



indiagames ltd.

DIRECTORS REPORT

To,
The Shareholders of Indiagames Ltd.

Dear Shareholders,

Your directors hereby present the Twelfth annual report and the audited accounts of the Company for the year ended 31st March, 2011. The financial highlights for the year are as follows :-

	(Amount in Rs.)	
	<u>2010-11</u>	<u>2009-10</u>
Income	545,105,861	399,170,625
Profit/(Loss) before Depreciation and Amortisation	35,975,856	(23,992,119)
Depreciation and Amortisation	(11,227,497)	(10,895,686)
Profit/(Loss) before Tax	24,748,359	(34,887,805)
Provision for Tax – Previous Years	-	-
Provision for Fringe Benefit Tax	-	(27,849)
Profit/(Loss) after Tax	24,748,359	(34,859,956)
Balance Brought from Previous Years	(116,905,715)	(82,045,759)
Balance carried to Balance Sheet	(92,157,356)	(116,905,715)

PERFORMANCE

You will be glad to note that the past financial year has been a positive one for Indiagames and your company has witnessed 37% growth in revenues at INR 545 mn with a profit of INR 24.7 mn against a loss of INR 34.9 mn in the previous year.

Developments in the Indian Mobile Business:

The India Mobile business is the largest contributor to revenues and profitability though the dependency on the region has steadily declined with the growth in other businesses. Steady growth quarter on quarter was achieved through a focus on new business opportunities with OEMs and the Managed Services Business for telcos like Tata Docomo, Uninor and Idea. In addition large accounts like Airtel and Vodafone also grew contributing to about a 24% year on year growth in the India mobile business. The strategy of the Company to work as an MSP with some of the telcos as well as grow its direct to consumer business in parallel has worked well in the last year.

From a content perspective, Indiagames continued to hold its position as the number 1 developer and publisher of mobile games in India. Your company has built a substantial distribution network amongst gamers in India and along with its original IPs like T20fever, DLF IPL T20, several Bollywood licensed titles and content from partners like The Walt Disney Company, THQ Wireless, Real Networks and others – the overall games offering to consumers remains best of breed in India.

From an industry perspective, one of the most significant developments in the year has been the licensing of 3G and 4G spectrum to operators. This will have a profound impact on the growth of data subscribers in India and has been a long awaited development. Indiagames is already seeing early signs of this but the real impact is expected through the following financial year. While this is certainly

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Indiagames Ltd.

registered & corporate office :

11th floor, vishwaroop IT park, above raghuleela mall, sector 30A,
opp. vashi railway station, vashi, navi mumbai 400 705, india.

Tel : +91-22-6771 0700/2781 3357/58/59 Fax : +91-22-6771 0777/2781 3360



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a positive development, your Management is also acutely aware that the current business models of pay per download and subscriptions are going to evolve into more 'microtransactions' and 'freemium' services where a small percentage of users pay while others expect free content albeit ad-supported. Your Company's ability to adapt to the new business models will determine how effectively the growth opportunity will be monetized.

Developments in the International Mobile Business

In the previous year, the Management took a decision to focus its efforts on 'self-publish' platforms like IOS (Apple) and Android. In the first year of this approach results have met our expectations and we are encouraged to continue with this strategy going forward. Specifically, Indiagames' original IP, T20fever and its various avatars has become one of the most successful cricket titles on IOS and Android. The other successful launch has been Bruce Lee which was live on the iPad on the date of its launch and was also selected as one of the core games to be embedded on the high profile launch of the Sony Ericsson Xperia Play handset.

Games on Demand Business

Games on Demand crossed some significant milestones in the year : The business grew almost 3x to more than 80k subscribers and turned a reasonable profit too in the process. A lot of focus on scaling the franchisee program and close association with our key partners helped deliver this stellar performance in the business.

Direct to Home (DTH) -Gaming

In its first year of launch, the DTH Games business has been through a steep learning curve in terms of business and technology. After Reliance Big TV, Airtel Digital was the next to go live but was delayed to a commercial launch only in December of 2010. This resulted in some set backs in terms of revenue expectations but the growth thereafter has been promising. Further, it has become apparent that this medium may be ideally suited for a mix of a paid and ad-funded approach.

Ad-Funded Business

In line with the thought around the evolving business models to monetize games Indiagames has invested in a recruiting a team to drive the cross platform ad-funded games business. The foundations have been laid in the last year and the teams restructured with a new ad-sales head to drive growth in the following year.

LIQUIDITY

All activities of the Company have been funded from reserves without raising any debt.

OUTLOOK FOR 2011-12

In financial year 2011-12 Indiagames the key focus areas for management are expected to be as follows:-

1. Grow the existing core business of mobile games targeting higher profitability
2. Restructure teams and focus within the Company to address the changes expected in the way games will be monetized going forward i.e microtransactions, social and ad-funded
3. Drive usage and retention in the Games on Demand business
4. Scale the DTH Games business significantly through an ad-funded model supported by a subscription model
5. Launch a rural initiative to drive gaming to the masses in India with the end goal of making Games bigger than Movies

DIVIDEND

The Board has decided to preserve cash for working capital requirements and therefore does not recommend any dividend.

DEPOSITS

The company has not accepted any deposits from public within the meaning of section 58-A of the Companies Act, 1956.

DIRECTORS

Pursuant to Section 256 of the Companies Act, 1956, Mr. Rajeev Wagle retires at the Annual General Meeting and, being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, we hereby state:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011 and its profit for the year ended on that date.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

Information as per Section 217 (2A) of the Companies Act, 1956 read with rules framed there under is required to be a part of this report. However, pursuant to the provisions of Section 219 (b) (iv) of the Companies Act, 1956 the report and accounts are being sent to the shareholders of the Company excluding the statement of particulars under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Chief Executive Officer at the registered office of the Company.

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

Information pursuant to Section 217(1)(e) of The Companies Act, 1956, read with The Companies (Disclosure of Particulars in the report of the Board of Directors), Rules, 1988.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

As the company is engaged in providing services, energy is only utilised for office electrical equipments & lights. Various steps have been taken to reduce consumption of electrical energy by improved housekeeping, monitoring the use of electrical lights and equipments. The company has not absorbed any technology during the period of operation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings : INR 55.18 Million
Foreign exchange outgo : INR 141.94 Million

AUDITORS

M/s Price Waterhouse & Co, Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that their appointment, if made, would be made within the prescribed limits U/S 224 (1B) of The Companies Act, 1956.

AUDITORS REPORT

The notes to accounts are self-explanatory and therefore do not call for any further explanation under section 217(3) of The Companies Act, 1956.

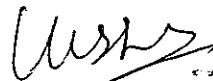
COMPLIANCE CERTIFICATE

The Company has obtained the Compliance Certificate as per provision of Section 383A of the Companies Act, 1956 from a practising Company Secretary and is attached to this Directors' Report.

ACKNOWLEDGEMENTS

Your directors are thankful for the continued support extended by shareholders, customers, bankers, business associates, vendors and all other parties.

For and on behalf of the Board of Directors



Vishal Gondal
Managing Director

Place: Mumbai
Date : 27th April, 2011

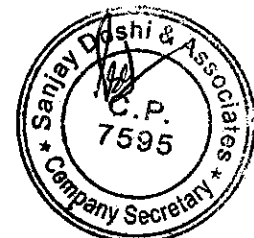
COMPLIANCE CERTIFICATE

CIN : U72900MH2000FLC123970
Nominal Capital : Rs. 12,500,000/-

To,
The Members,
Indiagames Limited,
Office No. 1, 11th Floor Vishwaroop,
IT Park, Next To Raghuleela Mall,
Sector 30A, CIDCO Vashi,
Navi Mumbai - 400705.

We have examined the registers, records, books and papers of Indiagames Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on **31st March, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra.
3. The Company, being a Public Limited Company, comments under Section 3(1)(iii) of the Companies Act, 1956, applicable to private Company are not required.
4. The Board of Directors has met **5** times during the year under review on **23rd June, 2010, 6th September, 2010, 8th October, 2010, 9th November, 2011 and 10th January, 2011** in respect of which meetings proceedings were properly recorded and signed including the circular resolutions in the Minutes Book maintained for the purpose.
5. The Company did not close its register during the financial year.
6. The Annual General Meeting for the financial year ended on **31st March, 2010** was held on **27th July, 2010** and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. **One** Extra-Ordinary General Meeting was held on **29th October, 2010** during the financial year and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.



8. The Company has not advanced any loan to directors and/or persons or firms or Companies referred in Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors & Members pursuant to Section 314 of the Act wherever applicable.
12. The Company has not issued any Duplicate Share Certificates during the year under review.
13. The Company:
 - (i) has not made any allotment and there was no transmission of securities during the financial year.
 - (ii) was not required to deposited any amount in a separate Bank Account as no dividend was declared.
 - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund.
 - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors and alternate directors to fill casual vacancies during the Financial Year.
15. The Company has not appointed Managing Director/ Whole Time Director during the Financial Year under review.
16. The Company has not appointed any sole-selling agent during the year under review.
17. The Company was not required to obtain any approvals from the Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the year under review except:
 - (i). Approval of the Central Government for the remuneration to Managing Director under Section 198 and 309 of the Companies Act, 1956 is awaited.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;
19. The Company has not issued any equity shares during the financial year.
20. The Company has not bought back any shares during the financial year under review.
21. As no debentures or preference shares have been issued by the Company, the question of its redemption does not arise.

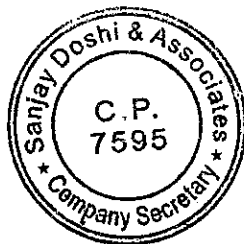


22. The Company was not required to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted any deposit u/s 58A or u/s 58AA of the Act during the year under review.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2011 is within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting.
25. The Company has not made loans and investments or given guarantees or provided securities to other bodies corporate hence compliance with the provisions of the Act are not applicable.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There is no prosecution initiated against the Company and no show-cause notice has been received by the Company under the Act for the year under review.
32. The Company has not received any money as security from its employees during the year under review.
33. As informed to us, the Company is generally regular in depositing Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**For Sanjay Doshi & Associates
(Company Secretaries)**

S. R. Doshi

**Sanjay R. Doshi
Proprietor
C.P. No.: 7595**



**Place: Mumbai
Date: 27th April, 2011**

Annexure A

List of Registers as maintained by the Company:

Particulars	Under Section
1. Register of Members	U/s. 150
2. Register of Application and allotment of Shares	---
3. Register of Directors, Managing Directors, Manager & Secretary	U/s. 303
4. Minutes Book of Meetings	U/s. 193
5. Register of Transfers	---
6. Register of Charges	U/s. 143
7. Register of Directors Shareholdings	U/s. 307
8. Register of Contracts in which Directors are interested.	U/s. 301
9. Register of Disclosure of Interest by Directors	U/s 299
10. Register of Fixed Assets	---

Annexure B

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011.

Sr. No.	Form No/Return.	Filed under Section	For	Date of Filling	Whether Filed within prescribed time Yes / No	If delay in filing Whether requisite additional fees paid Yes/No
1.	Form 20B	Sec.159	Annual Return-2010	25.09.2010	Yes	No
2.	Form 23AC & 23ACA	Sec.210	Balance Sheet as on 31.03.2010	26.08.2010	Yes	No
3.	Form 66	Sec.383A	Compliance Certificate-10	26.08.2010	Yes	No
4.	Form 23	Sec 192	Registration of resolution	22.10.2010	No	Yes
5.	Form 21	Sec 102(1)	Order of High Court of Bombay	16.06.2010	Yes	No
6.	Form 21	Sec 391(2)	Order of High Court of Bombay	16.06.2010	Yes	No
7.	Form 23	Sec 192	Registration of resolution	10.03.2011	No	Yes





REPORT ON CORPORATE GOVERNANCE
(FORMS PART OF THE DIRECTOR'S REPORT)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

2. BOARD OF DIRECTORS

The Company's Board comprises of 1 Executive director (including the Managing Director cum Chief Executive Officer) and 3 other Non-Executive directors as at 31st of March'2011.

Composition and Category of the Board

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorship held by them in other companies is given below.

Sr. No.	Name of the Director	Category	No. of Directorship in Public Companies as at 31 st March 2011
1.	Mr. Rohinton Screwvala	Non-Executive Director	10
2.	Mr. Vishal Gondal	Executive Director	Nil
3.	Mr. Amit Banka	Non-Executive Director	1
4.	Mr. Rajeev Wagle	Non-Executive Director	3

Attendance of the Directors and other Directorship (if any)

During the financial year 2010-11, 5 board meetings were held. The dates on which the Board Meetings held are as follows:

23rd June, 2010, 6th September, 2010, 8th October 2010, 9th November 2010 and 10th January 2011.

The Annual General Meeting for the financial year 2009-10 was held on 27th July, 2010. The last Extra-ordinary General Meetings was held on 29th October, 2010.

Sr. No.	Name of the Director	No. of Board meetings held	No. of Board meetings attended	Attendance at the last AGM	Attendance at the last EGM
1.	Mr. Rohinton Screwvala	5	4	No	No
2.	Mr. Vishal Gondal	5	5	Yes	Yes
3.	Mr. Amit Banka	5	4	No	No
4.	Mr. Rajeev Wagle	5	5	Yes	Yes

Indiagames Ltd.

registered & corporate office :

11th floor, vishwaroop IT park, above raghuleela mall, sector 30A,
opp. vashi railway station, vashi, navi mumbai 400 705, india.

Tel : +91-22-6771 0700/2781 3357/58/59 Fax : +91-22-6771 0777/2781 3360

Note :

1. None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company.
2. None of the present directors are related to each other.
3. There is no Independent Director on the Board of the Company. 'Independent Director' means a Non Executive Director of the Company who:
 - a. apart from receiving director's remuneration - if any, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associate which may affect independence of the directors.
 - b. is not related to promoters or persons occupying management positions at the board level or at one level below the board.
 - c. has not been an executive of the Company in the immediate preceding three financial years
 - d. is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the following:
 - I. the statutory audit firm or the internal audit firm that is associated with the Company, and
 - II. the legal firms(s) and consulting firms(s) that have a material association with the Company.
 - e. is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the director; and
 - f. is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.
 - g. is not less than 21 years of age.

Code of Conduct

The Board has laid down a code of conduct for all Senior Management of the Company. Senior Management includes team comprising of members of the category of including all functional heads.

3. AUDIT COMMITTEE

The Company does not have an Audit Committee in place but as a subsidiary of UTV Software Communications Limited, the Internal Audit Reports are tabled at the meetings of the Audit Committee of the Parent Company. In the absence of the Audit Committee, the Management takes the onus of the following :

A. In relation to Financial Reporting:

Overview of the Company's financial reporting process and the disclosure of its financial statements are correct, sufficient and credible, specifically reviewing with management the monthly, quarterly, half yearly and annual financial statements before submission to the board, focusing primarily on:

- Any changes in accounting policies and practices and reasons for the same
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause 2(AA) of section 217 of the Companies Act, 1956.
- Major accounting entries based on exercise of judgment by management
- Qualification in Draft Audit Report
- Significant adjustments arising out of audit
- The going concern assumption

- Compliance with Accounting Standards
- Any related party transactions i.e. transactions of the Company of material nature, with promoters of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

B. In relation to Audit

I. Relevant to Internal and Statutory Audit

- Reviewing the performance of statutory and internal auditors, adequacy of internal control systems.
- Reviewing financial and risk management policies.
- Reviewing the quarterly financial statements before submission to the Board for approval.

II. Relevant to Statutory Audit

- Recommending appointment and removal of external auditors, fixing of audit fees and approval for payment of fees for any other services.
- Discussion with external auditors before the audit commences, the nature, scope and approach of audit as well as post audit discussion to ascertain areas of concern.

III. Relevant to Internal Audit

- Reasons for substantial defaults in payments to creditors.
- Reviewing the scope and adequacy of the internal audit function.
- Review of reports of internal auditors primarily the significant findings and follow up thereon including findings relating to investigations regarding frauds, irregularities and material failures of internal control system.

4. REMUNERATION COMMITTEE

The Board of Directors vide Circular Resolution dated 30th July, 2010, in terms of Schedule XIII of the Companies, Act, 1956, constituted a Remuneration Committee consisting of Mr. Rohinton Screwala, Mr. Rajeev Wagle and Mr. Amit Banka, Independent Directors.

During the financial year 2010-11, the Remuneration Committee met once on 8th October, 2010 and the required quorum was present at the meeting.

Terms of Reference

- To appraise the performance of Managing and Executive Director and
- To determine and recommend to the Board, compensation payable to Managing and Executive Director.

Remuneration to Managing Director & Chief Executive Officer

The appointment of CMD & Chief Executive officer and other Executive Director is governed by resolutions passed by the Board of Directors and Shareholders of the Company, in terms of the Companies Act, 1956.



Details of remuneration to the Executive Directors for the year ended on March 31, 2011 is stated as under:

Name of the Director	Remuneration (Rs. In millions)
Mr. Vishal Gondal	28.90

Remuneration to Non Executive Directors:

At present, the Non Executive Directors of the Company do not draw any remuneration including sitting fees from the Company.

Employees Stock Option Scheme - 2008 ("ESOP Scheme")

In terms of resolution passed by the members on 29th September, 2008 the Company has implemented ESOP scheme for its present and future permanent employees of the Company. The details of ESOP are provided in the Notes to the Financial Statements.

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Company is unlisted and therefore it does not have a Shareholders Grievance Redressal Committee.

6. DETAILS OF GENERAL BODY MEETINGS

Last 3 Annual General Meetings ("AGM") :

Year	Date	Time	Venue
2010	27 th July, 2010	11:00 a.m.	Registered Office
2009	18 th June, 2009	12:00 p.m.	Registered Office
2008	22 nd May, 2008	12:00 p.m.	Registered Office

Summary of Special Resolutions passed by the Members at the last 3 Annual General Meetings :

- i) Resolution passed at the AGM held on 22nd May, 2008 under section 81(1A) in respect of preferential allotment of 91,426 equity shares to IG Interactive Entertainment Limited.
- ii) Resolution passed at the AGM held on 18th June, 2009 for ratification for increase in remuneration of Mr. Samir Bangara, Executive Director and Chief Operating Officer for the period 1st April 2008 to 22nd May 2008.

Last 3 Extra-ordinary General Meetings ("EGM") :

Year	Date	Time	Venue
2010	29th October, 2010	11:00 a.m.	Registered Office
2009	9th February, 2010	02:00 p.m.	Registered Office
2008	29 th September, 2008	02:45 p.m.	Registered Office



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Summary of Special Resolutions passed by the Members at the last 3 Extra-ordinary General Meetings :

- i) Resolution passed at the EGM held on 29th September, 2010 under section 81(1A) of the Companies Act, 1956 in respect of ESOP.
- ii) Resolution passed at the EGM held on 29th September, 2010 to amend the Articles of Association.
- iii) Resolution passed at the EGM held on 9th February, 2010 to approve the Scheme of Arrangement.
- iv) Resolution passed at the EGM held on 29th October, 2010 for increase in remuneration of Mr. Vishal Gondal, Managing Director w.e.f. 1st July 2010 for his remaining term.

7. DISCLOSURES:

Related Party Transactions

There are no materially significant related party transactions of the Company with any key managerial personnel, which have potential conflict with the interest of the Company at large. However, the related party disclosures, as required to be mentioned in accordance with Accounting Standards (AS) 18, have been provided in Note 14 of Schedule M to the Notes to Accounts forming part of the these financials.

Disclosure of accounting treatment in preparation of financial statements.

The Company has followed the guidelines of accounting standards laid by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

8. GENERAL SHAREHOLDER INFORMATION

A	Annual General Meeting	
	Date	: 27 th May, 2011
	Time	: 11.00 a.m.
	Venue	: Registered Office
B	Financial Calendar	: 2010-11
	Year ending	: March 31
C	Date of Book closure	: Not Applicable
D	Dividend Payment date	: Not Applicable
E	Listing on Stock Exchanges	: Unlisted
F	Stock Code	: Not Applicable
G	Demat ISIN Number for NSDL	: INE764G01010
H	Registrar & Transfer Agent Name	: Link Intime India Pvt Limited
	Address	: C/13 , Pannalal Silk Mills Compound L.B.S .Marg, Bhandup, Mumbai- 400 078

I. Dematerialisation of Shares and liquidity :

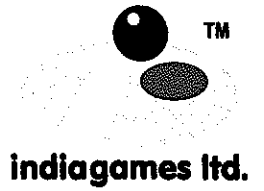
The Company has taken an initiative to promote holding of shares in dematerialized form. Out of 1,091,812 equity shares, 9,32,016 equity shares are held in demat mode.

J. Share Transfer System :

The Shares of the Company are in demat and physical mode. The transfer of shares in physical form is approved by the Board of Directors, however the transfers of shares in demat form are noted by the Board of Directors.

K. Shareholding as at March 31, 2011 :

Sr. No.	Category	No. of shares	% of holding
A	Promoter's Holding		
1	Promoters :		
	Indian Promoters	233,301	21.37
	Overseas Promoters	-	-
	Sub-total	233,301	21.37
B	Non Promoters Holding		
2	Institutional Investors		
	a. Mutual Funds	-	-
	b. Banks , Financial Institutions, Insurance Companies (Central Govt / State Govt / Non Govt Inst)	-	-
	Sub-total	-	-
3	Others		
	a. Private Corporate Bodies	639,986	58.62
	b. Indian Public	-	-
	c. NRIs	-	-
	d. Any Others (pl. specify)		
	i. Trust	-	-
	ii. Clearing Members	-	-
	iii. Foreign companies	159,793	14.64
	iv. Foreign Corporate Bodies	-	-
	v. Employees	58,732	5.38
	Sub-total	858,511	78.63
	Grand Total	1,091,812	100.00



9. CORPORATE AND REGISTERED OFFICE :

The Company is into development and distribution of gaming software and operates from its Registered and Corporate office at :

Indiagames Limited

Office No.11, Vishwaroop Infotech Park,
Besides Raghuleela Mall, Opp. Vashi Station
Vashi – 400 705.

Tel No. 022 – 27813357/58/59

Fax No. 022- 27813360

Website : www.indiagames.com

**For and on behalf of the Board of
Directors**

Vishal Gondal
Managing Director

Place: Mumbai
Date : 27th April, 2011



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Management Discussion and Analysis

A. Introduction

Indiagames is India's leading triple play games company with an integrated developer-publisher model for mobile games, a unique offering for PC games and finally an Interactive TV Games service managed for Satellite TV operators (DTH).

The mobile games business is the mainstay business currently contributing to about 68% of the revenues of the Company and this is clearly demarcated in two distinct business models – Publishing and Value Added Distribution.

The Publishing business involves commissioning of projects based on licensed properties like Bruce Lee, DLF IPL Indiagames T20 Fever and distributing them through a vast network of telecom and online channels across 65 countries in the world. Most of the development work is undertaken at the Indiagames studios in Mumbai which houses a team of about 118 people across all functions and business lines.

The PC games business is a unique model wherein consumers can download and play unlimited – upto 300 PC games which are digitally delivered for a monthly subscription fee of INR 200 and INR 100 as per various plans available. The Games on Demand service or GoD also provides added benefits of zero data download charges for the games coupled with the utility of being billed through the regular monthly broadband bill of the consumer instead of having to use a credit card or net banking as a means of billing and payment. The service is integrated with all leading broadband service providers in the country with access penetration of over 85% of India's residential broadband market.

Last year, Indiagames launched its third screen initiative i.e. Interactive TV Games. In order to bring the best technology and varied mix of content, Indiagames has partnered with global leaders Oberon Media for this venture. The service is currently live with Reliance Big TV and Airtel Digital.

B. Industry Overview

Mobile Games

The Indian mobile games market witnessed an estimated 55% growth in the last one year growing to INR 2.8 billion as per the latest KPMG-FICCI estimates. With the launch of 3G and the additional spectrum available to telcos to service the basic 2.5G data customers also – growth in the games space is expected to be aggressive. In fact the same report expects the revenues from mobile gaming alone will be more than 11x at INR 38 billion by 2015.

The key challenge remains translating the large un-initiated but inclined base of dormant mobile gamers to an active base. Great content and data access are fundamental to this but equally important is a massive awareness drive educating the masses about what more their phone can offer them. This is being de-facto driven by large 'above the line' campaigns launched by telco several of which cover gaming as one of the core drivers for experience and adoption.

Page 1

Indiagames Ltd.

registered & corporate office :

11th floor, vishwaroop IT park, above raghuleela mall, sector 30A,
opp. vashi railway station, vashi, navi mumbai 400 705, india.

Tel : +91-22-6771 0700/2781 3357/58/59 Fax : +91-22-6771 0777/2781 3360

The current situation wherein of the 45% data capable devices only 25% are live – or access any mobile internet service results in a significant limitation of the base that can download a game to only 10-12% of the total market. Over the next 2-3 years this base is expected to grow to a 50% addressable base by 2014 of which gamers will be about 10% of the base. The early impact of this fundamental shift began in the last quarter of the previous financial year and is expected to come into full force through the following fiscal.

Games on Demand (GoD)

PC penetration in India is growing at a healthy 20% p.a on a base of about 85 million PC literate users. As people and more so parents, see the PC as a multifunctional device covering net access, education applications and Games, it is the preferred option to purchasing a games console despite the lower prices of some of the older generation consoles like the PS2.

The Games on Demand model leverages off the interest and growth in PC based games in India which along with online games is expected to reach INR 6.7 billion in 2015 (KPMG -FICCI FRAMES'2011). Driven by factors such as a young population, rising disposable incomes, increasing PC and wireless users, PC game publishers are provided with a market opportunity to co-exist and collectively grow the audience for Indiagames' businesses.

The key challenge restricting the growth of this market has been rampant piracy. The Games on Demand offering by Indiagames specifically addresses this issue though consumer awareness of the model remains the limiting factor.

Interactive TV Games

This is a new category of games wherein users download content to their set top boxes and play games using their remote controls. The market is nascent and Indiagames has made a foray into this business in alliance with Oberon Media who have been veterans in the space in international markets. No formal estimates of market size currently exist but Management is of the view that this would be an interesting segment to develop in the future and it is strategically relevant for the Company to be present across all three screens of games. The medium also offers an interesting opportunity to advertisers for an Ad-funded games opportunity.

C. Business Overview

MOBILE GAMES

- India:

The India Mobile business is the largest contributor to revenues and profitability though the dependency on the region has steadily declined with the growth in other businesses. Steady growth quarter on quarter was achieved through a focus on new business opportunities with OEMs and the Managed Services Business for telcos like Tata Docomo, Uninor and Idea. In addition large accounts like Airtel and Vodafone also grew contributing to about a 24% year on year growth in the India mobile business. The strategy of the Company to work as an MSP with

some of the telcos as well as grow its direct to consumer business in parallel has worked well in the last year.

From a content perspective, Indiagames continued to hold its position as the number 1 developer and publisher of mobile games in India. Your company has built a substantial distribution network amongst gamers in India and along with its original IPs like T20fever, DLF IPL T20, several Bolly-wood licensed titles and content from partners like The Walt Disney Company, THQ Wireless, Real Networks and others – the overall games offering to consumers remains best of breed in India.

From an industry perspective, one of the most significant developments in the year has been the licensing of 3G and 4G spectrum to operators. This will have a profound impact on the growth of data subscribers in India and has been a long awaited development. Indiagames is already seeing early signs of this but the real impact are expected through the following financial year. While this is certainly a positive development, your Management is also acutely aware that the current business models of pay per download and subscriptions are going to evolve into more 'micro-transactions' and 'freemium' services where a small percentage of users pay while others expect free content albeit ad-supported. Your Company's ability to adapt to the new business models will determine how effectively the growth opportunity will be monetized

HIGHLIGHTS

- Year-on-Year growth of 24%,
- Launched a games subscription pack across 6 operators with over 1 million subscribers by year end,
- Launched the TATA DoCoMo Managed Services Program which has resulted in more than 70% growth in the Tata account on a year on year basis,
- Launched Uninor deck management services and delivered high growth post launch
- Grew the billing MSP business with Samsung and launched two new clients in this segment which is now contributing significantly to revenues on a month on month basis
- Focus on profitability through better return on marketing resulted in significant improvement in margins
- Launched key titles through the year like Jungle Book Toy story, Tees Maar Khan

International:

In the previous year, the Management took a decision to focus its efforts on 'self-publish' platforms like IOS (Apple) and Android. In the first year of this approach results have met our expectations and we are encouraged to continue with this strategy going forward. Specifically, Indiagames' original IP, T20fever and its various avatars has become one of the most successful cricket titles on IOS and Android. The other successful launch has been Bruce Lee which was live on the iPad on the date of its launch and was also selected as one of the core games to be embedded on the high profile launch of the Sony Ericson X-peria Play handset.



HIGHLIGHTS

- Year-on-Year growth of 42%
- Key titles launched during the year- Bruce Lee, Australia v/s England, Cricket World Cup Fever, Terror Attack, Garfield Train your brain
- Work for hire deals with Disney for Bop and Pop and Pirates of Caribbean

GAMES ON DEMAND

The Games on Demand business grew from 30,000 paid subscribers to over 80,000 subscribers in 2010-11. Bundled plan and expansion of Franchise model have contributed to the growth of this segment. The focus on adding subscribers on BSNL broadband has yielded good results. The division generated revenues of INR 81.89 million vs. INR 22.91 million in FY 09-10.

- Content and user behavior: Casual games continue to dominate though the matured users seem to be moving to more serious 'hardcore' games.
- Sales model: While bundling of Games on Demand has seen good results, the company will keep consolidating and refining its cost effective franchisee sales model for direct sales across the country. The company will also look at experimenting with other forms / models of acquisition beyond the franchisee sales model.'

Interactive TV Games

During the year Indiagames launched its second DTH games service in an exclusive deal with Airtel Digital. The service was commercially launched in December 2010 and has crossed 30k subscribers in the first three months of launch.

In addition to the subscription based paid model, an ad-funded channel for games has also been proposed which the Company is in discussions to run exclusively for some of the largest DTH service providers

Highlights

- Growth over last year is as per expectations
- Launch of Airtel Digital games has driven significant growth in the last quarter of the year
- Executed the first ad-funded game on Reliance Big TV for Axe Music Star

Ad-funded Business

A new Ad-funded - sales head has been hired with a focus on reaching out to brands to deliver solutions.

D. Human Resources

As on March 31, 2011, Company had 231 full time employees and the business wise classification of which is given in the table below:

Segment	No of Employees
Mobile	191
Games on Demand	16
Others	24

E. Financial Overview

1. Result of Operations

• **Revenues**

The Company reported an increase in operating revenues from Rs. 377.07 million in the previous year to Rs. 523.93 million this year which was mainly due to the following:

Segment	Impact
India	Increased by 24%
International	Increased by 42%
Games on Demand	Increased by 257%
Ad-Funded	Increased by 11%
DTH	Increased by 1488%

• **Other Income**

Other Income for the year was Rs. 21.18 million as against Rs. 22.10 million last year. This was primarily due to decrease of Rs. 4.45 million primarily due to Gain on Foreign Exchange of Rs. 2.48 million and Write Back of Provision for Doubtful Debts of Rs. 1.97 million compensated by an increase in revenue of Rs. 3.55 million mainly on account of Sundry Credit Balances Written Back of Rs. 2.43 million and interest on income tax refund of Rs. 1.12 million.

• **Direct Cost**

Direct cost incurred during the year was Rs. 262.75 million as against the Rs 210.07 million in the previous financial year. There was an increase of 25% in the direct cost vis a vis previous year.

• **Staff Cost**

The Staff cost of the company increased from Rs. 51.51 million to Rs. 75.37 million.

- ***Other Expenses***

Other expenses mainly comprises of Administration expenses, Advertisement and Business promotion expenses, Legal & Professional fees and others. During the year other expenses were at Rs.170.84 million as compared to Rs. 161.46 million in the previous year. The major contributor to the increased in expenses was Travel expenses of Rs. 3.54 million, Withholding taxes of Rs. 1.86 million, Loss of foreign exchange of Rs. 2.29 million and Advertisement expenses of Rs. 1.89 million.

- ***Depreciation/ Amortisation***

Depreciation/Amortisation charge increased from Rs. 10.90 million to Rs. 11.23 million. Depreciation was Rs 5.59 million as against Rs 6.26 million in the previous year and amortisation of Game Development Cost was Rs.5.64 million as against Rs.4.64 million in the previous year.

- ***Loss / Profit before Tax***

The Company reported a Profit before Tax of Rs. 24.75 million as against a Loss before Tax of Rs. 34.88 million in the previous year.

2. Financial Position

- ***Sources of Funds***

Share Capital, Reserves and Surplus

There is no change in the company's Share Capital, Reserves and Surplus in the year 2010-11.

- ***Loan Funds***

The Secured loan of the company as at March 31, 2011 indicates an increase of Rs. 0.76 million. The total amount of fresh loan taken from ICICI Bank Limited amounts to Rs.1.76 million. The company has made a repayment of the existing loans aggregating to Rs.0.99 million.

- ***Fixed Assets***

Gross Block of Fixed Assets as at March 31, 2011 is Rs. 42.81 million as against Rs. 41.91 million as at March 31, 2010. The increase in the Gross Block is due to of net additions to tangible assets aggregating to Rs. 6.08 million compensated by a deduction in Game Development Costs amounting to Rs.5.25 million.

The Accumulated Depreciation as at March 31, 2011 is Rs. 28.67 million as against Rs. 25.50 million as at March, 2010. The increase in Accumulated Depreciation is mainly due to Rs. 3.84 million contributed by depreciation on tangible assets compensated by a decrease of Rs. 0.67 million in amortization of Game Development Costs.

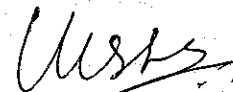
- **Current Assets, Loans & Advances**

Total Current Assets, Loans and Advances increased from Rs. 277.72 million to Rs. 378.19 million. Debtors as at March 31, 2011 were at Rs. 229.31 million representing 160 days of sales as against Rs. 154.46 million as at March 31, 2010 representing 150 days of sales. Cash and Bank balance have increased to Rs. 91.86 million from Rs.42.91 million. Loans and Advances have decreased from Rs. 79.11 million to 55.23 million primarily due to receipt of Income Tax Refund and recoupment and amortization of prepaid royalties.

- **Current Liabilities and Provisions**

Current Liabilities and Provisions have increased by Rs. 72.63 million from Rs. 261.71 million to Rs. 189.08 million. Overall, net current assets have increased by Rs. 27.84 million over the previous year.

For and on behalf of the Board of Directors

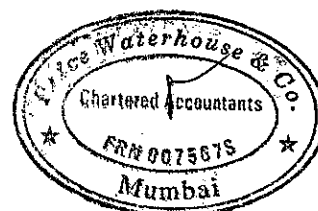


Vishal Gondal
Managing Director

Place: Mumbai
Date : 27th April, 2011

Auditors' Report to the Members of Indiagames Limited

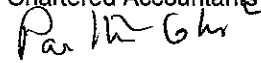
1. We have audited the attached Balance Sheet of Indiagames Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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 March 31, 2011;



- (ii) in the case of the Profit and Loss Account, 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.

Place: Mumbai
Date: April 27, 2011

For Price Waterhouse & Co
Firm Registration Number: 007567S
Chartered Accountants



Partha Ghosh
Partner
Membership Number F-55913

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Indiagames Limited on the financial statements for the year ended March 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

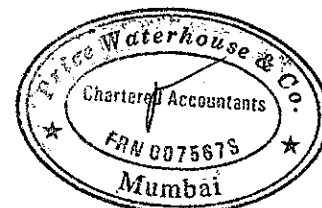
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. As the Company does not have any inventory, clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the activities of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Indigames Limited on the financial statements for the year ended March 31, 2011

Page 2 of 3

The particulars of dues of income-tax and service-tax as at March 31, 2011 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount * (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	581,548	AY 2004-05	Additional Commissioner of Income-Tax
The Income Tax Act, 1961	Tax deducted at Source	5,580,063	FY 2005-06, FY 2007-08 and FY 2008-09	The Income Tax Officer (TDS)
The Finance Act, 1994	Service Tax	8,116,399	September 10, 2004 to September 30, 2007 and FY 2006-07 to FY 2008-09	The Superintendent of Service Tax

* Net of amount deposited under protest

10. The Company has accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date. The Company had incurred cash losses in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the

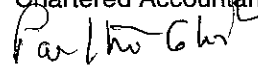


Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Indiagames Limited on the financial statements for the year ended March 31, 2011
Page 3 of 3

information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse & Co
Firm Registration Number: 007567S
Chartered Accountants



Partha Ghosh
Partner

Membership Number F-55913

Place: Mumbai
Date: April 27, 2011

Indiagames Limited
BALANCE SHEET AS AT 31st March 2011

	Schedule	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	10,918,120	10,918,120
Reserves and Surplus	B	210,407,738	210,407,738
		<u>221,325,858</u>	<u>221,325,858</u>
LOAN FUNDS			
Secured Loan	C	1,453,228	694,718
TOTAL		<u>222,779,086</u>	<u>222,020,576</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	42,810,026	41,977,078
Less : Accumulated Depreciation / Amortisation		28,667,699	25,501,178
Net Block		<u>14,142,327</u>	<u>16,475,900</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	E	229,307,844	154,462,093
Cash and Bank Balances		91,864,983	42,909,287
Other Current Assets		1,785,172	1,234,521
Loans and Advances		55,231,916	79,111,596
		<u>378,189,915</u>	<u>277,717,497</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	F	249,234,945	178,224,975
Provisions		12,475,567	10,853,561
		<u>261,710,512</u>	<u>189,078,536</u>
NET CURRENT ASSETS		<u>116,479,403</u>	<u>88,638,961</u>
PROFIT & LOSS ACCOUNT DEBIT BALANCE		92,157,356	116,905,715
TOTAL		<u>222,779,086</u>	<u>222,020,576</u>

NOTES TO THE FINANCIAL STATEMENTS

M

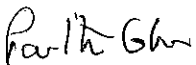
Schedules referred to above and Notes attached thereto form an integral part of the Balance Sheet.

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

For Price Waterhouse & Co.

Firm Registration Number: 007567S

Chartered Accountants



Partha Ghosh

Partner

Membership No. F-55913

Place: Mumbai

Date: 27th April, 2011

For and on behalf of the Board of Directors



Vishal Gondal

Managing Director



Rajeev Wagie

Director

Place : Mumbai

Date: 27th April, 2011

Indiagames Limited
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2011

	Schedule	For the Year Ended 31st March 2011 Rupees	For the Year Ended 31st March 2010 Rupees
INCOME			
Sales and Services (Net)	G	523,929,889	377,066,405
Other Income	H	21,175,972	22,104,220
TOTAL		545,105,861	399,170,625
EXPENDITURE			
Direct Cost	I	262,754,563	210,065,701
Staff Cost	J	75,371,576	51,506,543
Other Expenses	K	170,840,287	161,464,331
Financial Charges	L	163,579	126,169
Depreciation / Amortisation		11,227,497	10,895,686
TOTAL		520,357,502	434,058,430
PROFIT / (LOSS) BEFORE TAX		24,748,359	(34,887,805)
Less: Provision for Taxation - Current Tax (Refer Note 16 of Schedule M)		-	-
- Fringe Benefit Tax		-	(27,849)
PROFIT / (LOSS) AFTER TAX		24,748,359	(34,859,956)
Balance brought forward from the Previous Year		(116,905,715)	(82,045,759)
BALANCE CARRIED TO BALANCE SHEET		(92,157,356)	(116,905,715)
Earning/ (Loss) per share of of Rs. 10 each (Refer Note 9 of Schedule M)			
Basic		22.67	(31.94)
Diluted		22.53	(31.94)

NOTES TO THE FINANCIAL STATEMENTS

M

Schedules referred to above and Notes attached thereto form an integral part of the Profit & Loss Account.

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

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Partha Ghosh
Partha Ghosh
Partner
Membership No. F-55913
Place: Mumbai
Date: 27th April, 2011

For and on behalf of the Board of Directors

Vishal Gondal
Vishal Gondal
Managing Director

Rajeev Wagle
Rajeev Wagle
Director

Place : Mumbai
Date: 27th April, 2011

Indiagames Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2011

	Year Ended 31st March 2011 Rupees	Year Ended 31st March 2010 Rupees
A. Cash flow from operating activities:		
Net Profit / (Loss) before tax	24,748,359	(34,887,805)
Adjustments for:		
Depreciation / Amortisation	11,227,497	10,895,686
Interest Expense	163,579	126,169
Interest Income	(1,780,660)	(1,927,585)
Loss / (Profit) on Sale of fixed assets (net)	105	(59,320)
Fixed Assets Written Off	83,725	110,941
Provision for Doubtful Debts	(1,636,037)	(3,612,989)
Sundry Balances Written Off	13,935	18,000
Liability no longer required written back	(3,593,224)	(1,167,179)
Bad Debts	99,818	1,167,807
Unrealised foreign exchange gain (net)	1,141,932	(2,659,282)
Operating Profit / (loss) before working capital changes	30,469,029	(31,995,557)
Adjustments for changes in working capital :		
(increase)/decrease in sundry debtors	(71,405,513)	(23,695,950)
(increase)/decrease in other receivables	10,371,012	(7,719,687)
increase/(decrease) in trade and other payables	64,134,177	6,719,261
Cash generated / (used in) operations	33,568,705	(56,691,933)
Taxes Paid (including Tax Deducted at Source)	13,461,952	16,195,680
Net cash generated / (used) in operating activities	47,030,657	(40,496,253)
B. Cash flow from Investing activities:		
Purchase of fixed assets	(9,002,742)	(9,547,765)
Proceeds from Sale of fixed assets	68,080	100,305
Interest Received	1,262,790	1,968,928
Net cash generated / (used) in investing activities	(7,671,872)	(7,478,532)
C. Cash flow from financing activities:		
Proceeds from fresh issue of Equity Share Capital	-	260,604
Repayment of Loan for Purchase of Vehicle	(998,490)	(479,555)
Proceeds from Loan for Purchase of Vehicle	1,757,000	-
Interest Paid	(163,579)	(126,169)
Net cash from financing activities	594,931	(345,120)
Net Increase / (Decrease) in Cash and Cash Equivalents	39,953,716	(48,319,905)
Cash and Cash Equivalents - Opening Balance	39,608,059	87,927,964
Cash and Cash Equivalents - Closing Balance	79,561,775	39,608,059
Cash and cash equivalents comprise		
Cash on hand	20,211	53,280
Balances with Scheduled Banks		
In Current accounts	19,100,805	9,269,452
In Deposit accounts	63,850,510	31,319,067
In Exchange Earners Foreign Currency Accounts	8,893,457	2,267,488
Book Overdraft	(12,303,208)	(3,301,228)
	79,561,775	39,608,059

Notes:

- The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard- 3 Issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.

This is the Cash flow statement referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration Number: 007567S
Chartered Accountants

Partha Ghosh

Partha Ghosh
Partner

Membership No. F-55913

Place: Mumbai

Date: 27th April, 2011

For and on behalf of the Board of Directors

Vishal Gondal

Vishal Gondal
Managing Director

Rajeev Wagle

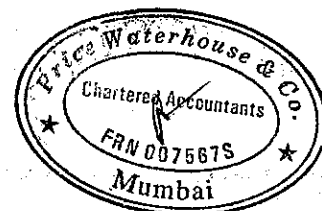
Rajeev Wagle
Director

Place : Mumbai

Date: 27th April, 2011

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

	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised		
1,250,000 equity shares of Rs.10 each (Previous Year: 1,250,000 equity shares of Rs.10 each)	12,500,000	12,500,000
Issued, Subscribed and Paid up		
1,091,812 equity shares of Rs.10 each fully paid (Previous Year:1,091,812 equity shares of Rs.10 each fully paid) Of the above, 294,820 equity shares (Previous Year: 294,820 equity shares) were allotted as fully paid bonus equity shares by way of capitalisation of Securities Premium Account and 125,000 equity shares (Previous Year: 125,000 equity shares) were allotted for consideration other than cash. Of the above, 639,986 equity shares (Previous Year: 659,415 equity shares) are held by UTV Software Communications Limited, the Holding Company. (Refer note 5 of Schedule M)	10,918,120	10,918,120
	10,918,120	10,918,120
SCHEDULE B : RESERVES AND SURPLUS		
Securities Premium Account		
Balance at the beginning of the year	210,407,738	262,634,398
Less : Capital Reduction Scheme	-	52,483,454
Add : Premium on Issue of shares	-	256,794
Balance at the end of the year	210,407,738	210,407,738
SCHEDULE C : SECURED LOAN		
Car Loans from Bank (Secured against hypothecation of Car) (Of the above, amount payable within one year Rs. 719,064)	1,453,228	694,718
	1,453,228	694,718



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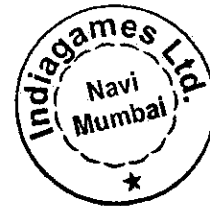
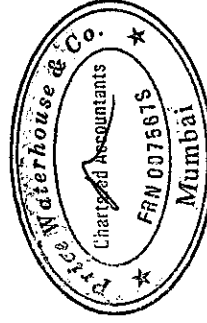
Indiagames Limited
Schedule forming part of the Balance Sheet as at 31st March 2011

SCHEDULE D : FIXED ASSETS
(Refer Note 1(c), (d), (e) and (f) of Schedule M)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1st April 2010	Additions	Deductions	As at 31st March 2011	As at 1st April 2010	Charge for the Year	Deductions	As at 31st March 2011	As at 31st March, 2010
Tangible Assets									
Air Conditioners	1,459,952	-	-	1,459,952	937,294	190,856	-	331,802	522,658
Computer Equipments	13,256,120	4,077,091	950,483	16,382,728	10,739,279	1,887,543	928,455	4,684,361	2,516,841
Furniture and Fixtures	5,367,001	592,825	605,506	5,354,320	4,508,263	378,515	605,501	1,073,043	858,738
Office Equipments	7,843,115	918,992	339,592	8,422,515	4,513,875	1,310,996	209,715	2,807,359	3,329,240
Leasehold Improvements	5,216,756	80,356	-	5,297,112	2,216,278	1,032,681	-	2,048,153	3,000,478
Motor Vehicles ##	2,027,847	2,307,924	-	4,335,771	700,874	783,429	-	2,851,468	1,326,973
Intangible Assets									
Game Development Costs #	6,806,287	1,068,646	6,317,305	1,557,628	1,885,315	5,643,477	6,317,305	346,141	4,920,972
TOTAL	41,977,078	9,045,834	8,212,886	42,810,026	25,501,178	11,227,497	8,060,976	14,142,327	16,475,900
Previous Year	61,732,209	9,673,616	29,428,747	41,977,078	25,280,792	10,895,686	10,675,300	16,475,900	-

The Net block of Motor Vehicles represents the Motor Vehicles acquired under loans from Bank.

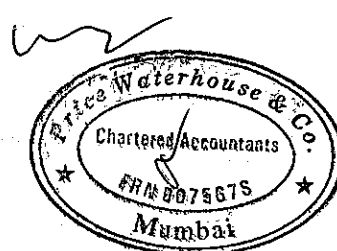
Game Development Costs includes games costing Rs. Nil (Previous Year Rs. 3,610,851) which are under development phase.



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

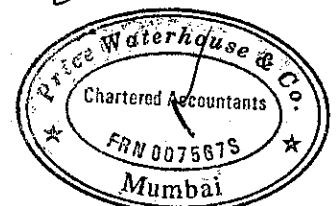
	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE E : CURRENT ASSETS, LOANS AND ADVANCES		
Sundry Debtors (Unsecured and considered good, unless otherwise stated)		
Debts outstanding for a period exceeding six months		
<u>Billed</u>		
- Considered good	16,545,911	7,054,943
- Considered doubtful	1,739,781	3,375,818
<u>Unbilled</u>		
	4,408,865	-
	<u>22,694,557</u>	<u>10,430,761</u>
Less: Provision for doubtful debts	1,739,781	3,375,818
	<u>20,954,776</u>	<u>7,054,943</u>
Other debts - Considered Good		
Billed	108,653,395	92,431,631
Unbilled	99,699,673	54,975,519
	<u>208,353,068</u>	<u>147,407,150</u>
	<u>229,307,844</u>	<u>154,462,093</u>
Cash and Bank Balances		
Cash on hand	20,211	53,280
<u>Balances with Scheduled Banks</u>		
In Current Accounts	19,100,805	9,269,452
In Fixed Deposit Accounts	63,850,510	31,319,067
In Exchange Earners Foreign Currency Accounts	8,893,457	2,267,488
	<u>91,864,983</u>	<u>42,909,287</u>
Other Current Assets		
Interest Receivable on Fixed Deposits and other Deposits	517,870	-
Others	1,267,302	1,234,521
	<u>1,785,172</u>	<u>1,234,521</u>
Loans and Advances (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,850,722	13,933,120
Advances to Suppliers	250,000	306,912
Advances recoverable from employees	276,785	365,273
Advances recoverable from Director [Maximum Amount outstanding during the year Rs. 309,070 (Previous year: Nil)]	309,070	-
<u>Deposits</u>		
Advance Income Tax [Net of provisions for Tax: Nil (Previous year: Nil)]	15,236,450	14,735,450
Advance Fringe Benefit Tax [Net of provisions for Tax: Rs. 933,361 (Previous year: 933,361)]	36,293,250	49,755,202
	15,639	15,639
	<u>55,231,916</u>	<u>79,111,596</u>
SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
<u>Sundry Creditors</u>		
- Micro and Small enterprises (Refer Note 6 of Schedule M)	163,318	-
- Others	79,485,690	85,704,029
Book Overdraft	12,303,208	3,301,228
Advance from Customers	762,886	395,710
Other Liabilities and accruals	156,519,843	88,824,008
	<u>249,234,945</u>	<u>178,224,975</u>
Provisions		
Provision for Employees' Retirement Benefits (net)	12,475,567	10,853,561
	<u>12,475,567</u>	<u>10,853,561</u>



Indiagames Limited

Schedules forming part of the Profit and Loss Account for the period ended 31st March 2011

	For the Year Ended 31st March 2011 Rupees	For the Year Ended 31st March 2010 Rupees
SCHEDULE G : SALES and SERVICES (Net)		
(Refer note 1(b) of Schedule M)		
Product Revenue	379,514,574	316,164,940
Service Revenue	97,050,447	26,343,572
Sponsorship / Advertisement	38,212,303	34,557,893
Sale of Goods as Master Service Provider	9,152,565	-
	523,929,889	377,066,405
SCHEDULE H : OTHER INCOME		
Interest on deposits [Tax deducted at source Rs. 130,439 (Previous Year Rs. 192,763)]	1,780,660	1,927,585
Surplus on sale of assets (Net)	-	59,320
Gain on foreign exchange (Net)	-	2,479,544
Rent Income	10,742,736	10,742,736
Provision for Doubtful Debts written back	1,636,037	3,612,989
Provision no longer required written back	3,593,224	1,167,179
Interest on Income Tax Refund	3,040,544	1,925,392
Miscellaneous Income	382,771	189,475
	21,175,972	22,104,220
SCHEDULE I : DIRECT COST		
Royalty / Licence Fees	189,247,025	156,145,440
Purchases & related expenses as Master Service Provider	8,477,470	-
Broadcasting Fees	800,000	-
Testing and Other related Expenses	4,803,802	7,781,055
Event Expenses	8,189,046	250,255
Production Staff Cost	47,126,885	45,502,185
Contribution to Provident Fund and Other funds	3,409,967	3,322,750
Retirement Benefits to Employees (Refer Note 7 of Schedule M)	1,376,910	2,641,560
Other related Production Staff Cost	143,531	113,272
	263,574,636	215,756,517
Less: Capitalised - Game Development Cost	(820,073)	(5,690,816)
	262,754,563	210,065,701
SCHEDULE J : STAFF COST		
Salaries and Bonus	67,754,050	45,007,769
Contribution to Provident Fund and Other funds	4,588,617	3,329,955
Retirement Benefits to Employees (Refer Note 7 of Schedule M)	2,245,096	2,704,553
Other related Staff Cost	783,813	464,266
	75,371,576	51,506,543
SCHEDULE K : OTHER EXPENSES		
Rent	22,326,916	22,187,516
Repairs and maintenance	1,227,446	1,762,445
Insurance charges	709,196	704,037
Rates and taxes	2,439,623	416,310
Withholding taxes expensed out (Overseas) (Refer Note 15 of Schedule M)	4,992,298	3,129,461
Power and fuel	2,549,679	2,816,170
Travelling Expenses	9,433,960	5,897,525
Advertising, publicity and business promotion	105,071,820	103,173,177
Communication Expenses	3,727,209	4,087,435
Software Expenses	1,210,554	217,903
Web hosting charges	3,208,936	3,667,795
Auditors' Remuneration (Refer Note 11 of Schedule M)	606,615	604,780
Legal and professional fees	8,094,694	10,510,731
Loss on foreign exchange (Net)	2,289,046	-
Bank charges	1,209,732	645,598
Fixed assets written off	83,725	110,941
Loss of Sale of Fixed Assets (Net)	105	-
Bad debts written off	99,818	1,167,807
Miscellaneous Expenses	1,807,488	1,904,303
	171,088,860	163,003,934
Less: Capitalised - Game Development Cost	(248,573)	(1,539,603)
	170,840,287	161,464,331
SCHEDULE L : FINANCIAL CHARGES		
Interest	163,579	126,169
	163,579	126,169



Schedule M

NOTES TO THE FINANCIAL STATEMENTS.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 (the "Act") and the relevant provisions of the Act.

(b) REVENUE RECOGNITION

Product Revenue comprises of distribution of mobile content. Service Revenue comprises of subscription to gaming library / bunch of games. Advertisement Revenue represents sale of space on WAP portals / web whereas Sponsorship Revenue include revenues from event sponsors.

Product Revenue and Service Revenue are recognized based on revenue sharing in accordance with the agreement entered by the Company either on basis of receipt of download / subscription reports or on a fair estimates by the company. Company follows a estimation policy for the purpose recognition of the revenue. Until the receipt of download or subscription report from the operators/ISPs the revenue is recognised on a fair estimates by the Company. Advertisement Revenues are recognized when advertisements are served whereas Sponsorship Revenues are recognized on completion of the event. Revenue are stated at net of service tax, wherever applicable.

Sales of Goods includes the supply of hardware and software as Master Service Providers to the Telecom operators. Revenue from hardware sales is recognised when the risk of loss is transferred to the client and there are no unfulfilled company's obligation that affects the client's final acceptance of the arrangement. Revenue from perpetual (one-time charge) license software is recognised at the inception of the licensed term if all revenue recognition criteria is met.

(c) FIXED ASSETS

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation.

(d) GAME DEVELOPMENT COST

Costs, including incidental expenses, involved in the production of games, which require a production period of more than a month are capitalised. Other game development costs are expensed as period cost.

(e) DEPRECIATION / AMORTISATION

(i) Depreciation on fixed assets acquired after 1st April, 2004 is provided on Straight Line Method, pro-rata to the period of use, at the rates specified in Schedule XIV of the Act or the rates based on useful lives of the assets as estimated by the management, whichever are higher. The rates based on useful lives of the assets in the following categories are estimated to be higher than those specified in Schedule XIV of the Act :

Asset Description	Useful Life
Computer Equipments	3 years
Furniture & Fixtures	5 years
Office Equipments	5 years
Air Conditioners	5 years
Vehicles	5 years

(ii) Leasehold Improvements are amortised over the period of lease.

(iii) Depreciation on assets acquired prior to 1st April 2004 is charged based on the residual life of such assets as on the aforesaid date.

(iv) Game development cost is amortised over a period of nine to twelve months, once the game is completed.

(v) Fixed Assets individually costing Rs. 5,000 or less are fully depreciated in the year of acquisition keeping a nominal amount of Re. 1 for each asset for the purpose of identification.



(f) EMPLOYEE BENEFITS

(i) Long-Term Employee Benefits

(a) Defined Contribution Plan

In case of Defined Contribution plan for provident fund, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred.

(b) Defined Benefit Plan

Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is taken at the rate of return on Government securities. Plan assets are measured at fair value as at the Balance Sheet date. The liability for leave encashment is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

(ii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(g) FOREIGN CURRENCY TRANSACTIONS

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities as at the Balance sheet date are translated at the rate of exchange prevailing at the date of the Balance sheet. Non-monetary foreign currency items are carried at cost. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

(h) TAXATION

Provision for Current tax has been made in accordance with the Income tax laws prevailing for the year.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable income and accounting income that originates in one period and capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognised on unabsorbed depreciation and carried forward of losses unless there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(i) PROVISIONS AND CONTINGENT LIABILITY

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. These are reviewed at each accounting year end date and adjusted to reflect the current best estimates.

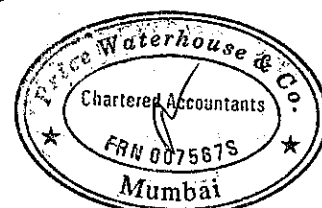
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision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

(j) IMPAIRMENT OF ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs. If this is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(k) EMPLOYEES STOCK OPTION SCHEMES (ESOP)

The Company accounts for compensation expense under the Employees Stock Option Schemes using the intrinsic value method as permitted by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India. The difference between the valuation price and the exercise price as at the date of the grant is treated as compensation expense and charged over the vesting period.



(l) **LEASE**

Finance Leases

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease payments for operating leases are recognised as expense, when due. Initial direct costs are recognised immediately as an expense.

(m) **EARNINGS PER SHARE**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value, which is based on management projections. Dilutive potential equity shares are deemed converted at the beginning of the period, unless issued at a later date.

(n) **BORROWING COST**

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

(o) **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

2 **Scheme of Arrangement**

- a) The Board of Directors of the Company had approved a scheme of arrangement under Sections 391 to 394 read with section 78 and 100 to 103 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders on 9th February, 2010, which was filed with the Hon'ble High Court of Judicature at Bombay on 17th February, 2010 and was awarded the approval vide order dated 9th June, 2010 and 11th June, 2010. Pursuant to the scheme, the Company had written off the following amounts against balance available in the Securities Premium Account in the FY 2009-10. It does not have any impact on the Financials for the FY 2010-11.

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees	Rupees
Game Development Cost	-	18,601,521
Prepaid Licenses	-	33,881,933

Note: The above write off have been debited to Securities Premium Account gross of any tax Impact.

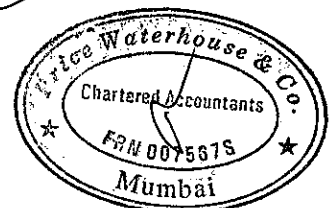
- b) Had the Scheme not prescribed aforesaid treatment, the impact would have been as under for FY 2009-10:

i. In the Profit and Loss Account

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees Increase / (Decrease)	Rupees Increase / (Decrease)
Direct Costs	-	33,881,933
Depreciation/Amortisation	-	18,601,521
Loss Before Tax	-	52,483,454
Loss After Tax	-	52,483,454

ii. In the Balance Sheet

	As at 31st March, 2011	As at 31st March, 2010
	Rupees Increase /	Rupees Increase /
Reserves and Surplus - Securities Premium Account	-	52,483,454
Profit and Loss Account - Debit Balance	-	52,483,454



3 Contingent Liabilities

Nature	Description	31st March, 2011	31st March, 2010
a) Income Tax demand	Pertains to non submission of the TDS certificates for FY 2003-04 which the company has submitted at later date.	581,548	581,548
b) Service Tax	Show cause notice for service tax applicability on minimum guarantees paid by the company prior to Jun'07 and on Testing fees paid outside India	8,116,399	6,277,471
c) Tax deducted at Source	Show cause and demand notices for Non/short deduction/payment of TDS for the period FY 2005-06, FY 2007-08 and FY 2008-09	5,580,063	-
d) Bank Guarantees	Bank guarantees given by the company for the performance as per the terms of the contracts with the operator.	2,490,010	1,300,000
e) Claims against the company not acknowledged as debts	Pertains to litigation with the party. The company has filed legal case against the party and no outflow is foreseen	922,655	-

4 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and Game Development outsourced and not provided for (Net of advances) : Rs. Nil (Previous Year : Rs. Nil)

5 Employees Stock Option Scheme - 2008

Pursuant to the resolution passed by the members of the Company at the Extraordinary General Meeting held on 29th September 2008, the Company had introduced Employee Stock Option Scheme - 2008 ("the scheme") for permanent employees and directors of the Company and of its subsidiaries, as may be decided by the Board of Directors.

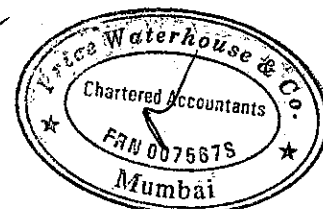
The scheme provides that the total number of options granted will be 51,429 and it also provides that the lapsed options will be available for future grants to employees. Each option, on exercise, is convertible into one equity share of the Company having face value of Rs. 10. Company has granted 17,944 options in 2 tranches in FY 2008-09 and FY 2009-10. No Further options were granted in FY 2010-11. As at the end of FY 2010-11, the total number of options available for grant are 35,032.

The exercise price is equal to the valuation price as on the date of the grant. Accordingly the Company has not recognised any expense on account of stock options.

	31st March, 2011 Rupees	31st March, 2010 Rupees
Options outstanding as at the beginning of the year	17,563	6,594
Options granted during the year	-	11,350
Options exercised during the year	-	381
Options lapsed during the year	1,547	-
Options outstanding as at the end of the year	16,016	17,563

6 The Company has received information from the some of the suppliers regarding their status under Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the disclosures received and the amounts as at the year end together with interest paid / payable as required under the said Act has been made, wherever applicable.

	31st March, 2011 Rupees	31st March, 2010 Rupees
The principal amount remaining unpaid to any supplier as at the end of each accounting year;	163,318	-
The interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure for Income Tax purposes under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-



7 Employee Benefits

The disclosures as required as per the revised AS 15 are as under:

(i) Brief description of the Plans:

The Company provides long-term benefits in the nature of Provident fund & Gratuity to its employees. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through appropriate authorities/insurers. The Company's defined contribution plan is in the form of provident fund under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Company has no further obligation beyond making the contributions to mentioned plan. The Company's defined benefit plans include gratuity benefit to its employees which is funded through the Life Insurance Corporation of India. The employees of the Company are also entitled to leave encashment as per the Company's policy.

(ii) Defined Contribution Plan

During the year, the Company has recognised the following amounts In Profit and Loss Account :

	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
Employer's Contribution to Provident Fund	7,672,533	6,641,077

(iii) Defined benefit plan

Valuations in respect of Gratuity has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions :

	As at 31st March, 2011	As at 31st March, 2010
i) Discount rate (per annum)	7.50%	7.50%
ii) Rate of increase in compensation levels	9.00%	9.00%
iii) Rate of Return on plan assets	9.00%	8.00%
iv) Expected average remaining working lives of employees (years)	31	31
v) Vesting period (years)	3	3

A) Changes in present value of obligation

	As at 31st March, 2011	As at 31st March, 2010
Present value of obligation at the beginning of the year	9,849,388	6,614,589
Interest Cost	682,393	545,677
Past Service Cost	-	954,340
Current Service Cost	3,099,860	1,489,286
Benefits Paid	(1,501,640)	(504,825)
Actuarial (gain) / loss on obligations	28,593	750,321
Present value of Obligation as at the year end	12,158,594	9,849,388

B) Changes in the fair value of Plan Assets

	As at 31st March, 2011	As at 31st March, 2010
Fair Value of Plan Assets at the beginning of the year	2,242,754	2,530,602
Expected Return of Plan Assets	224,856	170,864
Actuarial Gain / (Loss) on Plan Assets	23,977	46,113
Contributions	2,000,000	-
Benefits Paid	(1,501,640)	(504,825)
Fair Value of Plan Assets at the year end	2,989,947	2,242,754

C) Reconciliation of present value of Defined Benefit Obligation and the Fair Value of Assets [Included in Provisions (Refer Schedule F)]

Present Value of Funded Obligation as at the year end	12,158,594	9,849,388
Fair Value of Plan Assets as at the year end	(2,989,947)	(2,242,754)
Unfunded Net Asset / (Liability) recognised in Balance Sheet	(9,168,647)	(7,606,634)

D) Amount recognised in the Balance Sheet [Included in Provisions (Refer Schedule F)]

Present Value of Funded Obligation as at the year end	12,158,594	9,849,388
Fair Value of Plan Assets as at the year end	(2,989,947)	(2,242,754)
Liability recognised in the Balance Sheet	9,168,647	7,606,634



E) Expenses recognised in the Profit and Loss Account in Schedule I and J

Particulars	Year ended	Year ended
	31st March, 2011	31st March, 2010
	Rupees	Rupees
Current Service Cost	3,099,860	1,489,286
Past Service Cost	-	954,340
Interest Cost	682,393	545,677
Expected Return on Plan Assets	(224,856)	(170,864)
Net Actuarial (gain) / loss recognised in the year	4,616	704,208
Total expenses recognised in the Profit and Loss Account	3,562,013	3,522,647

F) Actual Return on Plan Assets

Expected Return on Plan Assets	224,856	170,864
Actuarial Gain / (Loss) on Plan Assets	23,977	46,113
Actual Return on Plan Assets	248,833	216,977

G) Percentage of each category of Plan Assets

Insurer Managed Funds	100%	100%
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H) Experience Adjustments

On Plan Liabilities Gain / (Loss)	(28,593)	(21,160)
On Plan Assets Gain / (Loss)	23,977	46,113

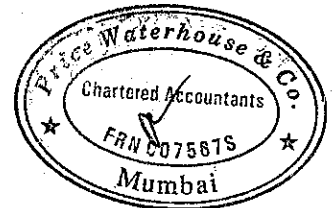
(iii) The liability for compensated absences (un-funded) as at 31st March, 2011 is Rs. 3,306,920 (Previous Year Rs. 3,246,927)

8 a) Earnings in foreign Exchange (on accrual basis) :

	Year ended	Year ended
	31st March, 2011	31st March, 2010
	Rupees	Rupees
Sales and Services	52,595,680	60,215,754
Write back of Doubtful debts and Recovery of Bad debts	1,367,882	3,102,218
Liabilities Written back	1,217,031	1,014,089
Gain on Foreign Exchange	-	2,479,544
	55,180,593	66,811,605

b) Expenditure in foreign currency (on accrual basis) :

	Year ended	Year ended
	31st March, 2011	31st March, 2010
	Rupees	Rupees
Royalty	106,618,858	127,946,174
Travelling Expenses	299,639	754,660
Testing and Other related Expenses	3,160,390	6,745,693
Capital goods	29,815	295,958
Professional Fees	560,283	7,238,018
Business Promotion / Advertising	21,117,639	8,782,249
Withholding Taxes	4,992,298	3,129,461
Other Expenses	5,156,328	1,799,261
Total	141,935,250	156,691,474



[Handwritten signature]

9 Earnings / (Loss) per Share:

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees	Rupees
Net Profit / (Loss) after Tax	24,748,359	(34,859,956)
Weighted average number of Equity Shares outstanding	1,091,812	1,091,524
Weighted average number of Equity Shares outstanding including dilutive potential equity shares	1,098,654	1,091,524
Earning / (Loss) per Share – Basic (Equity Shares of Rs. 10 each)	22.67	(31.94)
Earning / (Loss) per Share – Diluted (Equity Shares of Rs. 10 each)	22.53	(31.94)

Since taking Employees Stock Option plan into calculation for Diluted Earnings per Share (EPS) will reduce the loss per share, the impact would be anti dilutive, hence the basic and dilutive EPS is the same for FY 2009-10.

10 Managerial Remuneration :

(i)	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees	Rupees
Salary	2,890,360	2,886,072
Perquisites	-	-
Total	2,890,360	2,886,072

The remuneration to the Managing Director is as per Central Government approval vide letter dated 3rd November, 2010 effective for the period April 2008 to March 2013. Pursuant to the approval of the shareholders at the Extraordinary General Meeting held on 29th October 2010, an application to the Central Government has been made on 18th April, 2011 for further approval for the increase in remuneration (CTC) from Rs. 3,394,000 to Rs. 4,254,000.

(ii) Calculation of net profit under Section 198 / 349 of the Companies Act, 1956 :

Profit / (Loss) before tax	24,748,359	(34,887,805)
Add : Managerial Remuneration	2,890,360	2,886,072
Net Profit under section 198/349 of the Companies, Act, 1956	27,638,719	(32,001,733)
Remuneration payable to Managing Director @ 10% of Net Profit	2,763,872	-

11 Auditors' Remuneration :

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees	Rupees
Audit Fees	600,000	600,000
Reimbursement of out of pocket expenses	6,615	4,780
Total	606,615	604,780

12 Lease

(i) There is no finance lease outstanding as on the Balance Sheet date.

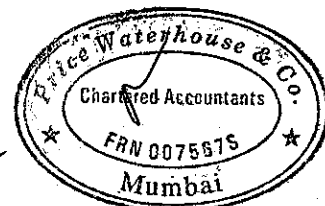
(ii) Operating Lease

The Company's significant leasing arrangement is in respect of office premises. The aggregate lease rentals payable on the leasing arrangement is charged to Profit and Loss account as rent under "Other Expenses" in Schedule K.

This leasing arrangement is for a period of five years and renewable by mutual consent, on mutually agreeable terms. The Company has placed a refundable deposit of Rs. 14,725,950 (Previous year: Rs. 14,725,950) in respect of this leasing arrangement. Details of non-cancellable future operating lease rental commitments are as follows:

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rupees	Rupees
Not later than one year	25,834,253	22,797,027
Later than one year but not later than five years	23,681,399	49,515,652
Total minimum lease payments	49,515,652	72,312,679

Lease payments recognised in respect of the above non-cancellable lease in the Profit and Loss Account for the year amounts to Rs. 22,199,916 (Previous year Rs.22,160,916).



13 Related Party Disclosures as required by Accounting Standard – 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below:

(A) Enterprises where control exists

(a) Holding Company

UTV Software Communications Limited

(B) Other Related Parties with whom the company had transactions during the year

(a) Fellow Subsidiaries

Genx Entertainment Ltd.

UTV New Media Ltd.

UTV News Ltd.

(b) Key Management Personnel

Mr. Vishal Gondal - Managing Director and Chief Executive Officer

(c) Relatives of Key Management Personnel

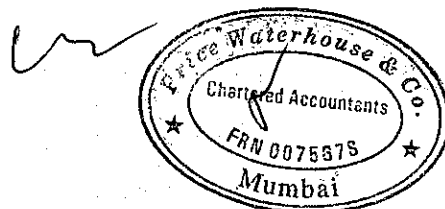
Ms. Harpreet Gondal - Wife of Mr. Vishal Gondal

(d) Enterprises over which Key Management Personnel exercises significant influence

Indiagames Limited Employee's Group Gratuity Assurance Scheme - wherein Mr. Vishal Gondal is a Trustee

(C) Disclosure of transactions between the Company and related parties and outstanding balances as at the year end :

	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
(a) Holding company		
Royalties	2,281,508	2,033,504
Advances - Recoverable at year end	158,920	831,612
Outstanding balances - Payable at year end	412,931	585,383
(b) Fellow Subsidiaries		
Service Revenue earned		
- Genx Entertainment Ltd.	1,000,000	-
Royalties		
- UTV New Media Ltd.	-	1,324,260
- UTV News Limited	795,693	-
Outstanding balance - Payable at year end		
- UTV New Media Ltd.		1,277,313
- UTV News Limited	789,884	-
Notes		
1) Prepaid Licenses as on 1st April, 2009 were written off against Securities Premium Account pursuant to a Scheme of Arrangement of the following Related Parties :		
- Ignition Entertainment Ltd.	-	2,618,000
- UTV Software Communications Ltd.	-	547,551
	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
(c) Key Management Personnel		
Remuneration	2,890,360	2,886,072
Salary Advances - Recoverable at year end	309,070	-
Outstanding balance - Payable at year end	-	24,414
(d) Relatives of Key Management Personnel		
Recovery of Excess Remuneration	118,932	-
Advances - Recoverable at year end	118,932	-
Subscription of Share Capital	-	260,604
(e) Enterprises over which Key Management Personnel exercises significant influence		
Investment with Indiagames Limited Employee's Group Gratuity Assurance Scheme	2,989,947	2,242,754



14 Segment Reporting – Segment Identification, Reportable Segments and definition of each reportable segment:

(i) Primary/Secondary Segment Reporting Format:

- (a) The risk/return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
- (b) In respect of secondary segment information, the Company has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.

(ii) Segment Identification:

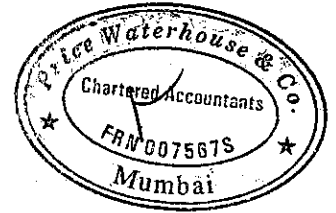
Business segments have been identified on the basis of the nature of the products/services, the risk/return profile of individual businesses, the organisational structure and the internal reporting system of the Company.

(iii) Reportable Segments:

Reportable segments have been identified as per the criteria prescribed in Accounting Standard 17 – 'Segment Reporting' as specified in the Companies (Accounting Standards) Rules, 2006.

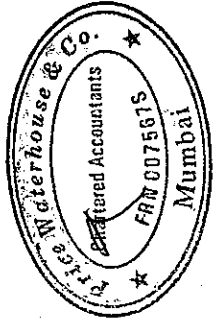
(iv) Segment Composition:

- (a) Mobile Segment comprise of Mobile content, Advertisements on mobile WAP portals and mobile games, and Sale of Goods as Master Service Provider
- (b) GoD Segment comprise of Online games services
- (c) Other Segment comprise of Segments which are not reportable as per Accounting Standard-17 - 'Segment Reporting'



(v) Revenue and expenses have been accounted on the basis of their relationship to the operating activities of thesegment. Incomes and expenditures which are related to the Company as a whole and are not allocable to segments on a reasonable basis have been allocated under "Unallocable Income and Expenditure", Assets and Liabilities, which relate to the Company as a whole, and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets and Liabilities".

	Mobile		God		Other		Total	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
Segment Revenues								
External Revenue	425,953,514	352,932,169	81,882,388	22,907,011	16,093,987	1,227,225	523,929,889	377,066,405
Segment Results								
Less:								
Interest and Finance charges	42,515,020	14,733,855	10,000,609	(22,618,051)	(24,884,318)	(4,597,477)	27,631,311	(12,481,674)
Un-allocable other expenditure							(163,579)	(126,169)
							(7,873,067)	(30,252,972)
Add:								
Un-allocable Other income							5,153,694	7,973,010
Profit / (Loss) before taxation							24,748,359	(34,887,805)
Taxes							27,849	27,849
Profit / (Loss) after taxation							24,748,359	(34,859,956)
Other Information								
Segment Assets	182,682,407	152,233,248	47,534,911	20,351,662	2,975,657	371,300	233,192,975	172,956,210
Unallocable Assets							159,139,267	121,237,187
Total Assets							392,332,242	294,193,397
Segment Liabilities	195,213,477	155,265,291	30,283,187	9,151,390	3,262,329	1,240,627	228,758,993	165,657,308
Unallocable Liabilities							34,404,747	24,115,946
Total Liabilities							263,163,740	189,773,254
Depreciation								
Segment Depreciation	5,643,477	9,682,735		372,033			5,643,477	10,054,768
Unallocable Depreciation							5,584,020	840,918
Total Depreciation							11,227,497	10,895,686
Non cash Expenditure other than depreciation								
Segment Non cash Expenditure	113,603	1,167,807					113,603	1,167,807
Unallocable Non cash Expenditure							83,980	128,941
Total Non cash Expenditure other than depreciation							197,583	1,296,748
Geographical Segment								
Revenue	375,969,963	319,738,183	81,882,388	22,907,011	16,093,987	1,227,225	473,946,338	343,872,419
- Domestic	49,983,551	33,193,986					49,983,551	33,193,986
- Overseas								
Assets								
Domestic	172,731,783	129,817,531	47,534,911	20,351,662	2,975,657	371,300	223,242,351	150,540,493
- Segmental Assets							159,139,267	121,237,187
- Unallocable Assets in India							9,950,624	22,415,717
Overseas	9,950,624	22,415,717						



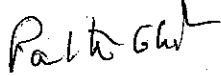
- 15 Withholding taxes deducted (Overseas) Rs. 4,992,298 (Previous Year Rs. 3,129,461) disclosed under 'Other Expense' schedule refer to the tax deducted by the clients outside India. The same is charged as expense since it is not allowable as a claim under the Income Tax Act, 1961.
- 16 There is no Provision for Current Tax (Previous Year Rs. Nil) in the absence of taxable profits as computed under Sections 28 to 44 of the Income Tax Act, 1961 and minimum alternate tax provisions under section 115 JB of the Income Tax Act, 1961.
- 17 The previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to current year's classifications.

Signatures to Schedules A to M forming an integral part of the Financial Statements.

For Price Waterhouse & Co.

Firm Registration No.007567S

Chartered Accountants



Partha Ghosh

Partner

Membership No. F-55913

Place : Mumbai

Date: 27th April, 2011

For and on behalf of the Board of Directors

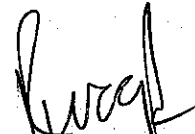


Vishal Gondal

Managing Director

Place : Mumbai

Date: 27th April, 2011



Rajeev Wagle

Director

Indiagames Limited

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration DetailsRegistration No. State Code Balance Sheet Date

Date	Month	Year
31	03	2011

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="-"/>	Rights Issue	<input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/>	Private Placement	<input type="text" value="-"/>

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

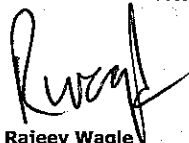
Total Liabilities	<input type="text" value="222,779"/>	Total Assets	<input type="text" value="222,779"/>
Sources of Funds			
Paid up Capital	<input type="text" value="10,918"/>	Reserves & Surplus	<input type="text" value="210,408"/>
Secured Loans	<input type="text" value="1,453"/>	Unsecured Loans	<input type="text" value="-"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="14,142"/>	Investments	<input type="text" value="-"/>
Net Current Assets	<input type="text" value="116,480"/>	Misc. Expenditure	<input type="text" value="-"/>
Accumulated Losses	<input type="text" value="92,157"/>	Deferred Tax Asset	<input type="text" value="-"/>

IV Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="545,106"/>		
Total Expenditure	<input type="text" value="520,358"/>		
Profit/Loss before Tax	<input type="text" value="24,748"/>	Earning per share in Rs.	<input type="text" value="22.67"/>
Profit/Loss after Tax (+ for Profit, - for Loss)	<input type="text" value="24,748"/>	Dividend Rate %	<input type="text" value="Nil"/>

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

For and on behalf of the Board of Directors

Vishal Gondal
Managing DirectorRajeev Wagle
DirectorPlace: Mumbai
Date : 27th April, 2011