17 "Segment Reporting", to the extent it relates to disclosure of primary segment information is not applicable.

Secondary segment information:
The entire operations of the Company are within India and therefore the secondary segment reporting based on geographical location of its customers is also not applicable to the Company.

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
Ultimate Holding Company	PVR Limited (with effect from 8 January 2013)
Holding Company	Cine Hospitality Private Limited (with effect from 8 January 2013)
Companies where control exists	**Subsidiaries (with effect from 1 April 2012)** 1. Vista Entertainment Limited (Formerly known as Vista Entertainment Private Limited) 2. Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited) 3. Cinemax Motion Pictures Limited 4. Odeon Shrine Multiplex Limited (Formerly known as Odeon Shrine Multiplex Private Limited)
	Step down Subsidiary (with effect from 1 April 2012) 1. Nikmo Entertainment Limited (Formerly known as Nikmo Entertainment Private Limited)
Directors and Key Management Personnel	**Upto 7 January 2013** 1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mr. Sanjay Sanghvi **From 8 January 2013** 1. Mr. Ajay Bijli 2. Mr. Sanjeev Kumar 3. Mr. Sanjay Khanna 4. Mr. Vikram Bakshi 5. Mr. Sanjay Vohra 6. Mr. Amit Burman 7. Mr. Ravinder Singh Thakran 8. Ms. Renuka Ramnath
Relatives of Directors and Key Management Personnel	**Upto 7 January 2013** 1. Mrs. Rupal Kanakia 2. Mrs. Manisha Vora 3. Mrs. Hiral Kanakia
Entities under common control or significant influence can be exercised	**Upto 7 January 2013** 1. Cineline India Limited (Formerly known as Cinemax Properties Limited) (with effect from 1 April 2012) 2. Kanakia Spaces Private Limited 3. Kanakia Finance And Investments Private Limited 4. R & H Property Developers Private Limited 5. Cine Café Services 6. Kanakia Hospitality Private Limited
	From 8 January 2013 1. PVR Pictures Limited 2. PVR BLUO Entertainment Limited
	Beneficial Trust Upto 7 January 2013 1. Babubhai Kanakia Foundation

NOTES TO ACCOUNTS

i. Transactions with related parties:

(Rs. in lacs)

Nature of Transactions	Ultimate Holding Company	Subsidiaries and Step down Subsidiary	Entities under common control or significat influence	Key Management Personnel	Relatives of Key Management Personnel
Advances given / payment made					
Vista Entertainment Limited		1,168.46 (-)			
Nikmo Entertainment Limited		588.12 (-)			
Cinemax Motion Pictures Limited		2.01 (-)			
Odeon Shrine Multiplex Limited		468.29 (-)			
Growel Entertainment Limited		1.63 (-)			
Cineline India Limited			712.11 (-)		
Kanakia Spaces Private Limited			212.37 (-)		
Advances received / payment received					
Vista Entertainment Limited		1,468.87 (-)			
Nikmo Entertainment Limited		786.84 (-)			
Cinemax Motion Pictures Limited		47.00 (-)			
Odeon Shrine Multiplex Limited		576.04 (-)			
Cineline India Limited			792.50 (15.39)		
Kanakia Spaces Private Limited			150.00 (-)		
Expenses Incurred					
Vista Entertainment Limited		0.44 (-)			
Nikmo Entertainment Limited		0.59 (-)			
Odeon Shrine Multiplex Limited		7.54 (-)			
Cinemax Motion Pictures Limited		0.66 (-)			
Cineline India Limited			315.10 (-)		
Kanakia Spaces Private Limited			1.18 (-)		

NOTES TO ACCOUNTS

(Rs. in lacs)

Nature of Transactions	Ultimate Holding Company	Subsidiaries and Step down Subsidiary	Entities under common control or significat influence	Key Management Personnel	Relatives of Key Management Personnel
Expenses Reimbursed					
Vista Entertainment Limited		7.41 (-)			
Nikmo Entertainment Limited		8.42 (-)			
Cinemax Motion Pictures Limited		0.01 (-)			
Cineline India Limited			61.63 (0.45)		
Kanakia Spaces Private Limited			14.91 (-)		
Income received by us on behalf of					
Cineline India Limited			208.77 (-)		
Income received on behalf of us by					
Cineline India Limited			8.22 (-)		
Cinemax Motion Pictures Limited		19.00 (-)			
Royalty income (gross)					
Odeon Shrine Multiplex Limited		136.74 (-)			
Distributors' Share					
Cinemax Motion Pictures Limited		1.18 (-)			
PVR Pictures Limited			34.62 (-)		
Advertisement Income					
PVR Limited	2.42 (-)				
Rent paid					
Cineline India Limited			810.36 (-)		
R & H Property Developers Private Limited			7.61 (-)		
Rent charged					
Cineline India Limited			734.20 (-)		
Kanakia Spaces Private Limited			67.39 (-)		
CAM paid					
Cineline India Limited			140.38 (-)		

NOTES TO ACCOUNTS

(Rs. in lacs)

Nature of Transactions	Ultimate Holding Company	Subsidiaries and Step down Subsidiary	Entities under common control or significat influence	Key Management Personnel	Relatives of Key Management Personnel
CAM charged					
Cineline India Limited			135.09 (-)		
Remuneration					
Rasesh B. Kanakia				77.15 (-)	
Himanshu B. Kanakia				77.15 (-)	
Others					4.66 (-)
Investments made in					
Growel Entertainment Limited		4.00 (-)			
Odeon Shrine Multiplex Limited		4.00 (-)			
Balances outstanding as on 31 March 2013					
Debit Balances:					
Cinemax Motion Pictures Limited		503.07 (-)			
Growel Entertainment Limited		5.99 (-)			
PVR Limited	2.42 (-)				
Credit Balances:					
Vista Entertainment Limited		2,366.40 (-)			
Nikmo Entertainment Limited		617.19 (-)			
Odeon Shrine Multiplex Limited		19.42 (-)			
PVR Pictures Limited			71.87 (-)		
Cineline India Limited			- (15.84)		

(Figures in brackets indicate previous period figures)

NOTES TO ACCOUNTS

iii. Balances transferred in the current year from Cineline India Limited (Formerly known as Cinemax Properties Limited) pursuant to the scheme of Demerger:

(Rs. in lacs)

Balances payable as on 1 April 2012	
Vista Entertainment Limited	2,059.03
Nikmo Entertainment Limited	410.63
Odeon Shrine Multiplex Limited	49.74
R & H Property Developers Private Limited	8.44
Kanakia Spaces Private Limited	19.51
Kanakia Finance And Investments Private Limited	0.32
Balances receivable as on 1 April 2012	
Cinemax Motion Pictures Limited	529.60
Growel Entertainment Limited	4.36
Cine Cafe Services	1.35

30. Operating Lease

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

(Rs. in lacs)

Particulars	Year ended 31 March 2013	Period from 30 September 2011 to 31 March 2012
Lease rental payment for the year*	5,203.48	-
Future minimum lease rental payment payable		
- not later than one year	5,258.89	-
- later than one year but not later than five years	22,383.93	-
- later than five years	21,936.67	-
Total	**54,782.97**	**-**

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

NOTES TO ACCOUNTS

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/period by the weighted average number of equity shares outstanding during the reporting year. 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:

(Rs. in lacs)

Particulars	Year ended 31 March 2013	Period from 30 September 2011 to 31 March 2012
Profit / (Loss) after Tax (Rs. in lacs)	2,473.22	(15.84)
Weighted average number of Shares	28,000,000	100,000
Earnings / (Losses) per Share (Rs.)		
- Basic	8.83	(15.84)
- Diluted	8.83	(15.84)
Face value per Share (Rs.)	5.00	5.00

32. Bank Borrowings:

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

i. Charge on the movable fixed assets and current assets of the Company.

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

iii. Goods procured under Letter of Credit.

iv. Undertaking from Cinemax India Limited that its subsidiary will route their entire receivables through designated account with Axis Bank.

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

C. Terms of repayment :

(Rs. in lacs)

Nature of Loan	Within 1 Year	More than 1 year but less than 3 years	More than 3 years
Term Loans	1,209.85	2,906.89	3,629.57
Vehicle Loans	3.64	6.63	4.06
Total	**1,213.49**	**2,913.52**	**3,633.63**

D. Term loan carrying rate of interest of ABBR (Axis Bank Base Rate) + 2.00 % p.a. is repayable in 67 monthly installments ending on 31 October 2018.

NOTES TO ACCOUNTS

E. Other terms of repayment of Vehicle Loans:

Sr. No.	Rate of Interest	Principal outstanding (Rs. in lacs)	Last installment
1	8.82%	4.16	May 2015
2	10.75%	10.18	October 2017

F. Working Capital Loan is carrying rate of interest of ABBR (Axis Bank Base Rate) + 2.00 % p.a.

33. Contingent liability includes claim against the Company not acknowledged as debt Rs. 293.43 lacs.

34. Capital Commitments:
Estimated value of contracts remaining to be executed on capital account and not provided for, net of advances, aggregated to Rs. 169.84 lacs (Previous year Nil).

35. CIF value of import in respect of capital goods purchased during the period aggregated to Rs. 28.57 lacs (Previous year Nil).

36. Exceptional items includes the followings :

(Rs. in lacs)

Sr. No.	Particulars	Amount
1	Provision for expenses / taxes for earlier years	59.48
2	Provision towards rent of food court	100.00
3	Provision for service tax in relation to service tax on immovable properties	329.23
4	Assets written off	201.69
5	Reversal of Entertainment Tax no longer recoverable	61.31
	Total	**751.71**

37. Auditors' Remuneration (inclusive of Service Tax)

(Rs. in lacs)

Particulars	Year ended 31 March 2013	Period from 30 September 2011 to 31 March 2012
Audit fees	12.44	-
Out of pocket expenses	0.60	-
Total	**13.04**	**-**

NOTES TO ACCOUNTS

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

(Rs. in lacs)

Sr. No.	Particulars	Year ended 31 March 2013	Period from 30 September 2011 to 31 March 2012
1.	Employees Benefits Expenses	49.51	-
2.	Administrative Expenses	43.51	-
3.	Interest Expenses	61.95	-
4.	Contract Labour Charges	4.61	-
5.	Legal and Professional Fees	0.41	-
6.	Others	11.96	-
	Total	**171.95**	**-**

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

(Rs. in lacs)

Sr. No.	Particulars	Year ended 31 March 2013	Period from 30 September 2011 to 31 March 2012
1.	Employees Benefits Expenses	96.04	-
2.	Administrative Expenses	304.26	-
3.	Interest Expenses	317.75	-
4.	Contract Labour Charges	50.92	-
5.	Legal and Professional Fees	97.89	-
6.	Others	13.44	-
	Total	**880.30**	**-**

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 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 Cineline India Limited (Formerly known as Cinemax Properties Limited) and Cinemax India Limited (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. 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) Demerger of Exhibition of Films business:
The Scheme envisages the demerger of Theatre Exhibition business of Cineline India Limited (Formerly known as Cinemax Properties Limited) into separate entity i.e. Cinemax India Limited (Formerly known as Cinemax Exhibition India Limited) on a going concern basis in the manner provided for in the scheme.

b) Issue and Allotment of Shares of Cinemax India Limited (CIL) in the ratio of 1:1.
Each individual shareholder of Cineline India Limited (Formerly known as Cinemax Properties Limited) (CPL) {including their respective heirs, executors, administrators or other legal representatives or the successors –

NOTES TO ACCOUNTS

in – title} whose name shall appear in the Register of Members of CPL as on the Demerger Record Date i.e. 18 May 2012 shall be issued and allotted shares of CIL in the following manner:

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

c) **Reduction of the existing Equity Share Capital of CIL.**
Subsequent to allotment as prescribed in Note 39 (b) above, the existing 100,000 equity shares of Rs. 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 or the provisions of Section 101 of the Companies Act, 1956.

d) **Name change of the Company:**
Pursuant to Scheme of arrangement name of "Cinemax Exhibition India Limited" changed to "Cinemax India Limited" with effect from 22 June 2012.

41. On 29 November 2012, the erstwhile promoters (Kanakia Group) had entered into a definitive sale agreement with PVR Limited (through Cine Hospitality Private Limited, its wholly owned subsidiary) for the sale of their entire stake of 69.27% in Cinemax India Limited.

42. On 8 January 2013, PVR Limited through its wholly owned subsidiary, Cine Hospitality Private Limited (the "Acquirer") have purchased controlling stake in the paid up equity share capital of the Company from the erstwhile promoters, pursuant to a block deal executed on the floor of the stock exchange.

43. Further, PVR Limited through its wholly owned subsidiary, Cine Hospitality Private Limited (the "Acquirer") has acquired the stake of 23.92 % through open offer to public having tendering period closure as on 15 February 2013, resulting total stake into 93.19 % in Cinemax India Limited.

44. The Current Assets, Loans and Advances are stated at the value, which in the opinion of the management, 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.

45. Balances of Trade Receivables, Trade Payables, Advances from Customers and Advances to Suppliers/Vendors are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustment are not likely to be material.

46. Previous period comparatives:

Figures for the previous period have been regrouped wherever considered necessary to confirm with the current year's presentation.

The Theatre Exhibition Business of Cineline India Limited (Formerly known as Cinemax Properties Limited) has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (presently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012. Hence the figures for the previous period cannot be effectively compared with the figures for the year ended 31 March 2013.

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

AUDITORS' REPORT

To the Board of Directors of Cinemax India Limited (formerly known as Cinemax Exhibition India Limited)

1. We have audited the accompanying consolidated financial statements of Cinemax India Limited (formerly known as Cinemax Exhibition India Limited), ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

6. In our opinion and to the best of our information and according to the explanations given to us the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;

   ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   iii) in the case of 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: Gurgaon
Date: 28 May 2013

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet as at 31 March 2013

(Rs. in lacs)

Particulars	Note No.	As at 31 March 2013
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	5	1,400.00
Reserves and Surplus	6	12,390.80
Non Current Liabilities		
Long Term Borrowings	7	6,547.15
Other Long Term Liabilities	8	92.93
Long Term Provisions	9	180.88
Current Liabilities		
Short Term Borrowings	10	2,242.11
Trade Payables		1,336.84
Other Current Liabilities	11	2,100.15
Short Term Provisions	12	1,978.49
	Total	**28,269.35**
ASSETS		
Non Current Assets		
Tangible Assets	13	15,181.66
Goodwill on Consolidation		42.25
Capital work-in-progress		2,559.33
Non Current Investments	14	84.74
Deferred Tax Assets (Net)	15	76.17
Long Term Loans and Advances	16	6,602.59
Other Non Current Assets	17	9.82
Current Assets		
Inventories	18	183.84
Trade Receivables	19	1,268.31
Cash and Bank Balances	20	681.70
Short Term Loans and Advances	21	1,578.94
	Total	**28,269.35**

Note 1 to 46 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

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Consolidated Statement of Profit and Loss for the year ended 31 March 2013

(Rs. in lacs)

Particulars	Note No.	Year ended 31 March 2013
REVENUE		
Revenue from Operations	22	40,996.71
Other Income	23	445.93
Total Revenue		**41,442.64**
EXPENSES		
Operating Expenses	24	24,911.39
Employee Benefits Expenses	25	3,129.48
Other Expenses	26	5,284.02
Finance Costs	27	1,234.44
Depreciation and Amortisation Expense		2,092.56
Total Expenses		**36,651.89**
Profit before Exceptional Items and Tax		**4,790.75**
Exceptional Items	37	836.21
Profit before Tax		**3,954.54**
Tax Expense:		
Current Tax (including Wealth Tax)		933.10
Deferred Tax		657.43
MAT Credit Entitlement		(631.71)
Profit after Tax		**2,995.72**
Earnings Per Equity Share	31	
(1) Basic		**10.70**
(2) Diluted		**10.70**

Note 1 to 46 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

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Consolidated Cash Flow Statement for the year ended 31 March 2013

(Rs. in lacs)

Particulars		Year ended 31 March 2013
Cash Flow from Operating Activities		
Profit before Tax		3,954.54
Adjustments for non cash transactions		
Depreciation / Amortisation		2,092.56
Assets written off		201.69
Provision for expenses / taxes for earlier years		87.11
Provision towards rent for food court		100.00
Provision for service tax in relation to service tax on immovable properties		386.10
Reversal of Entertainment Tax no longer recoverable		61.31
Provision for doubtful debts		75.70
Provision for doubtful advances		45.58
Provision for doubtful deposits		31.00
Provision for Advance to suppliers		22.27
Deposits written off		13.36
Inventory written off		3.03
Provision no longer required written back		(158.40)
Profit on sale of Fixed Assets		(3.66)
Loss on sale of Fixed Assets		9.95
Sundry Debit Balances written off		8.00
Sundry Balances written back		(42.76)
		6,887.38
Items considered separately		
Interest Expenses		1,097.33
Loan Processing Charges		65.21
Interest Income		(56.37)
		1,106.17
Operating Profit before Working Capital Changes		**7,993.55**
Adjustments for :		
(Increase) /Decrease in Working Capital		
Increase in Inventories		(58.81)
Increase in Trade Receivables		(480.66)
Increase in Long Term Loans and Advances		(1,837.67)
Decrease in Short Term Loans and Advances		710.22
Decrease in Trade Payables		(948.00)
Increase in Long Term Provisions		24.72
Decrease in Other Current Liabilities		(593.70)
Decrease in Short Term Provisions		(28.94)
Increase in Other Long Term Liabilities		63.24
Net Changes in Working Capital		**(3,149.60)**
Income Taxes Paid		(933.54)
Net Cash generated from Operating Activities	**(A)**	**3,910.41**
Cash flow from Investing Activities		
Purchase of Fixed Assets		(1,691.66)
Proceeds from sale of Fixed Assets		18.01
Maturity of Fixed Deposits		7.10
Interest Received		41.48

Consolidated Cash Flow Statement for the year ended 31 March 2013

(Rs. in lacs)

Particulars		Year ended 31 March 2013
Net Cash used in Investing Activities	**(B)**	**(1,625.07)**
Cash flow from Financing Activities		
Interest Paid		(1,097.33)
Loan Processing Charges		(18.77)
Repayment of Long Term Borrowings		(1,214.27)
Proceeds from Short Term Borrowings		25.00
Net Cash used in Financing Activities	**(C)**	**(2,305.37)**
Net Decrease in Cash and Cash Equivalents	**(A+B+C)**	**(20.03)**
Cash and Cash Equivalents at the beginning of the year		97.81
Add: Transferred pursuant to scheme of demerger		333.81
		431.62
Cash and Cash Equivalents at the end of the year		411.59
Net Decrease as disclosed above		**(20.03)**

Note :

1. 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.
2. The Theatre Exhibition Business of Cineline India Limited (formerly known as Cinemax Properties Limited) has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (currently known as (currently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012. Hence the figures for the previous year cannot be effectively compared with the figures for the period ended 31 March 2012.

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

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

Significant accounting policies and other explanatory information for the year ended 31 March 2013

1. **The Group and nature of operations**

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

   Pursuant to the business conducting agreement, VEL, NEL and OSML 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 which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

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 Theatre Exhibition Business of Cinemax Properties Limited (presently known as Cineline India Limited) has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (presently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012. Pursuant to the said scheme, the investment in the shares of all the subsidiary Companies has been transferred by Cinemax Properties Limited to Cinemax India Limited as on 1 April 2012 on a going concern basis.

      The Consolidated Financial Statements (CFS) has 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 (with effect from 1 April 2012)	Country of incorporation	Proportion of ownership interest/voting power (%)
Vista Entertainment Limited (Formerly known as Vista Entertainment Private Limited)	Subsidiary	India	100
Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited)	Subsidiary	India	100
Nikmo Entertainment Limited (Formerly known as Nikmo Entertainment Private Limited) *	Subsidiary	India	100
Cinemax Motion Pictures Limited	Subsidiary	India	100
Odeon Shrine Multiplex Limited (Formerly known as Odeon Shrine Multiplex Private Limited)	Subsidiary	India	100

*The shares of Nikmo Entertainment Limited (Formerly known as Nikmo Entertainment Private Limited) are wholly owned by Growel Entertainment Limited (Formerly known as 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.

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

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

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

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

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

viii. 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/amortised over the unexpired primary period of lease.

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

v. 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. Capital work-in-progress

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the Cost of the fixed assets not ready for their intended use before such date are disclosed under capital process. Capital work-in-process includes estimates of work completed, as certified by management.

e. 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.

f. 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.

g. Inventories:

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

h. 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.

i. 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.

j. 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 created/charged to the Statement of Profit and Loss.

k. 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.

l. 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.

m. 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.

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

NOTE 5: SHARE CAPITAL	As at 31 March 2013
Authorised:	
40,000,000 Equity Shares of Rs. 5 each	2,000.00
	2,000.00
Issued, Subscribed and Fully paid up:	
Equity Shares	
28,000,000 (Previous year 100,000) Equity Shares of Rs. 5 each	1,400.00
Total	**1,400.00**

NOTE 5 (a): RECONCILIATION OF SHARE CAPITAL	Amount	Number
Equity Share Capital:		
As at 31 March 2013		
Balance at the beginning of the year	5.00	100,000
Add: Issued pursuant to scheme of Demerger	1,400.00	28,000,000
Less: Cancellation of opening balance pursuant to scheme of Demerger (Refer Note 40)	5.00	100,000
	1,400.00	**28,000,000**

NOTE 5 (b): SHARES HELD BY THE HOLDING COMPANY	Number of shares held	% of Holding
As at 31 March 2013:		
Cine Hospitality Private Limited	26,092,005	93.19

NOTE 5 (c): SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES	Number of shares held	% of Holding
As at 31 March 2013:		
Cine Hospitality Private Limited	26,092,005	93.19

NOTE 5 (d): During the year the Company has issued 28,000,000 equity shares of Rs. 5 each pursuant to Scheme of Demerger without payment being received in cash.

NOTE 5 (e): Rights and restrictions attached to equity shareholders :
The Company has only one class of Equity Share having face value of Rs. 5 each. Every holder of Equity Share is entitled to one vote per share. In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive any of the remaining assets of the Company.

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013
NOTE 6: RESERVES AND SURPLUS	
Securities Premium Account	
Opening Balance	-
Add: Securities Premium credited pursuant to scheme of Demerger	5,958.48
Less: Premium utilized	-
Closing Balance	**5,958.48**
Surplus	
Opening Balance	(15.84)
Add: Transferred in pursuant to scheme of Demerger	3,452.43
Add: Surplus as per Statement of Profit and Loss	2,995.73
Closing Balance	**6,432.32**
Total	**12,390.80**
NOTE 7: LONG TERM BORROWINGS	
Secured	
Term Loans from Bank (Refer Note 32)	6,536.46
Vehicle Loans (Refer Note 32)	10.69
Total	**6,547.15**
Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans.	
NOTE 8: OTHER LONG TERM LIABILITIES	
Deposit Received	92.93
Total	**92.93**
NOTE 9: LONG TERM PROVISIONS	
Provision for Employee Benefits	
Gratuity	131.08
Compensated Absences	49.80
Total	**180.88**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013
NOTE 10: SHORT TERM BORROWINGS	
Secured	
Working Capital Loans repayable on demand (Refer Note 32)	2,210.39
Loans and Advances from Others (Unsecured, repayable on demand)	31.72
Total	**2,242.11**
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	1,209.85
Vehicle Loans	3.64
Advances from Customers	248.73
Other Payables	
Statutory Dues	398.42
Employee Dues Payable	3.61
Expense Payable (Capital items)	88.35
Expense Payable (Projects)	53.40
Book Overdraft	94.15
Total	**2,100.15**
NOTE 12: SHORT TERM PROVISIONS	
Provision for Employee Benefits	
Salary and Reimbursements	201.43
Contribution to Provident Fund	0.01
Gratuity	25.68
Compensated Absences	13.54
Others	
Expense Payable	1,731.46
Provision for Taxation (Net of Advance Tax)	6.37
Total	**1,978.49**

NOTES TO ACCOUNTS

13. TANGIBLE ASSETS (Refer Note 32)

(Rs. in lacs)

Particulars	Gross Block (At Cost)						Accumulated Depreciation/Amortisation						Net Block
	As at 1st April, 2012	Transferred in Pursuant to Demerger	Additions During the year	Deletion/ Adjustment	Assets Written off	As at 31st March, 2013	As at 1st April, 2012	Transferred in Pursuant to Demerger	During the year	Deletion/ Adjustment	Assets Written off	Up to 31st March, 2013	As at 31st March 2013
Leasehold Improvements	-	5,478.48	316.12	-	65.24	5,729.36	-	1,603.61	538.18	-	36.00	2,105.79	3,623.57
Plant and Equipments													
Theatre Equipments and Fittings	-	5,000.47	262.06	15.32	17.33	5,229.88	-	1,573.69	366.08	11.03	7.25	1,921.49	3,308.39
Other Plant and Equipments	-	2,484.84	489.82	-	31.86	2,942.80	-	332.79	192.57	-	7.80	517.56	2,425.24
Furniture, Fixtures and Office Equipments													
Theatre Furniture and Fixtures	-	4,677.13	143.34	16.43	160.35	4,643.69	-	1,579.05	455.25	5.16	83.88	1,945.26	2,698.43
Other Furniture, Fixtures and Office Equipments	-	3,608.30	355.78	-	82.80	3,881.28	-	788.40	369.43	-	43.07	1,114.76	2,766.52
Computers	-	970.74	77.47	-	14.30	1,033.91	-	589.57	155.70	-	12.40	732.87	301.04
Vehicles	-	167.51	18.99	31.82	-	154.68	-	103.93	15.35	23.07	-	96.21	58.47
Total	**-**	**22,387.47**	**1,663.58**	**63.57**	**371.88**	**23,615.60**	**-**	**6,571.04**	**2,092.56**	**39.26**	**190.40**	**8,433.94**	**15,181.66**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013
NOTE 14: NON CURRENT INVESTMENTS	
Long term, unquoted, unless otherwise stated	
In Government Securities	
National Savings Certificates (including accrued interest Rs.6.37 lacs)	84.29
(The investments made are held in the name of the Company's erstwhile 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 of Gupta Infrastructure (I) Private Limited of Rs.10 each, fully paid-up	0.20
2,500 Equity shares of Saraswat Co-Op. Bank Limited of Rs.10 each, fully paid-up	0.25
Total	**84.74**
NOTE 15: DEFERRED TAX ASSETS (NET)	
Assets	
Provision for Doubtful Debts, Deposits and Advances	51.31
Gratuity	48.59
Compensated Absences	19.62
Bonus Payable	9.14
Provision for Rent	80.50
Depreciation / Business loss	475.35
Provision for sales tax	8.87
Total Deferred Tax Assets (A)	**693.38**
Liability	
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961	617.21
Total Deferred Tax Liability (B)	**617.21**
Deferred Tax Assets (Net) (A-B)	**76.17**
Reconciliation of Deferred Tax Asset	
Opening Balance	-
Deferred Tax Asset transferred pursuant to Scheme of Demerger	733.60
Deferred Tax Asset as on 31 March 2013	76.17
Difference charged to Statement of Profit and Loss — Total	**657.43**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013
NOTE 16: LONG TERM LOANS AND ADVANCES	
(Unsecured, considered good)	
Capital Advances	25.72
MAT Credit Entitlement	819.26
Entertainment Tax Recoverable	1,097.12
Other Loans and Advances	
Prepaid Expenses	153.30
Security Deposits	
Unsecured, considered good	4,175.37
Doubtful	71.54
Less: Provision for doubtful deposits	71.54
	4,175.37
Advance Tax Paid (Net of Provisions)	331.82
Total	**6,602.59**
NOTE 17: OTHER NON CURRENT ASSETS	
Non Current Bank Balances	
Fixed Deposit Accounts	9.82
(Pledged with Banks / Government Authorities)	
Total	**9.82**
NOTE 18: INVENTORIES (as certified by the management)	
Finished Goods (Food and Beverages)	183.84
Total	**183.84**
Note: Finished goods are valued at cost or net realisable value, whichever is lower.	
NOTE 19: TRADE RECEIVABLES	
Outstanding for a period less than six months from the date they are due for payment :	
Unsecured, considered good	734.55
	734.55
Outstanding for a period exceeding six months from the date they are due for payment :	
Unsecured, considered good	533.76
Unsecured, considered doubtful	76.78
	610.54
Less: Provision for doubtful debts	76.78
	533.76
Total	**1,268.31**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	As at 31 March 2013
NOTE 20: CASH AND BANK BALANCES	
Cash and Cash Equivalents	
Cash in hand (including cheques on hand)	234.21
Balances with Banks	
-in Current Accounts	177.38
	411.59
Other Bank Balances	
- in Fixed Deposit Accounts having maturity less than 12 months (Pledged with Banks / Government Authorities)	270.11
- in Fixed Deposit Accounts with maturity more than 12 months	9.82
(Pledged with Banks / Government Authorities)	279.93
Less: Amounts disclosed as Other Non Current Assets	9.82
	270.11
Total	**681.70**
NOTE 21: SHORT TERM LOANS AND ADVANCES	
(Unsecured, considered good)	
Advances recoverable in cash or in kind, or for the value to be received	
Unsecured, considered good	312.49
Unsecured, considered doubtful	45.58
	358.07
Less: Provision for doubtful debts	45.58
	312.49
Advance to Suppliers	932.75
Security Deposit	333.70
Total	**1,578.94**

22. REVENUE FROM OPERATIONS	**Year ended 31 March 2013**
Sale of Services	
Sale of Tickets	34,825.41
Less: Entertainment Tax	6,826.31
	27,999.10
Advertisement Income	2,331.69
Rental Income	56.32
Sale / Distribution of Films	3.96
Sale of Products	
Sale of Food and Beverages	9,493.57
Other Operating Revenues	
Gaming Income	547.67
Web Booking Income	564.40
Total	**40,996.71**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	Year ended 31 March 2013
NOTE 23: OTHER INCOME	
Royalty Income	63.43
Interest Income	56.37
Profit on sale of Fixed Assets	3.66
Sundry balances written back	42.76
Provision no longer required written back	158.40
Miscellaneous Income	121.31
Total	**445.93**
NOTE 24: OPERATING EXPENSES	
Food and Beverages Consumed	2,676.15
Distributors' Share	11,819.97
Rental Expenses (Refer Note 30)	6,955.02
Power and Fuel	2,901.97
Other Operating Expenses	558.28
Total	**24,911.39**
NOTE 25: EMPLOYEE BENEFITS EXPENSES	
Salaries, Wages and Bonus (including Directors' Remuneration)	2,773.75
Contribution to Provident and Other Funds	244.84
Staff Welfare	110.89
Total	**3,129.48**

CONSOLIDATED NOTES TO ACCOUNTS

(Rs. in lacs)

	Year ended 31 March 2013
NOTE 26: OTHER EXPENSES	
Travelling and Conveyance	174.19
Communication Expenses	130.51
Insurance	66.14
Rates and Taxes	441.93
License Fees	50.02
Printing and Stationery	34.37
Legal and Professional Fees	265.62
Directors Sitting Fees	2.37
Repairs and Maintenance	
- Building	119.22
- Common Area Maintenance	1,219.04
- Cleaning Charges	601.58
- Plant and Equipments	389.04
- Others	288.79
	2,617.67
Advertising and Publicity	157.16
Provision for doubtful debts	75.70
Provision for doubtful deposit	31.00
Deposits written off	13.36
Provision for doubtful advances	45.58
Provision for advance to suppliers	22.27
Marketing and Sales Promotion	179.26
Auditors' Remuneration (Refer Note 35)	30.81
Security Charges	277.00
Sundry Debit Balances written off	8.00
Loss on sale of Fixed Assets	9.95
Contract Labour Charges	231.76
Miscellaneous Expenses	419.35
Total	**5,284.02**
NOTE 27. FINANCE COSTS	
Interest	
On Term Loan	981.05
On Working Capital Loan	174.32
On Others	7.17
Finance Charges	71.90
Total	**1,234.44**

CONSOLIDATED NOTES TO ACCOUNTS

28. Segment reporting:

Primary segment information:

As the Company's business activity falls within a single primary business segment i.e., Film exhibition, the disclosure requirements of AS-17 "Segment Reporting", to the extent it relates to disclosure of primary segment information is not applicable.

Secondary segment information:

The entire operations of the Company are within India and therefore the secondary segment reporting based on geographical location of its customers is also not applicable to the Company.

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
Ultimate Holding Company	PVR Limited (with effect from 8 January 2013)
Holding Company	Cine Hospitality Private Limited (with effect from 8 January 2013)
Directors and Key Management Personnel	**Upto 7 January 2013** 1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mr. Sanjay Sanghvi **From 8 January 2013** 1. Mr. Ajay Bijli 2. Mr. Sanjeev Kumar 3. Mr. Sanjay Khanna 4. Mr. Vikram Bakshi 5. Mr. Sanjay Vohra 6. Mr. Amit Burman 7. Mr. Ravinder Singh Thakran 8. Ms. Renuka Ramnath
Relatives of Directors and Key Management Personnel	**Upto 7 January 2013** 1. Mrs. Rupal Kanakia 2. Mrs. Manisha Vora 3. Mrs. Hiral Kanakia
Entities under common control or significant influence can be exercised	**Upto 7 January 2013** 1. Cineline India Limited (Formerly known as Cinemax Properties Limited) (with effect from 1 April 2012) 2. Kanakia Spaces Private Limited 3. Kanakia Finance And Investments Private Limited 4. R & H Property Developers Private Limited 5. Cine Café Services 6. Kanakia Hospitality Private Limited **From 8 January 2013** 1. PVR Pictures Limited 2. PVR BLUO Entertainment Limited

CONSOLIDATED NOTES TO ACCOUNTS

ii. Transactions with related parties:

(Rs. in lacs)

Nature of Transactions	Ultimate Holding Company	Entities under common control or significat influence	Key Management Personnel	Relatives of Key Management Personnel
Advances given / payment made				
Cineline India Limited		712.11		
Kanakia Spaces Private Limited		212.37		
Advances received / payment received				
Cineline India Limited		792.50		
Kanakia Spaces Private Limited		150.00		
Expenses Incurred				
Cineline India Limited		315.10		
Kanakia Spaces Private Limited		1.18		
Expenses Reimbursed				
Cineline India Limited		61.63		
Kanakia Spaces Private Limited		14.95		
Income received by us on behalf of				
Cineline India Limited		208.77		
Income received on behalf of us by				
Cineline India Limited		8.22		
Distributors' Share				
PVR Pictures Limited		49.78		
Advertisement Income				
PVR Limited	2.70			
Rent paid				
Cineline India Limited		810.36		
R & H Property Developers Private Limited		7.61		
Rent charged				
Cineline India Limited		734.20		
Kanakia Spaces Private Limited		67.39		
CAM paid				
Cineline India Limited		140.38		
CAM charged				
Cineline India Limited		135.09		
Remuneration				
Rasesh B. Kanakia			77.15	
Himanshu B. Kanakia			77.15	
Others				4.66
Balances outstanding as on 31 March 2013				
Debit Balances:				
PVR Limited	2.70			
Credit Balances:				
PVR Pictures Limited		87.14		

CONSOLIDATED NOTES TO ACCOUNTS

iii. Balances transferred in the current year from Cineline India Limited (formerly known as Cinemax Properties Limited) pursuant to the scheme of Demerger:

	(Rs. in lacs)
Balances payable as on 1 April 2012	
R & H Property Developers Private Limited	8.44
Kanakia Spaces Private Limited	19.51
Kanakia Finance And Investments Private Limited	0.32
Balances receivable as on 1 April 2012	
Cine Café Services	1.35

30. Operating Lease

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

(Rs. in lacs)

Particulars	Year ended 31 March 2013
Lease rental payment for the year *	6,089.68
Future minimum lease rental payment payable	
- not later than one year	6,181.47
- later than one year but not later than five years	25,689.61
- later than five years	22,385.63
Total	**60,346.39**

* 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 earnings per share is calculated as under.

Particulars	Year ended 31 March 2013
Profit after tax (Rs. in lacs)	2,995.72
Weighted average number of shares	28,000,000
Earnings per share (Rs.)	
-Basic	10.70
-Diluted	10.70
Face value per share (Rs.)	5.00

CONSOLIDATED NOTES TO ACCOUNTS

32. Bank Borrowings:

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

i. Charge on the movable fixed assets and current assets of the Company.

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

iii. Goods procured under Letter of Credit.

iv. Undertaking from Cinemax India Limited that its subsidiary will route their entire receivables through designated account with Axis Bank.

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

C. Terms of repayment :

(Rs. in lacs)

Nature of Loan	Within 1 Year	More than 1 year but less than 3 years	More than 3 years
Term Loans	1,209.85	2,906.89	3,629.57
Vehicle Loans	3.64	6.63	4.06
Total Loan	**1,213.49**	**2,913.52**	**3,633.63**

D. Term loans carrying rate of interest of ABBR (Axis Bank Base Rate) + 2.00 % p.a. is repayable in 67 monthly installments ending on 31 October 2018.

E. Other terms of repayment of Vehicle Loans:

Sr. No.	Rate of Interest	Principal outstanding (Rs. in lacs)	Last installment
1	8.82%	4.16	May 2015
2	10.75%	10.18	October 2017

F. Working capital loan is carrying rate of interest of ABBR (Axis Bank Base Rate) + 2.00 % p.a.

33. Capital Commitments

Estimated value of contracts remaining to be executed on capital account and not provided for, net of advances aggregated to Rs. 169.84 lacs.

34. CIF value of import in respect of capital goods purchased during the year aggregated to Rs. 28.57 lacs.

CONSOLIDATED NOTES TO ACCOUNTS

35. Auditors' Remuneration (inclusive of Service Tax)

(Rs. in lacs)

Particulars		**Year ended 31 March 2013**
Audit fees		29.86
Out of pocket expenses		0.95
	Total	**30.81**

36. Contingent liability includes claim against the Company not acknowledged as debt Rs. 293.43 lacs.

37. Exceptional items include the following :

Sr. No.	**Particulars**	**Rs. in lacs**
1	Provision for expenses / taxes for earlier years	87.11
2	Provision towards rent of food court	100.00
3	Provision for service tax in relation to service tax on immovable properties	386.10
4	Assets written off	201.69
5	Reversal of Entertainment Tax no more recoverable	61.31
	Total	**836.21**

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

(Rs. in lacs)

Sr.No.	**Particulars**	**Year ended 31 March 2013**
1.	Employees Remuneration and Benefits	49.51
2.	Administrative Expenses	43.51
3.	Interest Expenses	61.95
4.	Contract Labour Charges	4.61
5.	Legal and Professional fees	0.41
6.	Others	11.96
	Total	**171.95**

CONSOLIDATED NOTES TO ACCOUNTS

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

(Rs. in lacs)

Sr. No.	Particulars	Year ended 31 March 2013
1.	Employees Remuneration and Benefits	96.04
2.	Administrative Expenses	304.26
3.	Interest Expenses	317.75
4.	Contract Labour Charges	50.92
5.	Legal and Professional fees	97.89
6.	Others	13.44
	Total	**880.30**

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 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 Cineline India Limited (formerly known as Cinemax Properties Limited) and Cinemax India Limited (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. 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) Demerger of Exhibition of Films business:

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

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

Each individual shareholder of Cineline India Limited (Formerly known as Cinemax Properties Limited) (CPL) {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 CPL as on the Demerger Record Date i.e. 18 May 2012 shall be issued and allotted shares of CIL in the following manner:

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

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

Subsequent to allotment as prescribed in Note 39 (b) above, the existing 100,000 equity shares of Rs. 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 or the provisions of Section 101 of the Companies Act, 1956.

d) Name change of the Company:

Pursuant to Scheme of arrangement name of "Cinemax Exhibition India Limited" changed to "Cinemax India Limited" with effect from 22 June 2012.

41. On 29 November 2012, the erstwhile promoters (Kanakia Group) had entered into a definitive sale agreement with PVR Limited (through Cine Hospitality Private Limited, its wholly owned subsidiary) for the sale of their entire stake of 69.27% in Cinemax India Limited.

42. On 8 January 2013, PVR Limited through its wholly owned subsidiary, Cine Hospitality Private Limited (the "Acquirer") have purchased controlling stake in the paid up equity share capital of the Company from the erstwhile promoters, pursuant to a block deal executed on the floor of the stock exchange.

43. Further, PVR Limited through its wholly owned subsidiary, Cine Hospitality Private Limited (the "Acquirer") has acquired the stake of 23.92 % through open offer to public having tendering period closure as on 15 February 2013, resulting total stake into 93.19 % in Cinemax India Limited.

44. The Current Assets, Loans and Advances are stated at the value, which in the opinion of the management, 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.

45. Balances of Trade Receivables, Trade Payables, Advances from Customers and Advances to Suppliers/Vendors are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustment are not likely to be material.

46. Previous year comparatives:

The Consolidated Financial Statements are presented for the first time and hence corresponding previous year figures are not disclosed.

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Ajay Bijli
Managing Director

Sanjeev Kumar
Director

Harshada Eklahare
Company Secretary

Nitin Sood
Chief Financial Officer

Place : Gurgaon
Date : 28 May 2013

SUMMARISED FINANCIAL STATEMENTS OF SUBSIDIARIES for the financial year ended 31.03.2013

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

(Rs. In Lakhs)

Sr. No.	Name of the Subsidiary Company	Cinemax India Limited 100 %	Cinemax Motion Pictures Limited 100 %	Vista Entertainment Limited 100 %	Growel Entertainment Limited* 100 %	Odeon Shrine Multiplex Limited 100 %
1	Share Capital	1,400.00	5.00	101.00	5.00	5.00
2	Reserves and Surplus	8,415.86	(426.35)	3,295.55	948.30	114.57
3	Total Assets	26,512.64	85.89	3,846.59	1,396.89	306.43
4	Total Liabilities (Excluding 1 and 2)	16,696.78	507.24	450.04	443.59	186.86
5	Investments	200.74	-	-	-	-
6	Turnover	35,920.47	8.35	2,956.33	1,486.79	1,194.23
7	Profit/(Loss) Before Tax	3,196.00	(21.16)	577.82	209.39	(7.51)
8	Provision for taxation	722.78	-	250.72	71.66	(86.34)
9	Profit/(Loss) after Tax	2,473.22	(21.16)	327.10	137.73	78.83
10	Proposed Dividend	Nil	Nil	Nil	Nil	Nil

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

CINEMAX

CINEMAX INDIA LIMITED
(FORMERLY KNOWN AS CINEMAX EXHIBITION INDIA LIMITED

215 Atrium, 10th Floor, Opp: Divine School, J. B. Nagar, Andheri Kurla Road, Andheri-East, Mumbai - 400059, India
Tel No.: 022-67268888 I Fax No.: 022-67268800 I Website : www.cinemax.co.in

Enjoy,relax @
CINEMAX®

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the Company	Cinemax India Limited
2.	Annual Financial Statements for the year ended	31st March, 2013
3.	Type of Audit Observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period .....
5.	To be signed by • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	WALKER, CHANDIOK & CO * MUMBAI * CHARTERED ACCOUNTANTS