



INOX LEISURE LIMITED

ANNUAL FINANCIAL STATEMENT

2013 - 2014

Independent Auditor's report to the Members of Inox Leisure Limited

Report on the financial statements

We have audited the accompanying financial statements of Inox Leisure Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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 Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls 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.

Auditor's responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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

Auditors' Report to the Members of Inox Leisure Limited (continued)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements 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 31st March 2014;
- ii. in the case of the 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:

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. 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 purpose 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representation received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Patankar & Associates
Chartered Accountants
Firm's Registration No: 107628W

Place: Pune
Date: 27th May, 2014

M Y Kulkarni
Partner
Membership No: 035524

Annexure to Independent Auditor's Report to the members of Inox Leisure Limited on the accounts for the year ended 31st March 2014 – referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

In terms of the Companies (Auditors Report) Order, 2003, on the basis of information and explanations given to us and the books and records examined by us in the normal course of audit and such checks as we considered appropriate, to the best of our knowledge and belief, we state as under:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.

Fixed assets disposed of during the year were not substantial and therefore do not affect the going concern assumption.

2. The inventories were physically verified by the management at reasonable intervals during the year.

In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.

3. The Company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the balance as at the end of the year is Rs. 1,100 lacs. In our opinion, the rate of interest and other terms and conditions on which this loan is taken are not, *prima-facie*, prejudicial to the interest of the Company. The Company is regular in payment of interest and repayment of the principle.

The Company has not granted any loans, secured or unsecured, to parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for sales of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.

5. In our opinion, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered. In our opinion, for purchase of services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year, no comparison of prices could be made available as these legal services are of special nature. There were no transactions of purchase of goods and materials, and sale of goods, materials and services with parties covered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year.

6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder and hence the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for activities of the Company to which the said Rules are made applicable, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.
9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Cess, Entertainment Tax and other material statutory dues applicable to it, and no undisputed amounts payable were in arrears, as at the end of the year, for a period of more than six months from the date they became payable. No payments were due in respect of and Excise Duty.

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

Name of the Statute	Nature of dues and the period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
Service-tax	Levy of service tax on certain income	90.13	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
Service-tax	Service tax on renting of immovable properties	1042.44	Supreme Court of India
Income-tax Act, 1961	TDS on certain payments	11.32	Commissioner of Income-tax (Appeals), Mumbai
The Customs Valuation Rules, 1988	Custom duty	Amount not ascertainable	Commissioner Appeal, Central Board of Excise and Customs
Customs Act, 1962	Custom duty	4.36	Asst. Commissioner of Customs, Jawaharlal Nehru Custom House, JNPT, Nhava Sheva
Maharashtra Value Added Tax Act, 2002 ('MVAT')	Levy of MVAT on Copy Right	39.61	Commissioner of Sales Tax
Maharashtra Value Added Tax Act, 2002 ('MVAT')	Levy of MVAT on sale of distribution rights	23.30	Deputy Commissioner of Sales Tax
Karnataka Value Added Tax Act, 2003	Levy of KVAT on sales	31.75	Joint Commissioner Commercial Taxes (Appeals) Division 1, Bangalore
West Bengal Value Added Tax Act, 2003	Levy of WB VAT on sales	80.61	The Addl. Commissioner, Sales Tax, West Bengal, Kolkata

10. The Company does not have accumulated losses and the Company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. The Company has not given guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, the term loans availed during the year by the Company were applied for the purpose for which they were obtained.
17. In our opinion, on an overall examination of the Balance Sheet and the Cash Flow Statement, funds raised on short term basis have, *prima-facie*, not been used during the year for long term investment.
18. During the year the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money by way of public issues during the year.
21. No fraud on or by the Company was noticed or reported during the course of our audit.

For Patankar & Associates
Chartered Accountants
Firm's Registration No: 107628W

Place: Pune
Date: 27th May, 2014

M Y Kulkarni
Partner
Membership No: 035524

INOX LEISURE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2014

(Rs. In lacs)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	4	9,614.62	6,156.24
(b) Share Capital to be issued	4 & 30	-	3,456.22
(c) Reserves and Surplus	5	44,444.39	41,193.72
(d) Interest in Inox Benefit Trust, at cost	30	(14,968.89)	(18,348.45)
		39,090.12	32,457.73
2 Non-Current Liabilities			
(a) Long-term borrowings	6	21,482.99	22,373.76
(b) Deferred tax liabilities (Net)	7	2,900.30	2,275.57
(c) Other long term liabilities	8	2,400.92	3,948.48
(d) Long-term provisions	9	413.43	390.15
		27,197.64	28,987.96
3 Current liabilities			
(a) Short term borrowings	10	887.69	2,229.34
(b) Trade payables	11	7,204.69	5,610.51
(c) Other current liabilities	12	9,322.33	9,470.99
(d) Short-term provisions	9	2,106.42	2,584.78
		19,521.13	19,895.62
TOTAL		85,808.89	81,341.31
II ASSETS			
1 Non-Current Assets			
(a) Fixed assets	13		
(i) Tangible assets		58,291.32	55,035.13
(ii) Intangible assets		320.61	240.31
(iii) Capital work-in-progress	14	4,854.29	4,225.73
		63,466.22	59,501.17
(b) Non-current investments	15	98.27	95.97
(c) Long term loans and advances	16	14,432.88	13,298.49
(d) Other non-current assets	17	225.13	248.96
		78,222.50	73,144.59
2 Current Assets			
(a) Current investments	15	272.91	10.54
(b) Inventories	18	858.93	546.48
(c) Trade receivables	19	3,341.83	3,666.79
(d) Cash and bank balances	20	1,655.97	2,333.44
(e) Short-term loans and advances	21	1,276.21	1,373.92
(f) Other current assets	22	180.54	265.55
		7,586.39	8,196.72
TOTAL		85,808.89	81,341.31
The accompanying notes are an integral part of the financial statements.			

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

M. Y. Kulkarni
Partner

Place : Pune
Dated : 27th May 2014

For Inox Leisure Limited

Pavan Jain
Director

Deepak Asher
Director

Miket Bahuva
Deputy Company Secretary
& Sr. Manager - Legal

Place : Mumbai
Dated : 27th May 2014

INOX LEISURE LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

(Rs. In lacs)

Particulars	Note No.	Year ended 31st March 2014	Year ended 31st March 2013
INCOME			
Revenue from operations	23	86,882.91	76,528.56
Other Income	24	894.78	362.46
Total Revenue		87,777.69	76,891.02
EXPENSES			
Entertainment tax		10,607.05	10,204.08
Exhibition Cost	25	22,348.92	20,994.27
Cost of Food and Beverages	26	4,664.18	4,259.09
Employee benefits expense	27	4,956.70	4,269.40
Finance costs	28	2,763.37	2,669.77
Depreciation & amortization	13	5,068.90	4,307.50
Other Expenses	29	32,110.24	27,000.79
Total Expenses		82,519.36	73,704.90
Profit Before exceptional items and tax		5,258.33	3,186.12
Less: Exceptional items	31	39.00	250.00
Profit Before tax		5,219.33	2,936.12
Tax expenses			
Current tax		1,062.00	1,039.00
MAT Credit Entitlement		(75.00)	(310.00)
Deferred tax		528.18	546.72
Taxation pertaining to earlier years	33(c)	10.55	(184.23)
		1,525.73	1,091.49
Profit for the year		3,693.60	1,844.63
Earnings Per Equity Share of Rs. 10 each	50		
Basic		4.85	2.57
Diluted		4.85	2.57

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For Patankar and Associates

Chartered Accountants

M. Y. Kulkarni

Partner

Place : Pune

Dated : 27th May 2014

For Inox Leisure Limited**Pavan Jain**

Director

Deepak Asher

Director

Miket Bahuva

Deputy Company Secretary

& Sr. Manager - Legal

Place : Mumbai

Dated : 27th May 2014

INOX LEISURE LIMITED
Cash Flow Statement for the year ended 31st March, 2014

(Rs. In lacs)

	Year ended 31st March 2014	Year ended 31st March 2013
A Cash flow from operating activities		
Net profit before tax	5,219.33	2,936.12
<u>Adjustments for :</u>		
Depreciation and amortization	5,068.90	4,307.50
Loss of retirement/disposal of fixed assets (net)	83.48	454.95
Provision for diminution in value of assets held for disposal	41.60	-
Bad debts and remissions	58.28	0.02
Provision for doubtful debts	20.22	13.02
Liabilities written back	(505.89)	(145.12)
Provision for diminution in value of investment	39.00	250.00
Amortization of value of Stock Options	14.34	1.06
Interest income	(105.28)	(131.88)
Gain on sale of current investments	(53.43)	(84.94)
Finance cost	2,763.37	2,669.78
Operating profit before working capital changes	12,643.92	10,270.51
<u>Changes in working capital</u>		
Trade payables	1,594.19	286.81
Long-term provisions	23.27	97.19
Short-term provisions	(479.57)	293.95
Other current liabilities	2,474.89	(4,101.02)
Other long term liabilities	(1,547.56)	3,867.69
Trade receivables	246.45	(1,676.65)
Inventories	(312.46)	(132.56)
Long-term loans and advances	(1,095.12)	(1,099.16)
Short-term loans and advances	(77.29)	(371.95)
Cash generated from operation	13,470.72	7,434.81
Direct taxes paid (net)	(924.71)	(303.84)
Net cash from/(used in) operating activities	12,546.01	7,130.97
B Cash flow from investing activities		
Purchase of fixed assets (including change in Capital work-in-progress, capital advances and pre-operative expenses)	(9,801.62)	(9,017.80)
Sale of fixed assets	13.77	519.91
Acquisition of Intangible Assets	(177.98)	(48.42)
Investment in subsidiary company	-	(469.10)
Purchase of other non-current investment	(33.80)	(7.40)
Purchase of current investments	(5,050.00)	(4,400.00)
Share application money paid to joint venture	(15.00)	-
Sale/redemption of current investments	4,848.56	6,334.94
Proceeds from sale of treasury shares	2,921.22	-
Intercorporate Deposit given / received back	175.00	(75.00)
Movement in bank fixed deposits with original maturity of more than 3 months (net)	57.81	28.07
Interest received	144.52	178.72
Net cash from/(used in) investment activities	(6,917.52)	(6,956.08)

INOX LEISURE LIMITED

Cash Flow Statement for the year ended 31st March, 2014 - continued

(Rs. In lacs)

	Year ended 31st March 2014	Year ended 31st March 2013
C Cash flow from financing activities		
Shares issued under ESOP	3.24	0.75
Proceeds from / Repayment of Inter-corporate Deposit (net)	(2,921.00)	970.00
Proceeds from / Repayment of Term Loans (net)	380.64	719.24
Proceeds from short term borrowings (net)	(1,341.65)	2,014.98
Finance cost	(2,397.39)	(2,650.27)
Net cash from/(used in) financing activities	(6,276.16)	1,054.70
Net (Decrease) / Increase in cash and cash equivalents	(647.67)	1,229.59
Cash and cash equivalents at the beginning of the year	2,105.00	459.62
Add: On amalgamation (Refer Note 1 below)	-	415.79
	2,105.00	875.41
Cash and cash equivalents at the end of the year	1,457.33	2,105.00

The accompanying notes are an integral part of the financial statements.

For Patankar and Associates
Chartered Accountants

M. Y. Kulkarni
Partner

Miket Bahuva
Deputy Company Secretary
& Sr. Manager - Legal

Pavan Jain
Director

Deepak Asher
Director

Place : Pune
Dated : 27th May 2014

Place : Mumbai
Dated: 27th May 2014

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

1. Corporate Information

Inox Leisure Limited (the "Company") is engaged in the business of operating & managing multiplexes and cinema theatres in India. The Company is a public company and its shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The Company is a subsidiary of Gujarat Fluorochemicals Limited.

2. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

Figures for the previous year have been re-grouped / reclassified wherever necessary to confirm with the classification of the current year.

3. Significant Accounting Policies

a) Revenue Recognition:

Income from Box Office is recognized as and when the movie is exhibited. Income from Sale of Food & Beverages is accounted at the point of sale. Income is net of refunds and complimentary. Conducting fees are in respect of charges received from parties to conduct business from the Company's Multiplexes and the revenue is recognized as per the contractual arrangements. Advertisement income is recognized on exhibition of the advertisement or over the period of contract, as applicable. Income from sale of power is recognized on the basis of actual units generated and transmitted to the purchaser. Dividend income is recognised when the unconditional right to receive payment is established. Income from interest on deposits, loans and interest-bearing securities is recognised on time proportion basis.

b) Fixed Assets:

Fixed assets are carried at cost of acquisition or cost of construction, as reduced by accumulated depreciation/amortization, except freehold land, which is carried at cost. Project pre-operative expenses and expenditure incurred during construction period of multiplexes are capitalized to various eligible assets in respective multiplexes. Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets are capitalised. In respect of accounting period commencing on or after 1 April 2011, consequent to the amendment of para 46A of AS 11: The Effects of Changes in Foreign Exchange Rates, cost of depreciable capital assets include foreign exchange differences arising on translation of long term foreign currency monetary items.

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

3. Significant Accounting Policies - continued

c) Depreciation on Tangible Fixed Assets:

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

- I. On Leasehold Improvements, electrical installations & air conditioners in leased premises, over the period of useful life on the basis of the respective agreements or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is shorter.
- II. On other fixed assets, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

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

d) Amortization of Intangible assets:

Cost of film distribution rights and negative rights is amortized in proportion to the management's estimate of gross revenue expected to be realized over a period. Cost of movie script acquired is amortized over a period of five year from the date of agreement. Cost of software is amortized on straight line basis @ 16.21% p.a.

e) Impairment of assets :

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

f) Investments :

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

g) Inventories :

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

h) Employee Benefits :

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

3. Significant Accounting Policies - continued

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

- i) **Borrowing Cost :**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- j) **Taxes on Income :**
Income tax expense comprises of current tax and deferred tax charge. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax in respect of timing differences which reverse during the tax holiday period is not recognised to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Minimum Alternate Tax (MAT) paid on the book profits, which gives rise to future economic benefits in the form of tax credit against future income-tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilization of such credit.
- k) **Foreign Currency Transactions:**
- (i) Transactions in foreign currency are recorded in rupees by applying the exchange rate at the date of the transaction. Gains or losses on settlement of the transactions are recognized in the statement of profit and loss. At the Balance Sheet date, monetary assets and liabilities in foreign currency are restated by applying the closing rate, and the difference arising out of such conversion is recognized in the statement of profit and loss, except as mentioned in para (ii) below.
- (ii) The Central Government has vide its notification no. G.S.R. 914(E) dated 29th December, 2011, amended AS 11-'The Effects of Changes in Foreign Exchange Rates', notified under the Companies (Accounting Standards) Rules, 2006, to the extent it relates to the recognition of losses or gains arising on restatement of long-term foreign currency monetary items in respect of accounting periods commencing on or after 1st April 2011. As stipulated in the Notification, the Company has exercised the option to adopt the following policy irrevocably:
- Long term foreign currency monetary items are translated at the exchange rate prevailing on the balance sheet date and the net exchange gain / loss on such conversion and on settlement of the liability, is adjusted to the cost of the asset, where the long-term foreign currency monetary items relate to the acquisition of a depreciable capital asset (whether purchased within or outside India), and depreciated over the balance life of the assets.

3. Significant Accounting Policies - continued

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

- l) Leases :
Lease rentals in respect of assets acquired on operating lease are charged-off to the statement of profit and loss as per the terms of the respective lease agreements.
- m) Treasury shares:
Pursuant to the Scheme of Amalgamation of Fame India Ltd ('Fame') and its subsidiaries with the Company, (refer note 30), equity shares of the Company have been issued to Inox Benefit Trust (the Trust) against the equity shares of Fame held by the Company. These shares are recognised as Interest in Inox Benefit Trust at the amount of consideration paid by the Company to acquire the shares of erstwhile Fame. These shares of the Company held by Inox Benefit Trust are classified and are presented as a deduction from Shareholders' Funds. Difference between the cost and the amount received at the time sale of shares by the Trust, is recorded separately as 'Reserve on Sale of Treasury Shares' under Reserve and Surplus.
- n) Provisions and contingent Liabilities :
A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. 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 possible obligation or a present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.
- o) Use of estimates:
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent liabilities, at the end of the accounting year and reported amounts of revenue and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

INOX LEISURE LIMITED
Notes to the financial statements for the year ended 31st March 2014

4 : Share Capital	(Rs. In lacs)	
	31st March 2014	31st March 2013
Authorised Capital		
14,00,50,000 Equity Shares of Rs. 10/- each	14,005.00	14,005.00
10,000 Preference Shares of Rs 10/- each	1.00	1.00
	<u>14,006.00</u>	<u>14,006.00</u>
Issued, Subscribed and fully paid up shares		
9,64,57,754 (previous year 6,18,95,548) Equity Shares of Rs. 10/- each	9,645.78	6,189.56
Less: 3,11,580 (previous year 3,33,157) Equity Shares of Rs. 10/- each, issued to ESOP Trust but not allotted to employees (see note no. 32)	31.16	33.32
	<u>9,614.62</u>	<u>6,156.24</u>
Adjusted Issued, Subscribed and Paid-up Capital		
	<u>9,614.62</u>	<u>6,156.24</u>
Share Capital to be issued		
Nil (previous year 3,45,62,206) Equity Shares of Rs. 10/- each fully paidup to be issued to members of erstwhile Fame India Limited pursuant to Amalgamation of Fame India Limited with the Company (see note no. 30)	-	3,456.22
	<u>-</u>	<u>3,456.22</u>

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	As at 31st March 2014		As at 31st March 2013	
	No	Rs. In lacs	No	Rs. In lacs
At the beginning of the year	61,562,391	6,156.24	61,557,391	6,155.74
Add:				
a) Shares issued pursuant to Amalgamation of Fame India Limited	34,562,206	3,456.22	-	-
b) Issued during the year under ESOP	21,577	2.16	5,000	0.50
	<u>96,146,174</u>	<u>9,614.62</u>	<u>61,562,391</u>	<u>6,156.24</u>
Less: Interest in Inox Benefit Trust - shares of Company held by the Trust	19,931,570	1,993.16	24,431,570	2,443.16
	<u>76,214,604</u>	<u>7,621.46</u>	<u>37,130,821</u>	<u>3,713.08</u>

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, in proportion to their shareholding.

c) Equity shares held by holding / ultimate holding company	As at 31st March 2014		As at 31st March 2013	
	Nos	Rs. In lacs	Nos	Rs. In lacs
Gujarat Fluorochemicals Limited - the holding Company	46,386,467	4,638.65	40,615,092	4,061.51
Inox Leasing & Finance Limited - the ultimate holding company	587,461	58.75	587,461	58.75

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014****4 : Share Capital - continued**

d) Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

3,45,62,206 shares of Rs. 10 each, fully paid-up, issued to the shareholders of erstwhile Fame India Limited, pursuant to the Scheme of Amalgamation, during the year ended 31st March 2014.

e) Details of shareholders holding more than 5% equity shares in the Company	As at 31st March 2014		As at 31st March 2013	
	Nos	%	Nos	%
Gujarat Fluorochemicals Ltd. - the holding Company	46,386,467	48.09%	40,615,092	65.62%
Inox Benefit Trust	19,931,570	20.66%	-	-
Reliance Capital Ltd	7,730,595	8.01%	-	-

f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, see note no. 32

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
5 : Reserves & Surplus	31st March 2014	31st March 2013
Capital redemption reserve		
Balance as per last Balance Sheet	0.10	-
Add: Addition on Amalgamation (see note no. 30)	-	0.10
Balance as at the end of the year	<u>0.10</u>	<u>0.10</u>
Securities Premium Account		
Balance as per last Balance Sheet	25,751.56	12,996.86
Add: Arising out of grant of options to employees	15.35	-
Add: Addition on Amalgamation (see note no. 30)	-	12,754.70
	<u>25,766.91</u>	<u>25,751.56</u>
Less: Premium on shares issued to ESOP Trust but not allotted to employees	<u>23.26</u>	<u>18.72</u>
Balance as at the end of the year	<u>25,743.65</u>	<u>25,732.84</u>
Employee Stock Options Outstanding		
Balance as per last Balance Sheet	1.72	2.72
Add/(Less): On account of options granted/lapsed/exercised and amortisation of value of stock options (net)	4.60	(1.00)
Balance as at the end of the year	<u>6.32</u>	<u>1.72</u>
Amalgamation Reserve		
Balance as per last Balance Sheet	750.66	387.90
Add: Addition on Amalgamation (see note no. 30)	-	362.76
Balance as at the end of the year	<u>750.66</u>	<u>750.66</u>
General Reserve		
Balance as per last Balance Sheet	5,400.00	5,400.00
Other Reserve		
Reserve on sale of treasury shares (see note no. 30)	(458.34)	-
Surplus in the Statement of Profit and Loss		
Surplus as per last Balance Sheet	9,308.40	7,907.07
Less: On account of Amalgamation (see note no. 30)	-	(443.30)
Add: Profit for the year	<u>3,693.60</u>	<u>1,844.63</u>
Balance as at the end of the year	<u>13,002.00</u>	<u>9,308.40</u>
Total	<u>44,444.39</u>	<u>41,193.72</u>

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
6 : Long-term borrowings	31st March 2014	31st March 2013
Term Loans from Banks (secured)	5,980.67	5,600.03
Loans & Advances from related parties (unsecured)		
Inter-corporate Deposits		
- from Holding Company	16,249.00	19,170.00
- from Ultimate Holding Company	1,100.00	1,100.00
	<u>17,349.00</u>	<u>20,270.00</u>
 Total borrowings	 23,329.67	 25,870.03
Less: Current maturities disclosed under the note no. 12 "Other current liabilities"	<u>(1,846.68)</u>	<u>(3,496.27)</u>
Total	<u>21,482.99</u>	<u>22,373.76</u>

Nature of Security and terms of repayment for secured borrowings:

a) Term loans from Axis Bank amounting to Rs. 5,980.67 lacs (previous year Rs. 4,322.25 lacs) carries interest @ bank base rate + 1.25 % p.a which presently is 11.50%. The loans are secured by mortgage of immovable property situated at Vadodara and Anand and first exclusive charge on all movable fixed assets and current assets of the new multiplexes/property financed by the said term loans and escrow of entire cash flows relating to such multiplexes. The repayment schedules are as under:

Particulars	Outstanding Amount (in lacs)	Repayment terms
Term Loan 1	4,495.67	Repayable in 16 equal quarterly instalments beginning from 30th June 2013
Term Loan 2	300.00	Repayable in 10 equal quarterly instalments beginning from 1st April 2013
Term Loan 3	1,185.00	Repayable in 16 equal quarterly instalments beginning from 1st October 2014

b) Term loan from Citi Bank amounting to Rs. Nil (previous year Rs. 499.99 lacs) carried interest @ 8.75% p.a and was secured by mortgage of immovable property situated at Pune and charge on all movable assets situated at Pune, Thane, Rajapark (Jaipur) and Madurai multiplexes and four future properties.

c) Term loan from ING Vysya Bank amounting to Rs. Nil (previous year Rs. 777.79 lacs) carried interest @ 9.5% p.a and was secured by charge on immovable property situated at Nariman Point and exclusive charge on all the current and fixed assets situated at Vizag Beach Road, Vizag CMR Mall, Kanpur, Belgaum, J.P.Nagar (Bangalore), Kharghar multiplexes and one future multiplex.

Terms of repayment for unsecured borrowings:

The inter-corporate deposits are repayable in 3 to 8 years from the date of the respective deposits and carry interest in the range of 10% to 11%.

INOX LEISURE LIMITED
Notes to the financial statements for the year ended 31st March 2014

(Rs. In lacs)

7 : Deferred Tax Liabilities (net)

	31st March 2014	31st March 2013
<u>Deferred Tax Liabilities</u>		
On account of difference between book depreciation and tax depreciation	3,601.75	3,082.74
Total Liabilities	3,601.75	3,082.74
<u>Deferred Tax Assets</u>		
Expenditure allowable on payment basis under Income-tax Act	613.84	598.98
Amalgamation Expenses	69.47	154.47
Provision for doubtful debts and advances	18.14	53.72
Total Assets	701.45	807.17
Net Deferred Tax Liability	2,900.30	2,275.57

8 : Other Long-term liabilities

	31st March 2014	31st March 2013
Security Deposits Received	19.08	19.20
Retention Money	43.73	28.38
Creditors for capital expenditure	2,338.11	3,900.90
Total	2,400.92	3,948.48

9 : Provisions

	Long-term		Short-term	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
for Gratuity	294.77	257.27	49.24	34.43
for Leave benefits	118.66	132.88	61.02	57.50
for Municipal tax - see note no. 48(a)	-	-	200.20	207.40
for MVAT - see note no.48(c)	-	-	39.61	39.61
for Service tax - see note no. 48(d)	-	-	1,042.44	1,033.14
for Amalgamation expenses - see note no. 48(b)	-	-	-	500.00
for Taxation (net of payments)			713.91	712.70
Total	413.43	390.15	2,106.42	2,584.78

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
10 : Short terms borrowings	31st March 2014	31st March 2013
Short Term Loan from Bank (secured)	-	800.00
Loans repayable on demand from banks (secured)		
- Bank overdraft	887.69	929.34
Loans & Advances from related parties (unsecured)		
- Inter-corporate Deposits - from Holding Company	-	500.00
Total	<u>887.69</u>	<u>2,229.34</u>

a) Short Term loan from Axis Bank amounting to Rs. Nil (previous year Rs.800 lacs) carried interest @ bank base rate + 1.25 % p.a which was 11.50%. The loan was secured by mortgage of immovable property situated at Vadodara and charge on all stocks, debts and movable properties situated at Amanora-Pune, Hyderabad-2, Udaipur, Bhubaneshwar, Bhopal, Vijayanagar, Element Mall-Jaipur, RPG Mall-Kolkata, Surat, and Vizag-3 properties.

b) Bank overdraft is secured against first charge on the entire current assets of the Company, both present and future; and extension of first charge by way of mortgage of property at Vadodara and Anand, Gujarat

c) Short term inter-corporate deposit was repayable on demand and carried interest @ 10%.

11 : Trade Payables	31st March 2014	31st March 2013
Trade payables		
- Dues to Micro and Small Enterprises (see note no. 49)	5.71	1.42
- Others	7,198.98	5,609.09
Total	<u>7,204.69</u>	<u>5,610.51</u>

12 : Other Current Liabilities	31st March 2014	31st March 2013
Current maturities of long-term debt (from note no.6)	1,846.68	3,496.27
Interest accrued and due on borrowings	422.55	56.57
Interest accrued but not due on long term liabilities	27.60	42.67
Income Received in advance	776.84	699.96
Unclaimed Dividend (see note below)	3.74	3.74
Advances from customers	514.11	289.14
Statutory dues and taxes payable	697.82	655.17
Creditors for capital expenditure	4,403.27	3,674.53
Retention Money	326.80	283.15
Security Deposit	290.87	262.69
Other Payables	12.05	7.10
Total	<u>9,322.33</u>	<u>9,470.99</u>

Note: In respect of amounts mentioned under unclaimed dividends, the actual amount to be transferred to the Investor Education and Protection Fund shall be determined on the due date.

INOX LEISURE LIMITED
Notes to financial statements for the year ended 31 March 2014
13 : Fixed Assets

PARTICULARS	GROSS BLOCK						As at 31 March 2014
	As at 1 April 2013	On Amalgamation	Additions	Other Adjustments		Deductions	
				Exchange Fluctuations	Borrowing Costs		
a) Tangible Assets							
Land (Freehold)	2,669.66	-	-	-	-	-	2,669.66
Land (Leasehold)	367.58	-	-	-	-	-	367.58
Buildings (*)	13,542.06	-	-	-	-	-	13,542.06
Leasehold improvements	21,578.95	-	2,666.37	-	72.48	97.07	24,220.73
Plant & Equipment	26,371.02	-	2,954.14	570.23	49.99	25.33	29,920.05
Furniture & Fixtures	6,656.22	-	1,277.26	-	26.01	42.93	7,916.56
Vehicles	144.01	-	15.87	-	-	10.39	149.49
Office Equipments	4,026.73	-	570.07	122.24	-	4.69	4,714.35
Sub-total	75,356.23	-	7,483.71	692.47	148.48	180.41	83,500.48
b) Intangible Assets							
Software	531.63	-	177.99	-	-	-	709.62
Negative rights	2.66	-	-	-	-	-	2.66
Film Distribution Rights	24.71	-	-	-	-	24.71	-
Movie Script	155.50	-	-	-	-	-	155.50
Sub-total	714.50	-	177.99	-	-	24.71	867.78
Total	76,070.73	-	7,661.70	692.47	148.48	205.12	84,368.26
Previous year	42,789.25	19,506.20	15,517.85	(23.56)	76.52	1,795.53	76,070.73

Note: Buildings includes Rs. 4681.02 lacs in respect of building at Nariman Point, Deed of Apartment of which is to be executed.

INOX LEISURE LIMITED
Notes to financial statements for the year ended 31 March 2014
13 : Fixed Assets - continued

(Rs. In lacs)

PARTICULARS	DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at 1 April 2013	On Amalgamation	For the year	Deductions	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
a) Tangible Assets							
Land (Freehold)	-	-	-	-	-	2,669.66	2,669.66
Land (Leasehold)	45.91	-	5.86	-	51.77	315.81	321.67
Buildings (*)	1,623.86	-	220.80	-	1,844.66	11,697.40	11,918.20
Leasehold improvements	7,547.02	-	1,687.80	43.14	9,191.68	15,029.05	14,031.93
Plant & Equipment	6,874.26	-	1,848.52	8.31	8,714.47	21,205.58	19,496.76
Furniture & Fixtures	2,713.84	-	664.14	19.95	3,358.03	4,558.53	3,942.38
Vehicles	41.87	-	14.20	10.39	45.68	103.81	102.14
Office Equipments	1,474.34	-	529.89	1.36	2,002.87	2,711.48	2,552.39
Sub-total	20,321.10	-	4,971.21	83.15	25,209.16	58,291.32	55,035.13
b) Intangible Assets							
Software	409.26	-	66.59	-	475.85	233.77	122.37
Negative rights	2.66	-	-	-	2.66	-	-
Film Distribution Rights	24.71	-	-	24.71	-	-	-
Movie Script	37.56	-	31.10	-	68.66	86.84	117.94
Sub-total	474.19	-	97.69	24.71	547.17	320.61	240.31
Total	20,795.29	-	5,068.90	107.86	25,756.33	58,611.93	55,275.44
Previous year	9,476.50	7,642.19	4,307.51	630.91	20,795.29		

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

		(Rs. In lacs)
14: Capital work-in-progress	31st March 2014	31st March 2013
Capital work-in-progress	4,096.92	3,441.06
Pre-operative expenditure pending allocation	757.37	784.67
Total	4,854.29	4,225.73
Pre-operative expenditure pending allocation		
Opening Balance	784.67	436.29
Add: On Amalgamation	-	179.06
	784.67	615.35
Add: Expenses incurred during the year		
Salaries and wages	274.89	291.34
Contribution to Provident and other funds	16.70	16.84
Staff Welfare	5.48	5.47
Legal & Professional fees and expenses	360.03	260.99
Travelling & Conveyance	344.79	299.82
Insurance (net)	0.57	6.00
Power & Fuel	47.18	54.03
Communication Expenses	3.46	5.90
House keeping expenses	19.43	11.49
Outsourced Personnel Cost	22.44	40.51
Security expenses	74.85	76.91
Miscellaneous Expenses	16.47	20.15
Finance costs	171.62	140.40
	1,357.91	1,229.85
Less: Pre-Operative Income earned during the year		
Miscellaneous Income	5.45	6.08
	2,137.13	1,839.12
Less: Capitalised during the year	1,379.76	1,054.45
Closing balance	757.37	784.67

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 20**

(Rs. In lacs)

31st March 2014 31st March 2013**15 (a) : Non-Current Investments**

(Non-trade, at cost, unquoted)

a) Investments in joint venture

1,640,000 equity shares of Rs 10 each, fully paid-up, of Swanston Multiplex Cinemas Private Limited	279.52	279.52
Add: Share application money	15.00	-
Less: Provision diminution in value of the investment	(289.00)	(250.00)
	<u>5.52</u>	<u>29.52</u>

b) Investments in Government Securities

National Savings Certificates	110.79	76.99
(Held in the name of Directors/Ex-Director/Employees and certificates worth Rs.110.79 lacs (previous year Rs. 76.99 lacs) are pledged with Government Authorities)		
Less: Current Portion	(18.04)	(10.54)
	<u>92.75</u>	<u>66.45</u>

Total98.27 95.97**15 (b): Current Investments**

(Non-trade, unquoted, at lower of cost and fair value)

a) Investment in mutual funds

14,796 (Previous year - Nil) units of Rs. 1,000 each, fully paid-up, of Religare Invesco Liquid Fund-Growth Plan	254.87	-
b) Current portion of non-current investment from note no. 15(a)	18.04	10.54
	<u>272.91</u>	<u>10.54</u>

Note: The shares of Swanston Multiplex Cinemas Private Limited, received pursuant to the Scheme of Amalgamation, are yet to be transferred in the name of the Company

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
	31st March 2014	31st March 2013
16 : Long-term loans and advances (unsecured, considered good, unless otherwise stated)		
Capital Advances	71.87	57.53
Security Deposits		
- Considered Good	8,753.51	7,777.23
- Considered Doubtful	-	62.32
	<u>8,753.51</u>	<u>7,839.55</u>
Advances recoverable in cash or in kind		
- Considered Good	345.49	334.37
- Considered Doubtful	-	5.00
	<u>345.49</u>	<u>339.37</u>
Balance in Cenvat Credit account	287.32	394.99
Entertainment Tax Refund Claimed	1,453.83	1,238.44
Income Tax paid (net of provisions)	441.22	529.29
MAT Credit Entitlement	2,689.81	2,576.81
Electricity charges refund claimed (refer note no 34 (j))	389.83	389.83
	<u>14,432.88</u>	<u>13,365.81</u>
Less: Provision for doubtful advances and deposits	-	67.32
Total	<u>14,432.88</u>	<u>13,298.49</u>
17 : Other non-current assets	31st March 2014	31st March 2013
Non-current bank balances (from note no. 20)	62.22	90.22
Interest accrued:		
on long term investments	19.33	18.99
on bank fixed deposits	4.66	3.23
others	138.92	136.52
	<u>225.13</u>	<u>248.96</u>
Total	<u>225.13</u>	<u>248.96</u>
18 : Inventories (valued at lower of cost and net realizable value)	31st March 2014	31st March 2013
Food & Beverages	486.71	355.22
Stores, Spares & Fuel	372.22	191.26
	<u>858.93</u>	<u>546.48</u>
Total	<u>858.93</u>	<u>546.48</u>

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
	31st March 2014	31st March 2013
19 : Trade Receivables		
(unsecured, considered good, unless otherwise stated)		
Considered Good		
Outstanding for a period exceeding six months	786.40	820.98
Others	2,555.43	2,845.81
	<u>3,341.83</u>	<u>3,666.79</u>
Considered Doubtful		
Outstanding for a period exceeding six months	53.36	127.02
	<u>3,395.19</u>	<u>3,793.81</u>
Less: Provision for doubtful trade receivables	53.36	127.02
Total	<u>3,341.83</u>	<u>3,666.79</u>
20 : Cash & Bank Balances	31st March 2014	31st March 2013
Cash and Cash equivalents		
Balances with banks		
In Current accounts	909.67	1,433.78
Deposit accounts with original maturity of less than 3 months	124.56	119.71
	<u>1,034.23</u>	<u>1,553.49</u>
Cash on Hand	423.10	551.51
Total cash and cash equivalents	<u>1,457.33</u>	<u>2,105.00</u>
Other bank balances		
in Unpaid dividend accounts	3.74	3.74
Deposits with original maturity for more than 3 months but less than 12 months	150.85	201.77
Deposits with original maturity for more than 12 months	106.27	113.15
Total other bank balances	<u>260.86</u>	<u>318.66</u>
Total cash and bank balances	1,718.19	2,423.66
Less: Amount disclosed under note no. 17 "Other non-current assets"	(62.22)	(90.22)
Total	<u>1,655.97</u>	<u>2,333.44</u>
Other bank balances include margin money deposits given as security as under:		
Deposits with original maturity for more than 3 months but less than 12 months	25.99	-
Deposits with original maturity for more than 12 months	106.27	113.15
	<u>132.26</u>	<u>113.15</u>

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

		(Rs. In lacs)
21 : Short-term loans & advances	31st March 2014	31st March 2013
(unsecured, considered good, unless otherwise stated)		
Prepaid expenses	160.25	139.39
Security Deposits	-	36.75
Inter Corporate Deposits	-	175.00
Balance in Cenvat Credit account	287.32	514.20
Advances recoverable in cash or in kind	157.68	239.44
Advances to suppliers		
- Considered Good	670.96	269.14
- Considered Doubtful	-	64.28
	<u>670.96</u>	<u>333.42</u>
Less: Provision for doubtful advances	-	64.28
	<u>670.96</u>	<u>269.14</u>
Total	<u><u>1,276.21</u></u>	<u><u>1,373.92</u></u>
22 : Other current assets	31st March 2014	31st March 2013
Assets held for disposal	148.17	189.77
Interest accrued		
on bank fixed deposits	3.61	15.30
on long term investments	13.10	6.18
others	15.66	54.30
Total	<u><u>180.54</u></u>	<u><u>265.55</u></u>

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
	2013-2014	2012-2013
23 : Revenue from operations		
a) Sale of services:		
Box Office Revenue	59,656.19	55,876.26
Conducting Fees	1,544.17	1,286.20
Advertising Income	4,954.84	3,244.26
Management Fees	194.98	209.83
Parking Charges	144.49	126.60
	66,494.67	60,743.15
b) Sale of products (see note no. 38)		
Food & Beverages	16,232.61	14,175.63
Sale of Power	3.64	11.75
	16,236.25	14,187.38
c) Other operating revenue	4,151.99	1,598.03
Total	86,882.91	76,528.56
24 : Other Income	2013-2014	2012-2013
Interest		
On Bank Fixed Deposits	36.21	38.95
On Long Term Investments	9.40	7.16
On Income Tax Refunds	-	24.40
On Inter-corporate Deposits	8.02	5.96
Other Interest	51.65	55.41
	105.28	131.88
Gain on Sale of Current Investments	53.43	84.94
Liabilities and provisions, no longer required, written back		
- for amalgamation expenses	227.44	-
- other provisions and liabilities	505.89	145.12
Miscellaneous Income	2.74	0.52
Total	894.78	362.46
25 : Exhibition Cost	2013-2014	2012-2013
Distributors' share	21,712.48	20,227.51
Other exhibition cost	562.32	706.84
Share of joint venture investors (see note below)	74.12	59.92
Total	22,348.92	20,994.27

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

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
	2013-2014	2012-2013
26 : Cost of food and beverages (see note no. 38)		
Opening Stock	355.22	187.66
Add: Addition on Amalgamation	-	86.49
Add: Purchases	4,795.67	4,340.16
	<u>5,150.89</u>	<u>4,614.31</u>
Less: Closing stock	486.71	355.22
Cost of Food and Beverages	<u>4,664.18</u>	<u>4,259.09</u>
27 : Employee benefits expense	2013-2014	2012-2013
Salaries and Wages	4,310.15	3,706.03
Contribution to Provident and other Funds	324.27	293.00
Expense on ESOP (net)	14.33	1.06
Gratuity	81.63	92.31
Staff Welfare Expenses	226.32	177.00
	<u>4,956.70</u>	<u>4,269.40</u>
Total	<u>4,956.70</u>	<u>4,269.40</u>
28 : Finance Costs	2013-2014	2012-2013
Interest on borrowings	2,437.77	2,450.31
Interest on deferred credit	288.31	182.05
Other interest	29.42	12.98
Other borrowing cost	7.87	24.43
	<u>2,763.37</u>	<u>2,669.77</u>
Total	<u>2,763.37</u>	<u>2,669.77</u>

INOX LEISURE LIMITED**Notes to the financial statements for the year ended 31st March 2014**

	(Rs. In lacs)	
29 : Other Expenses	2013-2014	2012-2013
Outsourced Personnel Cost	2,020.25	1,678.53
Power & Fuel	5,861.51	4,567.39
Water Charges	117.37	95.47
Property Rent and Conducting Fees	10,768.03	9,266.62
Common Facility Charges	2,954.46	2,523.59
Rates & Taxes	627.31	577.64
Service Tax	2,286.88	1,946.68
Travelling & Conveyance	390.76	305.43
Communication Expenses	264.75	220.14
Printing & stationary	352.78	257.23
Advertising & sales promotion	815.53	287.62
House keeping expenses	1,222.47	967.46
Security expenses	1,274.98	970.89
Repairs & Maintenance - Building	185.52	196.22
Repairs & Maintenance - Plant and Equipments	1,149.04	843.01
Repairs & Maintenance - Others	355.94	220.35
Legal & Professional Fees & Expenses	577.53	560.67
Director Sitting Fees	9.85	3.20
Insurance	95.24	107.01
Amalgamation Expenses	-	568.07
Loss of retirement/disposal of fixed assets (net)	83.48	454.95
Provision for diminution in value of assets held for disposal	41.60	-
Bad Debts and remissions (net of provision for doubtful debts adjusted - Rs. 93.88 lacs - previous year Rs. 98.30 lacs)	58.28	0.02
Bad Debts and remissions (net of provision for doubtful debts adjusted - Rs. 131.60 lacs - previous year Rs. Nil)	0.34	-
Provision for doubtful debts	20.22	13.02
Foreign Exchange Fluctuation Loss (net)	2.28	0.79
Miscellaneous Expenses	573.84	368.79
Total	32,110.24	27,000.79

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

30 The Composite Scheme of Amalgamation (the "Scheme") of the Company's subsidiary, Fame India Limited (Fame), and subsidiaries of Fame viz. Fame Motion Pictures Limited (FMPL), Big Pictures Hospitality Services Private Limited (BPHSPL) and Headstrong Films Private Limited (HFPL) (hereinafter collectively referred as Transferor Companies) with the Company was approved by the Hon'ble High Courts of Judicature at Gujarat and Bombay vide their orders dated 12 March 2013 (read with order dated 20 March 2013) and 10 May, 2013, respectively (the "Orders"). The Scheme became effective on 25 May 2013 and was operative from 1 April 2012, the Appointed Date, as defined in the Scheme. Pursuant to the Scheme, the entire undertaking and business of the Transferor Companies stood transferred and became vested with the Company. The Scheme was accordingly given effect to in the financial statements for the year ended 31st March 2013. On 10 July 2013 the Company has allotted 3,45,62,206 equity shares to the shareholders of Transferor Companies in the ratio specified in the Scheme, including 2,44,31,570 equity shares to Inox Benefit Trust (the "Trust"), towards shares held by Inox Leisure Limited in Fame India Limited. These shares (Treasury Shares) are held by the Trust exclusively for the benefit of the Company.

In terms of Accounting Standard (AS 31) 'Financial Instruments' (which is not yet mandatory), internationally generally accepted accounting practices and for more appropriate presentation of the financial statements, the Company's interest in Inox Benefit Trust (at cost), being akin to Treasury Shares, is reclassified as deduction from Shareholders' Fund, instead of presentation under the head 'Investments' in last year, in accordance with their substance and economic reality. Any profit or loss arising from sale of shares by the Trust is being recorded separately as 'Reserve on sale of Treasury Shares' under Reserves and Surplus, being transactions relating to the capital of the Company. Accordingly, the loss of Rs 458.34 lacs incurred during the year on sale of 45,00,000 such shares is directly recognised in 'Reserve on sale of Treasury Shares' under Reserves and Surplus.

On allotment of above 3,45,62,206 equity shares of the Company, Gujarat Fluorochemicals Limited ("GFL") ceased to be the holding company on 10 July 2013. Subsequently, the shareholders of the Company have passed a resolution at the Annual General Meeting held on 23 August 2013 amending the Articles of Association of the Company entitling GFL to appoint majority of directors on the Board of the Company if GFL holds not less than 40% of the paid-up equity capital of the Company. Accordingly, the Company has again become a subsidiary of GFL with effect from this date.

31 Exceptional items:

During the previous year, Swanston Multiplex Cinemas Private Limited, a joint venture of erstwhile Fame India Limited (amalgamated with the Company w.e.f. 1 April 2012) which was running Fame Big Cinemas Multiplex at Andheri (West), Mumbai, had stopped operations w.e.f. 13th July 2012 as the lease agreement of the property was terminated. Estimated provision of Rs. 39 lacs (Previous year Rs 250 lacs) for diminution in the value of investment in the joint venture has been made and is shown as an exceptional item.

32 Employees' Stock Option Plan

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

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

As per the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, shares allotted to the Trust but not transferred to employees is required to be reduced from Share Capital and Reserves. Out of the 500,000 equity shares allotted to the Trust, 188,420 shares have been transferred to employees up to 31st March 2014. Accordingly, for the balance number of shares, the Company has reduced the Share Capital by the amount of face value of equity shares and Share Premium Account by the amount of share premium on such shares. The Company has also given effect to the above in the calculation of its Basic and Diluted earnings per share.

Following equity settled stock options have been granted to the employees:

On 29 th January 2007 (First Grant)	244,120 shares
On 27 th October 2009 (Second Grant)	33,332 shares
On 12 th August 2013 (Third Grant)	33,156 shares

The vesting period for options granted under 1st & 2nd lot was between one to four years from the date of the grant. The options were exercisable within one year from the date of vesting. Option granted under 3rd lot is as per the terms of the Scheme of Amalgamation (referred to in Note no. 30). As per the Scheme, the stock options granted by erstwhile Fame India Limited ("Fame") to its employees automatically stood cancelled. The Company has issued stock options to the eligible employees of Fame under the existing ESOP Scheme of the Company. These stock options were granted in the ratio of 5 options (each option being equal to one share) of Company for every 8 options (each option being equal to one share) held under ESOP of Fame. These options are now exercisable within one year from the date of vesting. The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

The summary of stock options is as under:

Outstanding on 1 st April 2013	5,000
Granted during the year	33,156
Lapsed during the year	Nil
Exercised during the year	21,577
Outstanding as on 31 st March 2014	16,579
Exercisable as on 31 st March 2013	Nil
Weighted average exercise price of all stock options	Rs. 15

All stock options are exercised during the year at the exercise price of Rs. 15 per option and

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

the weighted average remaining contractual life is as under:

Options granted on 12 th August 2013	1.17 years
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In respect of the options granted under the Employees' Stock Option Plan, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the accounting value of options is amortized over the vesting period. Consequently, 'Employee benefits expense' in note no 27 includes Rs. 14.33 lacs (previous year Rs. 1.06 lacs) being the amortization of employee compensation.

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 9.99 lacs, profit before tax lower by Rs. 9.99 lacs and the basic and diluted earnings per share would have been lower by Rs. 0.01 each.

33 In respect of taxation matters

- a) In the proceedings before the appellate authorities and High Court of Judicature at Gujarat, the Company's contention that the amount of entertainment tax exemption availed for some of its multiplexes is a capital receipt has been accepted. The matter is presently pending before the Hon'ble Supreme Court. Provision for current tax is made on this basis to the extent the entertainment tax exemption is held as capital receipt for such multiplexes.
- b) Provision for current taxation is for Minimum Alternate Tax (MAT) payable on book profit. MAT paid by the Company is entitled to be carried forward and utilized in subsequent years. In the opinion of management, on the basis of projections, estimates of future taxable income and the period available for utilization of MAT credit, the Company would have normal tax liability within the specified period to avail such MAT credit. Consequently, the Company has recognized Rs 113.00 lacs (Previous year Rs. 310.00 lacs), including Rs. 38 lacs for earlier years, towards MAT credit entitlement and the cumulative amount as on 31st March, 2014 is Rs. 2689.81 lacs (previous year Rs. 2576.81 lacs).
- c) Particulars of prior period taxation charged in the Statement of Profit and Loss

Particulars	(Rs. in lacs)	
	Current Year	Previous Year
Income-tax	(48.00)	Nil
Deferred tax	96.55	(184.23)
MAT Credit entitlement	(38.00)	Nil
Net charge / (credit)	10.55	(184.23)

34 Contingent Liabilities:

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

- a. Claims against the Company not acknowledged as debt – Rs. 7063.95 lacs (previous year Rs. 7099.33 lacs)
- b. Property Tax demands – Rs. 757.34 lacs (previous year Rs. 621.28 lacs)
- c. Entertainment Tax demands – Rs. 1586.05 lacs (previous year Rs. 1043.05 lacs). This includes demand of Rs. 1583.83 lacs (previous year Rs. 1040.83) in respect of two multiplexes pertaining to exemption period and for which the Company is contesting the matter by way of appeal before appropriate authorities.
- d. Service Tax demand – Rs. 97.31 lacs (previous year Rs. 97.31 lacs)
- e. Stamp duty demand – Rs. 263.81 lacs (previous year Rs. 263.81 lacs)
- f. Custom duty demands – Rs. 4.36 lacs (previous year Rs. 4.36 lacs)

The Company has also received a show cause cum demand notice dated 5 December 2005 for custom duty payable by them on import of cinematographic films under Rule 2(2), Rule 7(A) and Rule 9(2) of the Customs Valuation Rule 1988. Nothing has been deposited with the authorities as the amount is not quantified by the authorities. However, on 28 September 2006, the Company has filed an appeal against the Commissioner's Order to the Appellate Tribunal under Section 129-A of The Customs Act, 1962 and the same is pending hearing.

- g. VAT demand – Rs. 135.66 lacs (previous year Nil)
- h. TDS matters under Income-tax Act – Rs. 11.32 lacs (previous year Rs. 11.32 lacs)
- i. In respect of termination of proposed multiplexes:

The Company has issued termination notice for one of its proposed multiplexes seeking refund of security deposit of Rs. 60.07 lacs and reimbursement of the cost of fit-outs of Rs. 823.27 lacs incurred by the Company and carried forward as capital work-in-progress. The party has made a counter claim of Rs. 6943.44 lacs towards rent for lock in period and other costs which is included in (a) above. At present the matter is pending before the Arbitrator.

In the arbitration proceedings in respect of termination notice of MOU for another proposed multiplex, the arbitrator has awarded the matter against the Company and directed the Company to pay Rs 116.36 Lacs towards rent for the lock in period. Further, the arbitrator has also directed the Company to pay the amount of difference between the rent payable by the Company as per the MOU and the amount of actual rent received by the other party from their new tenant. The differential amount is presently not determinable. The Company has challenged the arbitration award before the Hon'ble High Court of Delhi and the same is pending.

- j. The Company may be required to charge additional cost of Rs. 389.83 lacs (previous year Rs. 389.83 lacs) towards electricity from 1 June 2007 to 31 March 2010 pursuant to the increase in the tariff in case the appeal made with Maharashtra Electricity Regulatory Commission 'MERC' by the Company through the Multiplex Association of India is rejected and the case filed in the Supreme Court by one of the electricity supplier against the order of the Appellate Tribunal for Electricity, dated 19 January 2009, for change in category, in favor of the appeal made by the Multiplex Association of India is passed in favor of the electricity supplier. The Company has paid the whole amount to the respective authorities under protest (which is included in 'long term loans and advances')

35 In respect of Entertainment Tax liability of the Company and its treatment in these accounts:

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Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

- a. The Entertainment Tax exemption in respect of some of the Multiplexes of the Company has been accounted on the basis of eligibility criteria as laid down in the respective Schemes but is subject to final Orders yet to be received from respective authorities. Accordingly the amount of Rs 520.25 lacs (previous year Rs. 382.07 lacs) being Entertainment Tax in respect of such Multiplexes has not been charged to the statement of profit and loss. Cumulative amount as on 31st March 2014 is Rs. 3909.42 lacs (previous year Rs. 3389.17 lacs).
 - b. In respect of the Multiplex Cinema Theatre at Vadodara, the issues in respect of the eligibility for exemption from payment of entertainment tax and the method of computing the exemption availed, have been decided in favour of the Company by the Honourable High Court of judicature at Gujarat vide its order dated 26th June, 2009. The matter regarding method of computation of eligibility amount is challenged by the Government Department before the Honourable Supreme Court. Pending receipt of final eligibility certificate the figures indicated in the (a) above include the figures pertaining to the said Multiplex.
 - c. In respect of Multiplex Cinema Theatre at Raipur, the application for refund entertainment tax of Rs. 92.06 lacs for exemption period 2010-11 for has been rejected. Applications for such refunds for subsequent periods amounting to Rs. 299.41 lacs are also pending before appropriate authority. The matter has been challenged in the High Court of Chhatisgarh at Bilaspur. Pending the decision of the High Court, total amount of entertainment tax of Rs 391.47 (previous year Rs 285.25 lacs) paid is carried forward as Entertainment Tax Refund Claimed under Schedule 16 – Long Term Loans and Advances and the figures indicated in the (a) above include the figures pertaining to the said Multiplex.
- 36 The arbitration award in the matter of disputed recoveries pertaining to one of the multiplex of the Company has been received in favour of the Company and the arbitrator has further granted interest claimed on the unpaid amount at the rate of 15% p.a. The Company has accordingly accounted interest of Rs. 18.24 (previous year Rs. 18.24 lacs). Total amount of interest receivable upto 31st March, 2014 is Rs.148.06 (previous year Rs. 129.82 lacs). The said award has been challenged before the District Court and the matter is pending.
- 37 Commitments:
- a. Capital commitments:
Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances - Rs. 963.34 lacs (previous year Rs. 1822.77 lacs).
 - b. Other commitments:
The exemption from payment of Entertainment Tax in respect of multiplexes of the Company, which are eligible for such exemption, is subject to fulfillment of the terms and conditions of the respective State Government policies issued in this regard. The

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

amount of Entertainment Tax exemption availed so far by the Company, which is liable to be paid if the relevant multiplex ceases operations prior to completing the minimum period of operations in terms of the respective policies of the States – Rs. 17197.99 lacs (previous year Rs. 15730.92 lacs).

38 Particulars of sale of products, cost of food & beverages and inventories

(Rs. in lacs)

	Purchases	Sales	Cost of food and beverages
Food	2784.75	10355.50	2703.78
	<i>(2716.21)</i>	<i>(8883.69)</i>	<i>(2662.51)</i>
Beverages	2010.92	5877.11	1960.40
	<i>(1623.95)</i>	<i>(5291.94)</i>	<i>(1596.58)</i>
Total	4795.67	16232.61	4664.18
	<i>(4340.16)</i>	<i>(14175.63)</i>	<i>(4259.09)</i>

	Opening stock	Addition on amalgamation	Closing stock
Food	92.45	Nil	105.45
	<i>(33.08)</i>	<i>(21.48)</i>	<i>(92.45)</i>
Beverages	100.83	Nil	103.20
	<i>(67.62)</i>	<i>(27.48)</i>	<i>(100.83)</i>
Other items	161.94	Nil	278.06
	<i>(86.96)</i>	<i>(37.53)</i>	<i>(161.94)</i>
Total	355.22	Nil	486.71
	<i>(187.66)</i>	<i>(86.49)</i>	<i>(355.22)</i>

Note: The italic amounts in brackets are for previous year

39 Expenditure incurred/payments in Foreign Currency.

(Rs. in lacs)

Particulars	Current Year	Previous Year
Travelling expenses	19.94	34.72
CIF Value of capital goods imported	1519.46	7602.72
CIF Value of materials purchased	263.23	Nil

40 Amount of Rs. 63.59 lacs (Previous year Rs. 79.67 lacs) is paid towards Legal & Professional fees to firms in which one of the directors is a partner.

41 Foreign currency exposures not hedged as at Balance Sheet date:

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

Particulars	Current Year (USD in lacs)	Previous Year (USD in lacs)
Creditors for capital goods	95.62	119.30

42 Particulars of payment to Auditors :

Particulars	(Rs. in lacs)	
	Current Year	Previous Year
Statutory Audit	15.00	14.00
Tax Audit	7.00	6.00
Limited Review & Corporate Governance Report	6.00	6.00
For taxation matters	2.00	2.00
Certification matters	1.00	1.25
Fees for other matters	6.01	0.50
Out of pocket expenses	0.31	0.31
Total	37.32	30.06

(Note: The above amounts are exclusive of service tax)

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

- a. Operating leases for premises (offices and residential accommodations for employees) - Generally, these lease arrangements are non-cancelable, range between 11 months to 33 months and are usually renewable by mutual consent on mutually agreeable terms. Lease rentals of Rs. 6.49 lacs (previous year Rs. 3.26 lacs) are included in 'Property Rent and Conducting Fees' in note no. 29 to the Statement of Profit and Loss.
- b. The Company is operating some of the multiplexes under Operating Lease / Business Conducting Arrangement. These arrangements are for a period of 9-25 years with a minimum lock-in period of 3-10 years and the agreement provides for escalation in rentals after pre-determined periods. Property Rent and Conducting Fees of Rs. 10761.54 lacs (previous year Rs. 9263.36 lacs) are included in 'Property Rent and Conducting Fees' in note no. 29 to the Statement of Profit and Loss.

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

Particulars	(Rs. in lacs)	
	Current Year	Previous Year
Not later than one year	10494.89	9555.49
Later than one year and not later than five years	42023.43	38906.33
Later than five years	106575.07	99840.68
Total	159093.39	148302.50

44 Employee Benefits:

- a) Defined Contribution Plans: Contribution to Provident Fund of Rs. 282.12 lacs (Previous year Rs. 247.79 lacs) is recognized as an expense and included in 'Contribution to

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

Provident & Other Funds' in the Statement of Profit and Loss and Rs. 16.06 lacs (previous year Rs. 16.52 lacs) is included in pre-operative expenses.

- b) Defined Benefit Plans: The amounts recognized in respect of Gratuity and Leave Encashment – as per Actuarial valuation

(Rs. in lacs)

Particulars	Gratuity		Leave Encashment		
	As at 31.3.2014	As at 31.3.2013	As at 31.3.2014	As at 31.3.2013	
1. Change in Benefit Obligation					
Liability at the beginning of the year	291.70	152.95	155.64	72.67	
Addition on Amalgamation	Nil	73.84	Nil	37.92	
Interest Cost	22.33	20.39	11.63	9.82	
Current Service Cost	90.99	78.06	95.28	72.92	
Benefit paid	(29.32)	(27.40)	(22.58)	(22.00)	
Actuarial (Gain)/Loss	(31.69)	(6.14)	(96.87)	(15.69)	
Liability at the end of the year	344.01	291.70	143.10	155.64	
2. Expenses recognized in the statement of profit and loss					
Current Service Cost	90.99	78.06	95.28	72.92	
Interest Cost	22.33	20.39	11.63	9.82	
Actuarial (Gain)/Loss	(31.69)	(6.14)	(96.87)	(15.69)	
Expenses recognized in the statement of profit and loss	81.63	92.31	10.04	67.05	
3. Actuarial Assumptions					
Discount Rate	9.04%	8.06%	9.04%	8.06%	
Salary Escalation Rate		7%		7%	
Retirement Age	58 years				
Withdrawal Rates	10%	10%	10%	10%	
Mortality	2012-13: LIC (1994-96) published table of rates 2013-14: IALM (2006-08) Ultimate Mortality Table				
4. Other disclosure					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity					
Present value of defined benefit obligation	344.01	270.35	152.95	130.78	95.61
Experience adjustment on plan liabilities – (Gain)/loss	(7.75)	(12.86)	(9.09)	(3.13)	(21.72)
Leave Benefits					
Present value of defined benefit obligation	143.10	151.68	72.66	62.03	49.92
Experience adjustment on plan liabilities – (Gain)/loss	(87.20)	(19.42)	(25.05)	(18.80)	(30.20)

44. Employee Benefits - continued

The above defined benefit plans are unfunded. The estimate of future salary increase,

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

45 Segment Information

The Company operates in a single business segment viz. theatrical exhibition. All activities of the Company are in India and hence there are no geographical segments.

46 Interest in joint ventures

The Company's interests in Swanston Multiplex Cinemas Private Limited ('SMCPL'), acquired on amalgamation of erstwhile Fame India Limited (refer to note no. 30), is accounted for in accordance with the principles and procedures set out in AS – 27, Financial Reporting of Interests in Joint Ventures specified in the Companies (Accounting Standards) Rules, 2006.

The interest in the joint venture is reported as non-current investment (refer note 15) and stated at cost, less provision for diminution, other than temporary, in the value of investment. The Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in the joint ventures, based on audited financial statements is:

(Rs. in lacs)

Particulars	Current Year	Previous Year
1) Assets	89.74	120.04
2) Liabilities	83.51	92.30
3) Income	7.27	174.52
4) Expenses	43.79	272.93

Company's share of contingent liabilities in SMCPL – Rs. 5.60 lacs (previous year Rs. 5.60 lacs)

The Company's transactions with SMCPL, being related party transactions, are included in note no. 47

47 Related Party Disclosure:

(i) Where Control Exists

- a. Gujarat Fluorochemicals Limited – Holding Company
- b. Inox Leasing & Finance Limited – Ultimate Holding Company

47 Related Party Disclosure - continued

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

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

Fellow Subsidiaries

- a. Inox Motion Pictures Limited
- b. Inox Wind Limited

Key Management Personnel (KMP)

- a. Mr. Pavan Kumar Jain – Director
- b. Mr. Alok Tandon - Manager
- c. Mr. Rajeev Patni – Manager of Erstwhile Fame India Ltd upto 25th May, 2013

Joint Venture

- a. Swanston Multiplex Cinemas Private Limited

Enterprises over which KMP, or his relative, has significant influence

- a. Devansh Trading and Finance Private Limited
- b. Sidhapavan Trading and Finance Private Limited
- c. Inox India Ltd

(iii) Particulars of Transactions:

(Rs. in Lacs)

	Current year	Previous year
A) Transactions during the year		
1. Interest paid -		
Gujarat Fluorochemicals Limited	1758.33	1917.16
Inox Leasing & Finance Limited	121.00	17.17
Devansh Trading and Finance Pvt. Ltd	Nil	42.61
Sidhapavan Trading and Finance Pvt. Ltd	Nil	35.51
Total	1879.33	2012.45
2. Remuneration paid -		
Mr. Alok Tandon	88.76	80.36
Mr. Rajeev Patni	6.84	38.42
Total	95.60	118.78
3. Projector hire charges received -		
Swanston Multiplex Cinemas Pvt. Ltd	Nil	5.06
4. Purchase of Refrigerant Gas		
Gujarat Fluorochemicals Limited	0.94	1.84
5. Reimbursement of expenses paid		
Swanston Multiplex Cinemas Pvt. Ltd	Nil	2.18

47 Related Party Disclosure - continued

(Rs. in Lacs)

Transactions during the year – continued	Current year	Previous year
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Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

6. Sales and services		
Inox India Limited	2.12	Nil
Gujarat Fluorochemicals Limited	4.75	Nil
Inox Wind Limited	28.72	Nil
Total	35.59	Nil
7. Reimbursement of expenses received		
Swanston Multiplex Cinemas Pvt. Ltd	0.04	3.50
Inox Motion Pictures Limited	Nil	6.95
Total	0.04	10.45
8. Inter-corporate deposits received		
Gujarat Fluorochemicals Limited	Nil	970.00
Inox Leasing & Finance Limited	Nil	1100.00
Devansh Trading and Finance Pvt. Ltd	Nil	600.00
Sidhapavan Trading and Finance Pvt. Ltd	Nil	500.00
Total	Nil	3170.00
9. Inter-corporate deposits repaid		
Gujarat Fluorochemicals Limited	3421.00	Nil
Inox Leasing & Finance Limited	Nil	600.00
Devansh Trading and Finance Pvt. Ltd	Nil	600.00
Sidhapavan Trading and Finance Pvt. Ltd	Nil	500.00
Total	3421.00	1700.00
10. Share application money paid		
Swanston Multiplex Cinemas Pvt. Ltd	15.00	Nil
11. Provision for diminution in value of investment made		
Swanston Multiplex Cinemas Pvt. Ltd	39.00	250.00
12. Sitting fees paid to director		
Mr. Pavan Kumar Jain	1.25	0.35

47 Related Party Disclosure - continued

(Rs. in Lacs)

B) Amounts outstanding	31 st March 2014	31 st March 2013

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

1. Inter-corporate deposit payable		
Gujarat Fluorochemicals Limited	16249.00	19670.00
Inox Leasing & Finance Limited	1100.00	1100.00
Total	17349.00	20770.00
2. Interest payable		
Gujarat Fluorochemicals Limited	360.59	Nil
3. Trade receivables		
Inox Wind Limited	28.72	Nil
Inox India Limited	0.30	Nil
Total	29.02	Nil
4. Share application money paid		
Swanston Multiplex Cinemas Pvt. Ltd	15.00	Nil

48 Particulars in respect of provision for expenses

(Rs. in Lacs)

Particulars	Current Year	Previous Year
a) In respect of municipal taxes payable for one of its multiplexes		
Opening Balance	207.40	154.60
Provided during the year	52.80	52.80
Paid during the year	60.00	Nil
Closing balance	200.20	207.40
b) In respect of amalgamation expenses		
Opening Balance	500.00	Nil
Provided during the year	Nil	500.00
Paid during the year	272.56	Nil
Reversed during the year	227.44	Nil
Closing balance	Nil	500.00
c) Towards MVAT		
Opening Balance	39.61	Nil
Addition on Amalgamation	Nil	39.61
Paid during the year	Nil	Nil
Closing balance	39.61	39.61
d) For service tax on renting of immovable properties		
Opening Balance	1033.14	608.74
Add: Addition on Amalgamation	Nil	719.97
Provided during the year	25.37	33.51
Amount paid / adjusted during the year	16.07	329.08
Closing balance	1042.44	1033.14

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

(Rs. in Lacs)

Inox Leisure Limited

Notes to the financial statements for the year ended 31st March 2014

Particulars	Current year	Previous year
Principal amount due to suppliers under MSMED Act at the year end	5.71	1.42
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	0.02	0.05
Payment made to suppliers (other than interest) beyond the appointed day during the year	27.94	14.07
Interest paid to suppliers under MSMED Act during the year	0.00	0.00
Interest due & payable to suppliers under MSMED Act for payments already made	0.71	0.16
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act	4.07	3.34

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

50 Calculation of Earnings per share :

Particulars	Current Year	Previous Year
Profit after tax as per statement of profit and loss (Rs. in lacs)	3693.60	1844.63
Weighted average number of equity shares used in computing basic earnings per shares (nos.)	76214604	71689698
Weighted average number of equity shares used in computing diluted earnings per shares (nos.)	76226579	71693014
Basic Earnings per share of Rs. 10/- each (Rs.)	4.85	2.57
Diluted Earnings per share of Rs. 10/- each (Rs.)	4.85	2.57

Note: The shares of the Company held by Inox Benefit Trust (see note no. 30) are excluded while computing the weighted average number of shares.

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

For Inox Leisure Limited

M Y Kulkarni
Partner

Pavan Jain
Director

Deepak Asher
Director

Miket Bahuva
Dy. Company Secretary
& Sr. Manager - Legal

Place: Pune
Dated: 27th May, 2014

Place: Mumbai
Dated: 27th May, 2014