

# CINELINE

## CINELINE INDIA LIMITED

(Formerly known as Cinemax Properties Limited)

**REGISTERED OFFICE:** 215, Atrium, 10<sup>th</sup> floor, Opp. Divine School, J.B. Nagar, Andheri Kurla Road, Andheri - East, Mumbai -400 093. Tel: 91-22-6726 6666/ 6726 7777 Fax: 91-22- 6693 7777

Website: [www.cineline.co.in](http://www.cineline.co.in)

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### NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the member of the Company will be held on Thursday, 19<sup>th</sup> September, 2013 at 10.00 a.m. at Cinemax Theatre, Eagle's Flight, behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai - 4000093, to transact the Following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2013 and Balance Sheet as at date together with the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr. Utpal Sheth, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sivaramakrishnan Iyer, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Walker, Chandio & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For **Cineline India Limited**  
(Formerly known as Cinemax Properties Limited)

Place: Mumbai  
Date: 7<sup>th</sup> August, 2013

**Jatin J. Shah**  
Company Secretary

**Registered Office:**  
215 Atrium, 10<sup>th</sup> Floor,  
Opp. Divine School,  
J.B. Nagar, Andheri Kurla Road,  
Andheri – East.  
Mumbai – 400 093.

#### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 13<sup>th</sup> September, 2013 to 19<sup>th</sup> September, 2013 (both days inclusive) for the purpose of Eleventh Annual General Meeting of the Company to be held on 19<sup>th</sup> September, 2013.
3. Pursuant to the requirement on Corporate Governance under Clause 49 of the Listing Agreement entered into with Stock exchange(s), the information of the Director proposed to re-appointed is given in the Annexure to the Notice.
4. The Annual report of the Company circulated to the Members of the Company is available on the Company's website at [www.cineline.co.in](http://www.cineline.co.in)
5. Link Intime India Private Limited is our Registrar and Transfer Agent of the Company. All the investor related communication may be address to them at their following address:

Link Intime India Private Limited (Cinemax division)  
C-13 Pannalal Silk Mills Compound, LDS Marg, Bhandup – West.  
Mumbai - 400078.

6. Documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company on all working days (that is Monday to Friday) between 11.00 a.m. to 1.00 p.m. up to the date of this meeting.
7. The Company has implemented the “**Green Initiative**” as per the Circular Nos. 17/2011 dated April, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to the shareholders. Henceforth, the email address indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of Annual General Meeting and the copies of the audited financial statements, directors report, auditors' report etc., will also be displayed on the website [www.cineline.co.in](http://www.cineline.co.in) of the Company and the other requirements of the aforesaid MCA circular will be duly complied with members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing registrar and Transfer Agent of the Company at the addresses mentioned in point No. 6 of the Notes, quoting their folio Number(s).
8. Queries, if any, in regard to this Notice may kindly be addressed to Company Secretary at [investor@cineline.co.in](mailto:investor@cineline.co.in) or +91-22-6726 6666. Members are requested to send their queries on the operations of the Company, if any, to reach the Company's registered office at least 10 days before the Meeting, so that the information could be complied in advance.
9. Members may please note that briefcase, bag, mobile phones and eatables will not be allowed to be taken inside the venue of the Meeting for security reasons.

## ANNEXURE I

### Particulars relating to Directors seeking re-appointment, furnished pursuant to Clause 49 of the Listing Agreement with Stock Exchanges:

**Mr. Utpal Sheth**, is a commerce graduate from Sydenham College. He is also Cost Accountant (Grad. CWA) and a Chartered Financial Analyst from ICAI. In CFA, he was a Gold Medalist at an All India level.

He started his professional career as an analyst at erstwhile ASK Financial Consultants and went on to be the Head of Research there. Following a career spanning Research to Portfolio Management and Investment Banking.

He is a Chief Executive Officer at Rare Enterprises and is responsible for Investment Management, Risk Management and Institutionalisation. He has been a faculty member at the BSE Training Institute, UTI Institute of Capital Market, National Institute of Financial Management, IIS Institute of Management (a JV with ENPC, France) and other such organizations.

**Directorship in other Companies** : Aptech Limited, Metro Shoes Ltd, Praj Industries Limited, Zen Technologies Limited, Tops Security Limited, NCC Limited, Concord Biotech Limited, KLT Automotive and Tubular Products Limited, Sterling Holiday Resorts (INDIA) Limited.

#### Membership/ Chairmanship of Board Committees: NIL

**Mr. Sivaramakrishnan Iyer**, has a bachelor's degree in Commerce from the University of Mumbai. Mr. Iyer is a qualified Chartered Accountant from Institute of Chartered Accountants of India (the “ICAI”) since 1987.

He worked with J.M. Finance & Investment Consultancy from 1990 to 1991. He started independent practice as Chartered Accountant in the year 1991. He has over 18 years of experience in Accounts and Finance.

He is a partner of Patel Rajeev Siva & Associates, which specializes in corporate finance and advises companies on debt/ equity fund raising, mergers/ amalgamations and capital structuring for new/ expansion projects, and has been associated with them since 1998.

**Directorship in other Companies:** Praj Industries Limited, The Phoenix Mills Limited, Edelweiss Trustee Services Limited, Man Infraconstruction Limited, Neela Systems Limited.

**Membership/ Chairmanship of Board Committees:** Man Infraconstruction Limited – Audit committee & Investor Grievance Committee – Chairman, Phoenix Mills Limited – Audit Committee – Chairman, Praj Industries Limited – Audit Committee – Member, Investor Grievance Committee – Chairman, Neela Systems Limited – Audit Committee – Member.

**Note:** Directorship given above excludes foreign companies and private companies.

**For the purpose of Board committee membership, only Audit Committee and Shareholders / Investor's Grievance Committee are considered.**

# CINELINE

## CINELINE INDIA LIMITED

(Formerly known as Cinemax Properties Limited)

REGISTERED OFFICE: 215, Atrium, 10<sup>th</sup> floor, Opp. Divine School, J.B. Nagar, Andheri Kurla Road,  
Andheri - East, Mumbai -400 093. Tel: 91-22-6726 6666/ 6726 7777 Fax: 91-22- 6693 7777  
Website: www.cineline.co.in

### PROXY FORM

ELEVENTH ANNUAL GENERAL MEETING, 19<sup>TH</sup> SEPTEMBER, 2013

Reg. Folio No. \_\_\_\_\_ DP ID No. \* \_\_\_\_\_ Client ID No. \* \_\_\_\_\_

\*Applicable for Member holding Shares in electronic form.

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member/members of the above named Company, holding \_\_\_\_\_ shares, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the ELEVENTH ANNUAL GENERAL MEETING of the Company, to be  
held on Thursday 19<sup>th</sup> September, 2013 at 10.00 a.m. at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump,  
Andheri Kurla Road, Andheri (East), Mumbai – 400093, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp

Note: This form in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered  
Office of the Company, not less than 48 hours before the time fixed for the meeting.

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Website: www.cineline.co.in

### ATTENDANCE SLIP

ELEVENTH ANNUAL GENERAL MEETING, 19<sup>TH</sup> SEPTEMBER 2013

Reg. Folio No. \_\_\_\_\_ DP & Client ID No. \* \_\_\_\_\_ No. of Shares \_\_\_\_\_

\*Applicable for Member holding Shares in electronic form.

I certify that I am a registered Member/Proxy for registered member of the Company.

I hereby record my presence at the ELEVENTH ANNUAL GENERAL MEETING of the Company on Thursday, 19<sup>th</sup> September  
2013 at 10.00 a.m. at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East),  
Mumbai – 400093.

Member's/Proxy name in BLOCK Letters

Member's/Proxy Signature

**Note:** Please fill in this attendance slip and hand it over at the entrance of the hall.





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At Cinline, we are excited about the future.

The commercial real-estate space has undergone many challenges in the past few years, resulting in a shake-out of sorts.

Players with experience and expertise, capacity and capability, insight and information and with a deep understanding of the business have emerged as leaders and winners.

At Cinline, we have deep roots in the real-estate space based on our firm values, strong beliefs and uncompromising attitude to delivering top value.



And as the **real-estate space**  
gets transformed more into a  
**service business**, we are  
**confident** about **scaling**  
**new heights** and **reaching**

**New Horizons**  
with  
**New Hopes**

# Chairman's Message to Shareholders

Dear Shareholders,

It is a pleasure to welcome you to the Eleventh Annual General Meeting of Cinline India Limited. Cinline was the original name that we had conceptualised way back in 2002, before we switched over to Cinemax for our exhibition business.

As you are all aware, we demerged our exhibition business due to highly uncertain nature of the business. As exhibitors, we can provide the top-class facilities for our audiences in form of latest technology, relaxing and comfortable ambience, the best of food and beverages at our multiplexes. All this is important for a wholesome entertainment experience at any multiplex. However, what is not in our control is the quality of content of the films. The primary driver of footfalls for a multiplex is always the content in the films being exhibited; and it is this fluctuating quality of films that creates an enormous uncertainty for the exhibition business. For example, in the year 2010, there were only 2 films that crossed the ₹ 100 crore mark, and in the year 2011, only 5 films could achieve this bench-mark. Moreover, with the collection window shrinking to first and second weekends, the business was becoming increasingly exposed to high risks.

This uncertain nature of the exhibition business was also affecting the overall business of the Company, which is renting of commercial properties. The annuity based, stable income generated from rentals were being adversely affected by the fluctuations of the exhibition business. In light of this, the exhibition business of the Company was demerged.

The Company currently has a largely steady and secure business of renting immovable properties on a fixed rental basis. The Company owns Nine (9) multiplexes that are all located in and around Mumbai. These are all leased out to the largest film exhibitors – PVR Cinemas on a long-term arrangement that assures the Company a fixed rent.

The Company currently has a **largely steady** and secure business of renting **immovable properties** on a fixed rental basis.

The Company **owns 9 multiplexes** that are **all located** in and **around Mumbai**.



In addition to the Nine (9) multiplexes, the Company also owns Eternity mall in Nagpur, which is entirely occupied and yields a steady rental income for the Company to the tune of ₹ 1206.39 lacs / comprising 63.50 percentage of total revenues. In addition, this property also generates revenues in the form of car parking as well as attractive advertising income.

The Company also owns and operates two windmills in Revangaon (Maharashtra) and Visawada (Gujarat), with a capacity of 1.65 MW and 0.60 MW respectively. During the year, revenues from sale of power contributed about 9.16 per cent of the total revenues.

The Company had a satisfactory year in terms of its performance during the year. The key financial highlights for the year are :





- Total Revenue from Operations for the year was ₹ 1,899.56 lacs
- EBIDTA for the year was ₹ 1,344.92 lacs
- PBT and PAT for the year were ₹ 533.49 lacs and ₹ 384.37 lacs respectively

Going forward, we have ambitious plans to expand our business through more acquisitions of properties. We believe that our model of owning and renting a property is one which has the dual advantage of secured yield on the property as well as capital value appreciation. Moreover, we are an established player in the real-estate space, with a proven track-record of identifying potentially successful commercial properties, especially in and around Mumbai and the western part of the country. We also deep understanding of the media and entertainment space in India, which itself is undergoing a massive transformation driven by digitisation. This specialised

skill-sets and domain knowledge are what is driving us today as we explore, analyse and evaluate many promising ventures and projects.

We are positive, we are confident, and we are committed to take Cinline further and higher as we eagerly look ahead at NEW HORIZONS with NEW HOPES.

Thank you all for your sustained trust and faith in the Company.

Expect more!

Yours faithfully,

Rasesh Kanakia  
Chairman

# Our Properties



Eternity Mall, Thane



Sona Shopping Centre, Kandivali (West)



Goregaon (West)



Prime Mall, Mira Road





Cineline, Sion



Wonder Mall, Thane



Eagle's Flight, Andheri (East)



Cineline, Nashik



Eternity Mall, Nagpur

### Events Organised at Eternity Mall





# Financial Highlights 2012-13

(₹ in Lacs)

Particulars	2012-13	2011-12
Total Income	1,899.56	24,573.45
Total Expenditure	1,309.44	24,522.91
EBIDTA	1,344.92	3,509.42
Depriciation	416.00	1,959.90
Interest & Finance Charges	338.80	1,498.98
Profit Before Tax (PBT)	533.49	-518.31
Profit After Tax (PAT)	384.37	89.32
Share Capital	1,400.00	2,800.00
Reserves and Surplus	5,668.74	11,236.37
Total Debt	3,137.49	14,747.22
Gross Block	12,498.52	30,800.74
Net Block	10,401.14	23,127.68
Current Assets	441.95	4,414.72
Current Liabilities	1,368.09	10,712.82
Cash and Cash Equivalents	166.66	514.31
No. of Equity Shares	28,000,000	28,000,000
Earning per share (in ₹) = Basic and Diluted	1.37	0.32

# Corporate Information

## Board of Directors

Mr. Rasesh B. Kanakia, Chairman  
Mr. Himanshu B. Kanakia, Managing Director  
Mr. Sanjay Sanghavi, Director  
Mr. Kranti Sinha, Independent Director  
Mr. Utpal Sheth, Independent Director  
Mr. Sivaramakrishnan Iyer, Independent Director

## Senior Management

Mrs. Hiral Kanakia  
Mr. Jitendra Mehta, Group Chief Financial Officer  
Mrs. Manisha Vora, Senior GM – Finance & Accounts

## Company Secretary & Compliance Officer

Mr. Jatin J. Shah

## Statutory Auditors

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

## Internal Auditors

Ernst & Young,  
The Ruby, 29 Senapati Bapat Marg,  
Dadar (W), Mumbai - 400 028,  
Maharashtra, India.

## Registrars & Share Transfer Agents

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

## Registered Office

215 Atrium, 10th Floor, Opp. Divine School,  
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Website: [www.cineline.co.in](http://www.cineline.co.in)

## Banker

Axis Bank Ltd.

# DIRECTORS' REPORT

To,  
The Members,  
**Cineline India Limited**  
(Formerly known as Cinemax Properties Limited)

Dear Shareholders,

Your Directors are pleased to present the Eleventh Annual Report, to the members, on the business and operations of your Company together with Audited Accounts for the financial year ended March 31, 2013.

## I. FINANCIAL OVERVIEW

The financial results for the year ended March 31, 2013 are as follows:

	( ` In Lacs)	
For the year ended 31st March	2013	*2012
Gross Income	1899.56	24573.45
Profit before Interest, Depreciation and tax	1344.92	3509.42
Interest & Financial Charges	338.80	1498.98
Depreciation/Amortisation	416.00	1959.90
Profit/(loss) before exceptional items and taxes	590.12	50.54
Exceptional Items/ Extraordinary Items	56.63	568.85
Profit/(loss) before tax	533.49	(518.31)
Provision for Tax (including Deferred & Fringe Benefit Tax)	149.12	(607.63)
Profit/(loss) after Tax	384.37	89.32
Profit brought forward from previous year	1647.99	1558.67
Amount available for Appropriation	2032.36	1647.99

### REVIEW OF FINANCIALS

\*Last year figures are not comparable with current year figures due to demerger of exhibition business of the Company.

During the year under review, the Gross Income is Rs.1899.56 Lacs. The Profit before Interest, Depreciation and Tax (PBITD) during the year is Rs.1344.92 Lacs. Profit after tax (PAT) for the year under review stood at Rs. 384.37 Lacs.

## II. DIVIDEND

With a view to conserve the resources for the future operations, your Directors have thought it prudent not to recommend dividend on equity shares for the financial year 2012-2013.

## III. HUMAN CAPITAL

Your Company recognises that "Human Capital" is its principal asset and values it highly. Human capital has been one of the key pillars of the Company's success.

The Company has been able to attract, grow and retain some of the best talent in the industry. Your Company is professionally managed with key management personnel having relatively long tenure with the Company. The Company encourages and facilitates long term career through carefully designed management development and performance management systems.

## IV. INFORMATION TECHNOLOGY

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

## V. COMMUNICATION AND PUBLIC RELATIONS

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

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

## VI. MANAGEMENT DISCUSSION AND ANALYSIS

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

## VII. CORPORATE GOVERNANCE

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

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

## VIII. CHAIRMAN AND CHIEF FINANCIAL OFFICER CERTIFICATION

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

## IX. AUDITORS

M/s. Walker Chandio & Co., Chartered Accountants, the Statutory Auditors of your Company, holds office till the conclusion of the ensuing Annual General Meeting and

are eligible for appointment.

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

## **X. STATUTORY INFORMATION**

### **A) Employees Particulars**

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

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

### **B) Fixed Deposits**

During the year under review, Your Company has not accepted any fixed deposits from the public under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975 and, as such, no amount of principal or interest was outstanding as on the Balance sheet date.

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

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

The Company has made foreign exchange outgo towards traveling and marketing amounting to NIL and import of Capital Goods amounting to NIL (Corresponding figures for previous year are Rs. 1.15 Lacs and Rs. 35.72 Lacs respectively).

## **XI. DIRECTORS**

Mr. Utpal Sheth and Mr. Sivaramakrishnan Iyer, Directors of your Company is liable to retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the

appointment of Mr. Utpal Sheth and Mr. Sivaramakrishnan Iyer as a Director, subject to retirement by rotation.

## **XII. IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INITIATIVE ON CORPORATE GOVERNANCE"**

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

## **XIII. SCHEME OF ARRANGEMENT FOR DEMERGER.**

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

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

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

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

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

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

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

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



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

Pursuant to Scheme of arrangement name of “**Cinemax India Limited**” changed to “**Cinemax Properties Limited**” w.e.f. 9<sup>th</sup> May, 2012.

**XIV. RELISTING OF EQUITY SHARES**

Subsequent to the aforesaid demerger, your Company re-listed its Equity Shares on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE) effective from June 13, 2012.

**XV. CHANGE OF NAME OF THE COMPANY**

During the year, name of “**Cinemax Properties Limited**” was changed to “**Cineline India Limited**” w.e.f. 26<sup>th</sup> March, 2013

**XVI. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) In the preparation of annual accounts for year ending 31<sup>st</sup> March 2013, the applicable accounting standards have been followed. There are no material departures in the adoption and application of the accounting standards.
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the

profit of your Company for that year;

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

- iv) They have prepared the annual accounts on “going concern” basis.

**ACKNOWLEDGMENTS**

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

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

Place: Mumbai  
Date : 29<sup>th</sup> May, 2013

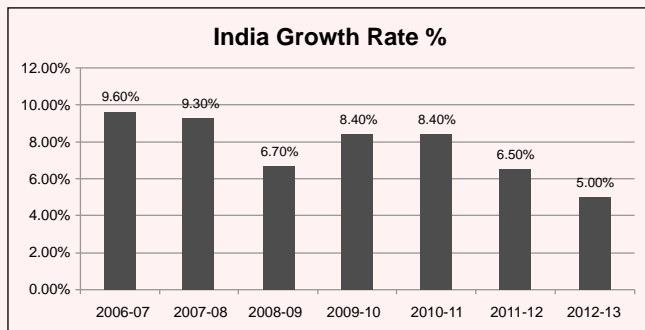
**Rasesh B. Kanakia**  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Overview

Growth continued to elude most developed economies in the western world. In Eurozone, the debt-repayment crisis in Greece in the middle of 2012 and Cyprus in March 2013 dominated headlines. Further, lack of growth in manufacturing and depressing employment situation created an overall environment of uncertainty lack of confidence amongst investors. According to the IMF, the world's real GDP grew by 2.0 per cent in 2012 compared to 2.6 per cent in 2011. The surprise came from the USA which recorded a modest growth of 2.2 per cent in 2012 compared to 1.8 per cent in the previous year.

The global slowdown and recession affected the Asian growth hot-spots in 2012, where both China and India witnessed decade low growth rates. In India, GDP grew by 5 per cent in 2012 largely on account of tight monetary policy of the RBI, sustained inflationary pressures and an overall difficult business environment. To make matters worse, the Indian rupee depreciated against major international currencies, breaching the psychological barrier of 57 in the month of June, touching an all-time low of 57.12 in June 2012. High oil prices, surging gold imports have created a precarious current account deficit level, which is at the core of depreciation of the Indian rupee.



## Industry Overview

Over the last 2 years, the real estate industry in India has been plagued with serious problems like falling sales, rising construction costs, dampened market sentiment, sluggish economic growth, high interest rates, high inflation, and poor industrial production. This is reflected in the amount of new investments in the industry, which dropped from Rs. 92,600 crore in FY12 to Rs. 42,000 crore in FY13 as per The Associated Chamber of Commerce and Industry in India.

However, certain positive developments towards the end of FY13 have improved the situation slightly. Parliament's approval of FDI in multi-brand retail is expected to attract foreign investments and spur the retail sector, simultaneously boosting the demand for commercial real estate in the country. At the same time, as inflation shows signs of cooling down, the RBI has been cutting interest rates and is expected to continue doing so. Lower interest rates would fuel real estate demand, which is anticipated to gain traction in FY14. The proposed Real Estate (Regulation and Development) Bill is designed to

enhance transparency and accountability in real estate transactions, which would restore public confidence in the industry.

## Retail Sector

The Asia Pacific retail market is now the world's largest retail market, with an estimated sales figure of US\$ 3.8 trillion in 2011, representing 41 per cent of the global retail market according to a report by CBRE. The same report also mentions that new retailer openings, from international mid-range as well as from value retailers, are expected to continue at a steady pace across the region and contribute to Asia Pacific's share of almost 50 per cent of the world's total retail sales by 2016.

In India, approximately 2.5 million sq. ft. of fresh retail space entered the market in 2012, representing an 83 per cent drop in supply of organised retail space across key cities, from a year earlier. However, leading brands and retailers are expanding aggressively, not only in tier I cities, but also in tier II and III cities across India. In fact, several well-established international mass market brands have entered tier II locations, partly due to the lack of space in tier I options. This is set to intensify with the approval of FDI in multi-brand retail trading, which will bring in investments and white-collar jobs. At the same time, though, the ruling will affect the livelihood of millions working in the unorganised retail sector. In order to soften the impact of the new ruling on this sector and to provide a boost to local businesses, certain conditions have been laid out for the retail FDIs (source : CBRE)

## Commercial Sector

Global prime office rental increased by only 1.7 per cent over the year due to weak leasing activity, while that in Asia Pacific was stable at 2.2 per cent growth as per a report by Jones Lang LaSalle (JLL). In India, rental rates generally remained stable across most markets, even as vacancy in office space rose over FY13 due to new supply (JLL). Cost management proved to be a top business hurdle for office tenants in FY13 – 45 per cent of the organisations have reduced office space per employee, according to a survey by Jones Lang LaSalle (JLL). A CBRE report concurred with these findings, stating that corporations are reconsidering their expansion plans, and focusing on improving space utilisation to cut costs instead. This has led to a fall in prime office space absorption in key markets in India by an average of about 26 per cent in 2012. Leasing activity has also reflected this concern, with only 27 million sq. ft. of office space leased out in the same period, compared to 35 million a year earlier. On the supply side, developers within the commercial space are facing funding problems, as banks have been cautious in lending because of approval delays and due to tightening of lending norms by the RBI. As the returns on investment in the industry fall, investors will shy away from real estate, and downward pressure on price correction can be expected.

## Business Overview

Cineline India Limited is a company based in Mumbai and registered under the Indian Companies Act, 1956. The

Company has its registered office in Mumbai. Cinline is primarily in the business of owning and renting commercial properties, which are all primarily located in west India. The Company also owns a commercial retail mall at Nagpur, which is entirely leased out. Cinline also has a modest presence in windpower, with two windmills located in Maharashtra and Gujarat.

The Company currently has Nine (9) multiplexes that have been leased out on rental basis. In addition to this, the Company also owns a mall in Nagpur Eternity Mall, Variety Square, Nagpur 440012 that is entirely rented out to tenants, and as such, the Company earns a steady rental income from this mall, besides income in the form of car parking and advertising income.

The Company also has two windmills, one at Viswada in Gujarat and another at Revangaon in Maharashtra with capacities of 0.60 MWA and 1.65 MWA respectively. Sale of power from these two windmills also contributes to the total income of the Company.

#### **Review of Financial Performance**

During the year, the total revenue from operations amounted to Rs. 1,899.90 lacs. EBITDA for the year was Rs. 1,344.40 and PAT for the year was Rs. 383.59 lacs.

#### **Opportunities**

##### **Shake-out in the sector**

Over the last few years, there has been major shake-out in the commercial and retail real-estate space. In a peculiar situation, the malls that are successful in drawing footfalls continue to grow both in terms of footfalls as well as in generating business for the occupants. On the other hand, malls that were developed without proper planning, design, layout or those with a not-too-attractive tenant mix, poor sales model and management, have suffered severely, with many of such malls shutting down or becoming non-functional. According to industry reports, in the last two years, about 120 new malls were launched, and between 30-40 malls shut down.

This shake-out is a big opportunity to experienced players like Cinline, who have already demonstrated proven success in the complex commercial real-estate space.

##### **Approval of FDI in Multi-brand Retail**

During the second half of 2012, the government went ahead with the approval of FDI in multi-brand retail in India. This move from the government is expected to result in enhancing demand for quality real-estate space in the commercial segment. Given the fact that not many new projects are being planned, demand for existing commercial real-estate space that has a combination of location as well as good management and tenant mix is likely to go up. Moreover, the foreign players who are entering India will choose to locate their presence in the A category commercial spaces rather than risk an untried location.

## **Risks and Concerns**

### **Economic Risks**

Modern retail is strongly correlated to consumption. Consumption is an integral part of discretionary spend of individuals and families, and as such, is correlated to the overall economic situation. If the economy is stable and looking up, people generally spend liberally as they are assured and confident about the future. However, in case of a sustained downturn and slowdown, the discretionary spend suffers.

Another factor that affects discretionary spends is inflation, which tends to gnaw away at the discretionary spends of families.

In case of Cinline, since our revenues largely accrue from rentals of multiplexes, we do not foresee this risk. Moreover, the Indian economy is one of the fastest growing economies in the world, and in the forthcoming year a better growth has been projected by the government. As such, this risk is largely theoretical in nature.

### **Competition Risk**

As companies rush to capture markets in Tier II and Tier III cities, the risk of competition is bound to go up. However, the Company believes that this competition is healthy and will result in a higher growth of the industry, as well as keep players on their toes to keep delivering better value to its customers. Also, the Company has proven expertise in the media and entertainment business, and as such, is confident it will be able to stay ahead of competition.

### **Bottle-neck Risk**

In the last few years, there has been a glut in availability of quality location that is essential for successful modern retail spaces, namely commercial malls. The real estate space has been facing a challenging business environment over the last few years in the form of the overall slowdown in the industry as well as stiff increases in costs. Both these factors have gravely affected the industry resulting in a marked slackness in the construction and delivery of new properties. Moreover, delays in getting regulatory approvals has also affected the real estate business. Due to these reasons, there might arise a situation where supply of new spaces becomes bottle-necked, affecting expansion plans.

### **Material Development in Human Resources**

The Company believes in the highest standards of people management and personal growth. The Company aspires to set the highest standards of internationally benchmarked human resource practices. Relations are cordial and the management thoroughly acknowledges the support from employees at all levels. The Company employed 21 people as on 31 March 2013.

### **Internal Control Systems**

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorised, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. The management continuously reviews the internal control systems and procedures to ensure the efficient conduct of business. An Audit Committee of the Board oversees the internal controls within the organisation.

### **Cautionary Statement**

Statements in this Report on “Management Discussion and Analysis” describing the Company's objectives, projections, estimates, expectations or predictions may have “forward looking statements” within the meaning of applicable securities laws and regulations. Actual performance may differ substantially and materially from those expressed or implied. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward looking statements.



# CORPORATE GOVERNANCE

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

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

Our corporate governance philosophy is based on the following principles:

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

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

## II. BOARD OF DIRECTORS

### Composition and category of Directors

The Board of Directors of your company comprises of Six (6) Directors as on 31 March 2013 representing the optimum combination of professionalism, knowledge and experience. Of these Six members, three of them are non-independent directors.

Name of Director	Designation	Category	
		Executive/ Non-Executive	Independent/ Non-Independent
Mr. Rasesh Kanakia	Chairman	Executive	Non - Independent
Mr. Himanshu Kanakia	Managing Director	Executive	Non - Independent
Mr. Sanjay Sanghvi	Director	Non - Executive	Non - Independent
Mr. Utpal Sheth	Director	Non - Executive	Independent
Mr. Kranti Sinha	Director	Non - Executive	Independent
Mr. Sivarama-krishnan Iyer	Director	Non - Executive	Independent

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

### Board Meetings

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

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

**Details of Board Meetings held and the dates on which held during the financial year 2012-13.**

Name of Directors	Rasesh Kanakia	Himanshu Kanakia	Sanjay Sanghvi	Utpal Sheth	Kranti Sinha	*Girish Dave	#Sivarama krishnan Iyer
Designation	Executive Chairman	Managing Director	Non-Executive Director	Independent Directors			
Date of Board Meeting							
24 <sup>th</sup> May 2012	P	P	P	P	P	A	N.A.
14 <sup>th</sup> August 2012	P	P	P	P	P	A	N.A.
9 <sup>th</sup> November 2012	P	P	P	A	P	P	N.A.
8 <sup>th</sup> February 2013	P	P	P	P	A	N.A.	P

**P - Present    A - Leave of Absence    N.A.- Not Applicable**

\*During the year Mr.Girish Dave has resigned from Directorship of Board with effect from 30th January 2013

#Mr. Sivaramakrishnan Iyer has been appointed with effect from 31st January 2013 as an additional independent director of the Company.

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

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

Sr. No	Name of Director	Last AGM attended
1	Mr. Rasesh Kanakia	Yes
2	Mr. Himanshu Kanakia	No
3	Mr. Kranti Sinha	Yes
4	Mr. Girish Dave	Yes
5	Mr. Utpal Sheth	Yes
6	Mr. Sanjay Sanghvi	Yes
7	Mr. Sivaramakrishnan Iyer	#N.A.

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

Sr. No	Name of the Director	No. of Directorships*	Board Committees**	Chairman ships of Board Committees**
1	Mr. Rasesh Kanakia	1	2	Nil
2	Mr. Himanshu Kanakia	1	1	Nil
3	Mr. Sanjay Sanghvi	1	Nil	Nil
4	Mr. Utpal Sheth	7	1	Nil
5	Mr. Kranti Sinha	4	3	3
6	Mr. Sivaramakrishnan Iyer	6	3	4

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

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

**III Board of Committees**

**• Audit Committee**

**Composition:**

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

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

**Objective:**

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

**Meetings:**

Four meetings of the Audit Committee were held during the financial year 2012-13

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

Name of Committee Member	Designation	No. of Meeting Held	No. of Meeting Attended
Mr. Kranti Sinha	Chairman, Independent Director	4	3
Mr. Rasesh Kanakia	Member, Executive Director	4	4
Mr. Utpal Sheth	Member, Independent Director	4	4
Mr. Girish Dave*	Member, Independent Director	4	1
Mr. Sivaramakrishnan Iyer#	Member, Independent Director	4	1

\* During the year Mr. Girish Dave has resigned from the committee with effect from 30<sup>th</sup> January 2013

# Mr. Sivaramakrishnan Iyer has been appointed with effect from 31<sup>st</sup> January 2013 as a member of the committee of the Company.

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

**Terms of References:**

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

**A. Powers of the Committee**

The Committee has vested with the following powers:

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

**B. Functions of Committee.**

The Committee shall function primarily in the following roles:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other

services rendered by the Statutory Auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

12. Approval of the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
13. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

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

**Composition:**

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

**Objectives:**

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

**Meetings:**

Two meetings of the Investor Grievance Committee were held during the financial year 2012-13.

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

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

**Investor Grievance Redressal**

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

Nature of Complaints	Received	Resolved
Non-Receipt of Annual reports	Nil	Nil
Non-Receipt of Dividend	05	05
Miscellaneous	Nil	Nil
Total	05	05

There were no outstanding complaints as on 31 March 2013.

**Company Secretary and Compliance Officer**

<b>Name of the Company Secretary and the Compliance Officer</b>	Mr. Jatin J. Shah
<b>Address</b>	215 Atrium, 10 <sup>th</sup> Floor, Opp. Divine School, J.B. Nagar, Andheri Kurla Road, Andheri- East, Mumbai- 4000 93
<b>E-mail</b>	Jatin.shah@cinline.co.in
<b>Contact No.</b>	+91 22 6726 7777
<b>Fax</b>	+91 22 6693 7777

- **Remuneration Committee and Directors Remuneration**

**Composition**

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

The Remuneration Committee presently comprises of three Independent Directors, namely Mr. Kranti Sinha, Mr. Utpal Sheth and Mr. Sivaramakrishnan S. Iyer.

**Objectives:**

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

**Meetings:**

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

- **Remuneration Policy:**

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



**Details of Remuneration to Directors during the financial year 2012-13:**

Name of the Director	Sitting Fees for Board & Committees Meeting	Salary & Perquisites (including PF, etc.)
<b>Executive Director</b>		
Mr. Rasesh Kanakia	N.A.	Nil
Mr. Himanshu Kanakia	N.A.	Nil
<b>Non Executive Director</b>		
Mr. Sanjay Sanghvi, Non-Independent Director	N.A.	N.A.
Mr. Kranti Sinha, Independent Director	Rs.90,000/-	N.A.
Mr. Girish Dave, Independent Director	Rs.20,000/-	N.A.
Mr. Utpal Sheth, Independent Director	Rs.80,000/-	N.A.
Mr. Sivaramakrishnan S. Iyer, Independent Director	Rs.20,000/-	N.A.

**VI. OTHER DISCLOSURES.**

• **Related Party Transactions**

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

- A statement in summary form of transactions with related parties in the ordinary course of business is placed before the Audit Committee.
- Details of material individual transactions with related parties which are not in the normal course of business is placed before the Audit Committee.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis is placed before the Audit Committee, together with Management's justification for the same.

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

• **Financial Statements and Accounting Treatment**

The Company has followed all applicable Accounting Standards.

• **Risk Management**

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

• **Compliances**

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

The Company has informal whistle blower policy.

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

• **Management Discussion and Analysis**

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

• **Code of Conduct**

The Company has adopted Code of Ethical Conduct as required. As required under clause 49 of the Listing Agreement, the Chairman of the Company has given declaration to the effect that all the Directors and Senior Management personnel of the Company have given their affirmation of Compliance with the Code as on 31 March 2013.

The Code is available on the website of the Company. [www.cineline.co.in](http://www.cineline.co.in)

• **CEO/CFO Certification**

As required by Clause 49 of the Listing Agreement, the Certificate issued by the Chairman/Managing Director is forming part of this report.

• **Auditors' Certificate of Corporate Governance**

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

- **Means of Communication**

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

These financial results are published in Business Standard (English) and NavShakti(Marathi Local) dailies having wide circulation. The results are also displayed on the website of the Company – [www.cineline.co.in](http://www.cineline.co.in).

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

**Details of Last year Annual General Meetings (AGM):**

Year	Venue/Location	Day & Date	Time
2012	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Thursday, 23 August 2012	10.00 AM
2011	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Tuesday, 27 September 2011	10.00 AM
2010	Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Tuesday, 3 August 2010	10.30 AM

**V. General Shareholders Information**

- **Next Annual General Meeting**

Day & Date : Thursday, 19<sup>th</sup> September, 2013

Time : 10.00 A.M

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

- **Financial Calendar for 2013-2014 :**

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

- |      |  |                                |
|------|--|--------------------------------|
| i)   | Un-audited results for the quarter ended 30 June 2013                      | - Second week of August 2013   |
| ii)  | Un-audited results for the quarter/half Year ending 30 September 2013      | - Second week of November 2013 |
| iii) | Un-audited results for the quarter and Nine months ending 31 December 2013 | - Second week of February 2013 |
| iv)  | Audited results for the year ending 31 March 2014                          | - Last week of May 2014        |

- **Book Closure date**

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Eleventh Annual General Meeting in terms of Listing Agreement from 13<sup>th</sup> September, 2013 to 19<sup>th</sup> September, 2013 (both days inclusive).

- **Listing**

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

- 1) **National Stock Exchange, Mumbai (NSE)**  
Exchange Plaza, 5<sup>th</sup> Floor, Bandra Kurla Complex, Bandra East, Mumbai 400 051.  
Ph: +91 22 26598100 Fax: +91 22 26598237
- 2) **The Stock Exchange, Mumbai (BSE)**  
Phroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.  
Ph: +91 -22 22721233 Fax: +91 22 -22723677

- 3) **Scrip Information**

Name of the Exchange	Trading Symbol/Code
National Stock Exchange, Mumbai (NSE)	CINELINE
The Stock Exchange, Mumbai (BSE)	532807
ISIN Demat	INE704H01022

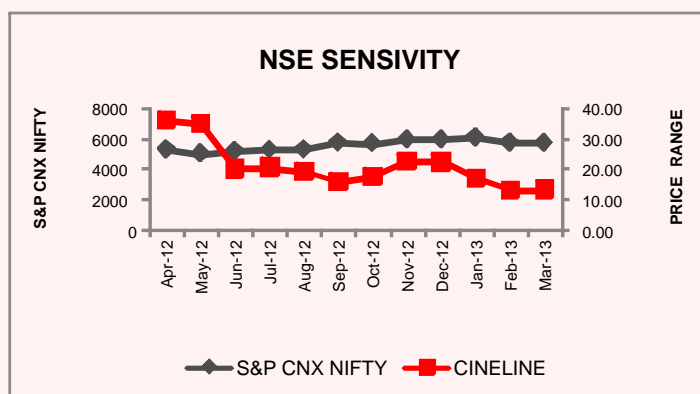
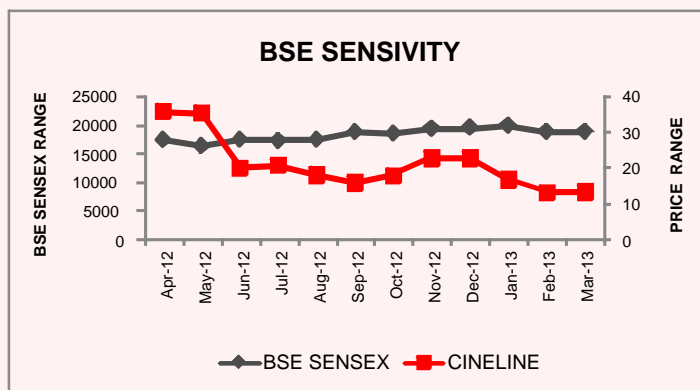
- 4) The Company has depository connectivity with NSDL & CDSL and has paid Annual Custody Fees for the financial year 2013-2014.
- 5) The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2013-2014.

- Share Price & Volume (Tables/Graphs)

Month	BSE				NSE			
	Month's High (In Rs.)	Month's Low (In Rs.)	Volume (No. in Lacs)	Sensex	Month's High (In Rs.)	Month's Low (In Rs.)	Volume (No. in Lacs)	Nifty
Apr-12	35.50	32.50	25.32	17318.81	35.95	32.50	68.86	5248.15
May-12	35.15	30.00	55.60	16218.53	35.00	30.20	79.18	4950.75
Jun-12	19.90	11.60	74.01	17429.98	20.00	11.65	64.27	5149.15
Jul-12	20.70	14.40	55.14	17236.18	20.50	15.15	83.68	5229.00
Aug-12	17.95	13.50	16.92	17429.56	19.20	13.05	24.63	5258.50
Sep-12	16.00	12.41	9.38	18762.74	15.80	12.35	17.40	5703.30
Oct-12	17.85	11.60	37.18	18505.38	17.35	11.60	72.88	5619.70
Nov-12	22.62	11.60	669.52	19339.90	22.65	11.75	914.28	5879.85
Dec-12	22.60	15.50	81.99	19426.71	22.30	15.35	72.04	5905.10
Jan-13	16.80	12.40	35.34	19894.98	16.95	12.00	49.15	6034.75
Feb-13	13.25	11.00	21.21	18861.54	13.00	11.10	24.57	5693.05
Mar-13	13.30	9.89	13.62	18835.77	13.20	9.90	27.85	5682.55
<b>Total</b>			<b>1095.23</b>		<b>Total</b>		<b>1498.80</b>	

- SHARE PRICE MOVEMENT (NSE) & (BSE)

CINELINE share price performance relative to S&P CNX NIFTY and BSE. (April '12-March'13):



- Shareholding Pattern as on 31<sup>st</sup> March 2013**

Sr. No.	Category	Holders	%	Value	%
1	Clearing Member	72	0.26%	340,160	0.24%
2	Corporate Bodies (Promoter Co)	2	0.01%	1,400	0.01%
3	Foreign Institutional Investors	3	0.02%	2,081,650	1.49%
4	Nationalised Banks	2	0.01%	18,070	0.01%
5	Non Resident Indians (REPATRIABLE)	249	0.93%	579,425	0.41%
6	Non Resident Indians (NON REPATRIABLE)	50	0.19%	61,585	0.04%
7	Other Bodies Corporate	252	0.95%	12,429,280	8.88%
8	Promoters	2	0.01%	93,684,240	66.92%
9	Public	26022	97.61%	275,157,45	19.64%
10	Relatives Of Directors	2	0.01%	3,288,440	2.35%
11	Trust	1	0.00%	5	0.00%
<b>Total :</b>		<b>26,657</b>	<b>100%</b>	<b>140,000,000</b>	<b>100%</b>

- Distribution Schedule as of 31<sup>st</sup> March 2013**

Distribution	No. of Shareholders	No. of Shares	% of Shareholding
0001 - 2500	25,220	10,335,920	7.38
2501 - 5000	722	2,936,045	2.10
5001 - 10000	348	2,649,210	1.89
10001 - 15000	126	1,584,665	1.13
15001 - 20000	62	1,088,010	0.78
20001 - 25000	40	933,775	0.67
25001 - 50000	79	2,859,225	2.04
Above 50001	60	17,613,150	84.01
<b>Total</b>	<b>26,657</b>	<b>28,000,000</b>	<b>100.00</b>

- Registrar & Share Transfer Agents**

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

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

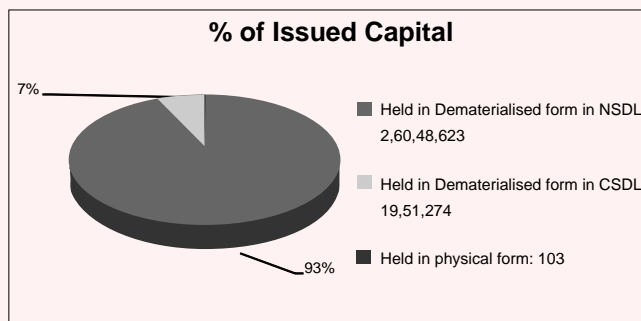
- Share Transfer System**

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

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

On 31<sup>st</sup> March 2013, there was no unprocessed transfer pending.

- Dematerialisation of Shares**



99.99% of the Company's paid up Equity Share Capital is in dematerialized form as on 31 March 2013.



- **ECS Mandate**

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

- **Registered Office**

**Cineline India Limited**  
**(Formerly Known as Cinemax Properties Limited)**  
215 Atrium, 10<sup>th</sup> Floor,  
Opp. Divine School, J.B. Nagar,  
Andheri Kurla Road, Andheri- East,  
Mumbai- 4000 93  
Phones: +91 – 22 – 6726 8888  
Fax: +91 – 22 – 6726 8899  
Email: [jatin.shah@cineline.co.in](mailto:jatin.shah@cineline.co.in)  
Website: [www.cineline.co.in](http://www.cineline.co.in)

- **Investor Correspondence**

Shareholders can contact the following officials:

**Group Company Secretary - Mr. Jatin J. Shah**

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

Email: [jatin.shah@cineline.co.in](mailto:jatin.shah@cineline.co.in)

**Group CFO – Finance & Accounts- Mr. Jitendra Mehta**

For all finance related queries, please write to above address and superscripted with "Kind Attention: CFO."

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

Place: Mumbai  
Date: 29<sup>th</sup> May 2013

**Mr. Rasesh B. Kanakia**  
Chairman

## **ANNEXURE-C TO DIRECTORS' REPORT**

### **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To the Members of Cineline India Limited (formerly known  
as Cinemax Properties Limited)**

We have examined the compliance of the conditions of Corporate Governance by Cineline India Limited (formerly known as Cinemax Properties Limited) (the 'Company'), for the year ended 31 March 2013 as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

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

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

Place : Mumbai  
Date : 29 May 2013

## CHAIRMAN &amp; CFO CERTIFICATION

We, Rasesh Kanakia, Chairman and Jitendra Mehta, Chief Financial Officer of Cineline India Limited (Formerly known as Cinemax Properties Limited), to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (consolidated and standalone), and all its schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We accept responsibility for establishing and maintaining controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take, to rectify these deficiencies.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
  - a. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - b. significant changes in internal controls during the year covered by this report;
  - c. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - d. instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
8. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**Rasesh B. Kanakia**  
Chairman

**Jitendra Mehta**  
Chief Financial Officer

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013

# INDEPENDENT AUDITORS' REPORT

**To the Members of  
Cineline India Limited  
(formerly known as Cinemax Properties Limited)**

## **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
  - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
  - e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

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

per **Khushroo B. Panthaky**  
Partner  
Membership No. F-42423  
Place : Mumbai  
Date : 29 May 2013



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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has granted unsecured loan to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 61.27 lacs and the year-end balance is Rs. Nil.
- (b) The Company has granted an interest free loan to three parties covered under Section 301 of the Act and the other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of interest free loan granted, receipt of the principal amount is regular.
- (d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.
- (e) The Company has taken unsecured loan from one

party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 155.00 lacs and the year-end balance is Rs. 155.00.

- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.
- (g) In respect of loan taken, repayment of the principal amount and the interest is regular.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, *have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable* are as follows

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS	1.79	Previous Year 2011-12	Several dates	30 April 2013

- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi*/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investments by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

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

per **Khushroo B. Panthaky**  
Partner  
Membership No. F-42423  
Place : Mumbai  
Date : 29 May 2013

## Balance Sheet as at 31 March 2013

		(` in lacs)	
Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	4	1,400.00	2,800.00
Reserves and Surplus	5	5,668.74	11,236.37
<b>Non Current Liabilities</b>			
Long Term Borrowings	6	2,982.49	9,961.42
Deferred Tax Liabilities (Net)	7	266.03	-
Long Term Provisions	8	3.27	145.56
<b>Current Liabilities</b>			
Short Term Borrowings	9	155.00	4,785.80
Trade Payables		61.39	1,690.93
Other Current Liabilities	10	1,048.83	2,657.14
Short Term Provisions	11	102.87	1,578.95
<b>Total</b>		<b>11,688.62</b>	<b>34,856.17</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Tangible Assets	12	10,401.14	23,127.68
Capital work-in-progress		-	2,387.65
Non Current Investments	13	-	191.38
Deferred Tax Assets (Net)	7	-	496.37
Long Term Loans and Advances	14	845.53	4,155.72
Other Non Current Assets	15	-	82.65
<b>Current Assets</b>			
Inventories	16	-	250.69
Trade Receivables	17	178.19	936.01
Cash and Bank Balances	18	166.66	514.31
Short Term Loans and Advances	19	97.10	2,713.71
<b>Total</b>		<b>11,688.62</b>	<b>34,856.17</b>
Note 1 to 43 forms an integral part of the financial statements			

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

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

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 29 May 2013

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

**Rasesh B. Kanakia**  
Chairman

**Himanshu B. Kanakia**  
Managing Director

**Jatin J. Shah**  
Company Secretary

Place : Mumbai  
Date : 29 May 2013

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

		(` in lacs)	
Particulars	Note No.	Year ended 31 March 2013	Year ended 31 March 2012
<b>REVENUE</b>			
Revenue from Operations	20	1,895.94	24,156.34
Other Income	21	3.62	417.11
<b>Total Revenue</b>		<b>1,899.56</b>	<b>24,573.45</b>
<b>EXPENSES</b>			
Operating Expenses	22	72.15	14,213.44
Employee Benefits Expenses	23	34.36	2,596.51
Other Expenses	24	448.13	4,254.08
Finance Costs	25	338.80	1,498.98
Depreciation and Amortisation Expense		416.00	1,959.90
<b>Total Expenses</b>		<b>1,309.44</b>	<b>24,522.91</b>
<b>Profit before Exceptional Items and Extraordinary Items and Tax</b>		<b>590.12</b>	<b>50.54</b>
Exceptional Items		-	568.85
<b>Profit / (Loss) before Extraordinary Items and Tax</b>		<b>590.12</b>	<b>(518.31)</b>
Less: Extraordinary Items	39	56.63	-
<b>Profit / (Loss) before Tax</b>		<b>533.49</b>	<b>(518.31)</b>
<b>Tax Expense :</b>			
Current Tax (including Wealth Tax)		106.74	1.00
Deferred Tax		149.12	(608.63)
MAT Credit Entitlement		(106.74)	-
<b>Profit for the year after tax</b>		<b>384.37</b>	<b>89.32</b>
<b>Earnings Per Equity Share</b>	30		
(1) Basic		1.37	0.32
(2) Diluted		1.37	0.32
Note 1 to 43 forms an integral part of the financial statements			

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

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

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 29 May 2013

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

**Rasesh B. Kanakia**  
Chairman

**Himanshu B. Kanakia**  
Managing Director

**Jatin J. Shah**  
Company Secretary

Place : Mumbai  
Date : 29 May 2013



## Cash Flow Statement for the year ended 31 March 2013

		( ` in lacs)
	Year ended 31 March 2013	Year ended 31 March 2012
<b>Cash Flow from Operating Activities</b>		
Profit / (Loss) before exceptional items and tax	533.49	(518.31)
<b><u>Adjustments for non cash transactions</u></b>		
Depreciation / Amortisation	416.00	1,959.90
Provision for doubtful debts	16.50	-
Provison no longer required written back	(1.66)	(124.33)
Loss on sale of Fixed Assets	-	211.20
Sundry Balances written back	-	(43.50)
Loss on Sale of Fixed Asset	-	211.20
Amortisation of Procesing Fees	5.28	-
Sundry Debit Balances written off	24.14	-
	<b>993.75</b>	<b>1,484.96</b>
<b>Items considered separately</b>		
Interest Expenses	312.02	1,462.42
Loan Processing Charges	21.50	28.30
Interest Income	(0.34)	(60.45)
	<b>333.18</b>	<b>1,430.27</b>
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>1,326.93</b>	<b>2,915.23</b>
<b>Adjustments for :</b>		
<b><u>(Increase) /Decrease in working capital</u></b>		
(Increase) in Inventories	-	(178.39)
Decrease in Trade Receivables	48.77	(137.12)
Decrease in Long Term Loans and Advances	41.08	(274.48)
(Increase) in Short Term Loans and Advances	(25.61)	(1,002.37)
(Decrease) in Trade Payables	(21.13)	813.25
Increase in Long Term Provisions	3.27	65.80
Increase in Other Current Liabilities	735.12	-
Increase in Short Term Provisions	38.95	1,190.56
<b>Net Changes in Working Capital</b>	<b>820.45</b>	<b>477.25</b>
Income Taxes Paid	204.14	153.59
<b>Net Cash generated from / (used in) Operating Activities (A)</b>	<b>1,943.24</b>	<b>3,238.89</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(2,396.75)	(3,433.04)
Proceeds from sale of Fixed Assets	-	134.00
Interest Received	0.34	55.21
Purchase of Non Current Investments	-	(98.75)
<b>Net Cash used in Investing Activities (B)</b>	<b>(2,396.41)</b>	<b>(3,342.58)</b>

## Cash Flow Statement for the year ended 31 March 2013

		( ` in lacs)
	Year ended 31 March 2013	Year ended 31 March 2012
<b>Cash Flow from Financing Activities</b>		
Interest paid	(312.02)	(1,462.42)
Loan Processing Charges paid	(21.50)	(240.44)
Dividend Paid (including dividend distribution tax)	-	(1.19)
Proceed from Long Term Borrowings	782.51	3,691.76
Proceed from Short Term Borrowings	155.00	(2,252.69)
Redemption of Preference Shares	-	(17.02)
<b>Net Cash generated from/(used in) Financing Activities</b>	<b>603.99</b>	<b>(282.00)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>150.82</b>	<b>(385.69)</b>
Cash and Cash Equivalents at the beginning of the year	514.31	900.00
Less: Transferred pursuant to scheme of demerger	498.47	
	15.84	900.00
Cash and Cash Equivalents at the end of the year	166.66	514.31
<b>Net Increase/(Decrease) as disclosed above</b>	<b>150.82</b>	<b>(385.69)</b>

### Notes to Cash flow statement

- Cash and cash equivalents at the year end comprise:

Cash on hand	1.13	105.78
Fixed Deposit Accounts	26.71	164.65
Unclaimed Dividend Accounts	6.53	6.53
Unpaid share application money	4.53	4.53
Balances with schedule banks in current accounts	127.76	232.82
	<b>166.66</b>	<b>514.31</b>
- The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified under the Companies Act 1956.
- The Theatre Exhibition Business of Cineline India Limited (formerly known as Cinemax Properties Limited) has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (currently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012. Hence the figures for the previous year cannot be effectively compared with the figures for the period ended 31 March 2013.

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

As per our report of even date attached

### For Walker, Chandiok & Co

Chartered Accountants

**Khushroo B. Panthaky**

Partner

Place : Mumbai

Date : 29 May 2013

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

**Rasesh B. Kanakia**

Chairman

**Jatin J. Shah**

Company Secretary

Place : Mumbai

Date : 29 May 2013

**Himanshu B. Kanakia**

Managing Director

# SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2013

## 1. Basis of preparation of financial statements

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

## 2. Use of estimates

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

## 3. Significant accounting policies

### a. Revenue recognition:

- i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Interest income is recognised on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- iii. Revenue from rent is recognised based upon the agreement, for the period the property has been let out.
- iv. Revenue from sale of power is booked on monthly basis as per the power generation reports at wind farm and the same is sold to State Government.
- v. Revenue from car parking is based on the actual collection depending on the vehicles parked at the respective sites.
- vi. Revenue from sale of tickets of films was recognised as and when the film was exhibited. Amount of entertainment tax collected on sale of theatre tickets is shown as a reduction from the operating revenue.
- vii. Revenue in respect of realty development activities was recognised by applying the percentage of completion method and upon the transfer of significant risks and rewards to the buyer in terms of the underlying sale agreement / letter of allotment, provided it was not unreasonable to expect ultimate

collection.

- viii. Revenue from sale of food and beverages was recognised upon delivery to customers, and was net of refund, discounts and complimentary.
- ix. Advertisement income is recognised as and when advertisements were displayed at the cinema hall and were net of service tax and advertisement tax.
- x. Royalty Income was recognised when the right to receive payment is established based on terms of the agreement.

### b. Fixed Assets and Depreciation / Amortisation :

- i. Depreciation on fixed assets is provided on the straight-line method at the rates specified under Schedule XIV of the Companies Act, 1956, except for leasehold improvements, furniture, fixtures and electrical fittings on a leasehold premise, which are depreciated over the unexpired primary period of lease.
- ii. Computer software are amortised over their respective individual useful lives on a straight line basis.
- iii. Fixed assets, both tangible and intangible are stated at cost of acquisition / construction. Cost includes taxes, duties, freight and other incidental expenses related to acquisition / construction. Interest on borrowings to finance acquisition of fixed assets during construction period is capitalised.
- iv. Leasehold improvements represent expenses were incurred towards civil work and interior furnishings on the leased premises.
- v. Goodwill arising on account of the amalgamation was amortised over the period of five years.
- vi. Individual items of fixed assets capitalised during the year costing up to rupees five thousand each are fully depreciated in the first year.

### c. Impairment of Assets:

In accordance with Accounting Standard (AS) 28 on 'Impairment of Assets' as notified by the Central Government under the Companies Act, 1956, the carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Statement of Profit and Loss or against revaluation surplus where applicable.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### d. Investments:

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

### e. Inventories:

- i. Stock of food and beverages was valued at the lower of cost and net realisable value, arrived on first-in-first-out basis.
- ii. Stock of 3D glass was valued at cost arrived on first-in-first out basis and was amortised over its useful life.

### f. Borrowing Costs:

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

### g. Foreign Currency Transactions:

- i. Initial Recognition - Transactions denominated in foreign currencies were recorded at the rates of exchange prevailing on the date of the transaction.
- ii. Conversion - Monetary assets and liabilities denominated in foreign currencies were converted at the rate of exchange prevailing on the date of the Balance Sheet.
- iii. Exchange Differences - All exchange differences arising on settlement/conversion on foreign currency transactions were included in the Statement of Profit and Loss in the year in which they arise.

### h. Employee benefits:

- i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.
- ii. The Company contributes to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.
- iii. The Company's liability towards gratuity and compensated absences being defined benefit plans is accounted for on the basis of an independent actuarial valuation done at the year end and actuarial gains/losses are charged to the Statement of Profit and Loss.

### i. Taxes on income

#### Current Tax:

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

#### Minimum Alternate Tax:

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

#### Deferred Tax:

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

At each Balance Sheet date the Company re-assesses unrecognised Deferred Tax Assets. It recognizes unrecognised Deferred Tax Assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

### j. Leases:

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

### k. Provisions and Contingencies:

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



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	(` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>4. SHARE CAPITAL</b>		
<b><u>Authorised:</u></b>		
80,000,000 (Previous year 40,000,000) Equity Shares of Rs. 5 (Previous Year Rs. 10) each	4,000.00	4,000.00
250,000 (Previous Year 250,000) Preference Shares of Rs. 10 each	25	25
	<b>4,025.00</b>	<b>4,025.00</b>
<b><u>Issued, Subscribed and Fully paid up:</u></b>		
<b>Equity Shares</b>		
28,000,000 (Previous Year 28,000,000) Equity Shares of Rs. 5 (Previous Year Rs. 10) each	1,400.00	2,800.00
<b>Preference shares</b>		
5% Non-Cumulative Redeemable Preference shares of Rs.10 each	-	-
<b>Total</b>	<b>1,400.00</b>	<b>2,800.00</b>
<b>4 (a). RECONCILIATION OF SHARE CAPITAL</b>	<b>Amount (` in lacs)</b>	<b>Numbers</b>
<b>Equity Share Capital:</b>		
<u>As at 31 March 2013</u>		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Reduction during the year pursuant to the scheme of Demerger	1,400.00	-
<b>Total</b>	<b>1,400.00</b>	<b>28,000,000</b>
<u>As at 31 March 2012</u>		
Balance at the beginning of the year	2,800.00	28,000,000
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
<b>Total</b>	<b>2,800.00</b>	<b>28,000,000</b>
<b>Preference Share Capital:</b>		
<u>As at 31 March 2013</u>		
Balance at the beginning of the year	-	-
Add: Issued during the year	-	-
Less: Redemption during the year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<u>As at 31 March 2012</u>		
Balance at the beginning of the year	17.02	170,160
Less: Redemption during the year	17.02	170,160
<b>Total</b>	<b>-</b>	<b>-</b>
<b>4 (b). SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES</b>	<b>Number of shares held</b>	<b>% of Holding</b>
<u>As at 31 March 2013:</u>		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,368,424	33.46
ICICI Prudential Life Insurance Company Limited	1,860,422	6.64
<u>As at 31 March 2012:</u>		
Himanshu B. Kanakia	9,368,424	33.46
Rasesh B. Kanakia	9,368,424	33.46
ICICI Prudential Life Insurance Company Limited	1,876,448	6.70

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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

### 4 (d). Rights and restrictions attached to equity shareholders:-

The Company has only one class of Equity Share having face value of Rs. 5 (Previous Year Rs 10) each. Every holder of Equity Share is entitled to one vote per Equity Share. In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive any of the remaining assets of the Company.

### 4 (e ). Rights and restrictions attached to preference shareholders:-

The Company has only one class of Preference Share having face value of Rs.10 each. Every holder of Preference Share is entitled to one vote per Preference Share.

	( ` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>5. RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Opening Balance	17.02	-
Add: Transferred during the year	-	17.02
Closing Balance	<b>17.02</b>	<b>17.02</b>
<b>Securities Premium Reserve</b>		
Opening Balance	9516.46	9516.46
Add: Securities Premium credited	16.18	-
Less: Premium debited pursuant to scheme of demerger	5958.48	-
Less: Premium utilised	9.70	-
Closing Balance	<b>3564.46</b>	<b>9516.46</b>
<b>General Reserve</b>		
Opening Balance	55.10	72.12
Less: Written back during the year	-	17.02
Closing Balance	<b>55.10</b>	<b>55.10</b>
<b>Surplus</b>		
Opening Balance	1647.79	1558.67
Add: Surplus as per Statement of Profit and Loss	384.37	89.32
Less: Dividend paid	-	0.17
Less: Tax on dividends distributed during the year	-	0.03
Closing Balance	<b>2032.16</b>	<b>1647.79</b>
<b>Total</b>	<b>5668.74</b>	<b>11236.37</b>
<b>6. LONG TERM BORROWINGS</b>		
Term Loans from Banks (Refer Note 31)	1,813.00	9,957.26
Term Loans From Others (Refer Note 31)	1,169.49	-
Vehicle Loans	-	4.16
<b>Total</b>	<b>2,982.49</b>	<b>9,961.42</b>
Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans.		

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	( ` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>7. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Liability</b>		
On timing difference between book depreciation and depreciation as per Income Tax Act, 1961.	(624.62)	(1,268.75)
<b>Total Deferred Tax Liability (A)</b>	<b>(624.62)</b>	<b>(1,268.75)</b>
<b>Assets</b>		
Provision for doubtful debts	5.09	4.35
Gratuity	0.80	37.45
Compensated Absences	0.35	13.89
Bonus Payable	-	8.86
Provision for rent	-	69.03
Depreciation loss	338.36	1,631.54
Demerger expenses	13.99	-
<b>Total Deferred Tax Assets (B)</b>	<b>358.59</b>	<b>1,765.12</b>
<b>Deferred Tax Assets / (Liabilities) (A-B)</b>	<b>(266.03)</b>	<b>496.37</b>
<b>Reconciliation of Deferred Tax Liability</b>		
Opening Balance	496.37	-
Deferred Tax Asset transferred pursuant to Scheme of Demerger	613.28	-
Closing balance of Deferred Tax Liability	(266.03)	-
Difference charged to Statement of Profit and Loss	149.12	-
<b>8. LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
Gratuity (Refer Note 26 (i))	2.27	107.23
Compensated Absences (Refer Note 26 (ii))	1.00	38.33
<b>Total</b>	<b>3.27</b>	<b>145.56</b>
<b>9. SHORT TERM BORROWINGS</b>		
Working Capital Loans repayable on demand (Refer Note 31)	-	2,221.80
<u>Loans and advances from Related Parties</u> (repayable on demand)		
-Unsecured loan from Subsidiary Companies	-	2,563.68
-Unsecured loan from Others	155.00	0.32
<b>Total</b>	<b>155.00</b>	<b>4,785.80</b>
Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans.		

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	( ` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>10. OTHER CURRENT LIABILITIES</b>		
<u>Current Maturities of Long-term debt (Refer Note 31)</u>		
Term loans from Banks	361.13	885.00
Vehicle Loans	-	5.97
Advances from Customers	-	90.03
Unpaid Dividends	6.53	6.53
Application money received for allotment of securities and due for refund	4.53	4.53
Deposits Received	588.72	220.04
<b>Other Payables</b>		
Statutory Dues	87.92	227.29
Expense Payable (Capital items)	-	473.46
Expense Payable (Projects)	-	323.97
Book Overdraft	-	420.32
<b>Total</b>	<b>1,048.83</b>	<b>2,657.14</b>
<b>11. SHORT TERM PROVISIONS</b>		
<u>Provision for Employee Benefits</u>		
Salary and Reimbursements	3.46	225.72
Contribution to Provident Fund	-	0.63
Gratuity (Refer Note 26 (i))	0.34	13.96
Compensated Absences (Refer Note 26 (ii))	0.16	6.61
<u>Others</u>		
Expenses Payable	98.91	1,210.84
Provision for Dividend Distribution Tax Payable	-	-
Provision for Dividend on Preference Shares Liabilities	-	-
Provision for Taxation (Net of Advance Tax)	-	121.19
<b>Total</b>	<b>102.87</b>	<b>1,578.95</b>



**SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2013**

**12. TANGIBLE ASSETS (Refer Note 31)**

(₹ in lacs)

Particulars	GROSS BLOCK (AT COST)						ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2012	Transferred in Pursuant to Demerger	Additions during the year	Deletion/ Adjustment	As at 31 March 2013	Upto 31 March 2012	Transferred in Pursuant to Demerger	During the year	Deletion/ Adjustment	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012
Land - Freehold	1,971.68	-	-	-	1,971.68	-	-	-	-	-	1,971.68	1,971.68
Leasehold Improvements	4,298.10	4,298.10	-	-	-	925.04	925.04	-	-	-	-	3,373.06
Theatre Buildings	5,697.50	7.22	-	-	5,690.28	1,316.87	-	190.06	-	1,506.93	4,183.35	4,380.63
Other Buildings	-	-	2,396.60	-	2,396.60	-	-	16.23	-	16.23	2,380.37	-
<b>Plant and Equipments</b>												
Theater equipments and Fittings	4,140.69	4,139.75	-	-	0.94	1,294.93	1,294.66	0.07	-	0.34	0.60	2,845.76
Other Plant and Equipments	2,473.13	2,473.13	-	-	-	332.05	332.05	-	-	-	-	2,141.08
<b>Furniture Fixtures and Office equipments</b>												
Theatre Furniture and Fixtures	5,845.47	4,656.27	-	-	1,189.20	2,026.18	1,573.98	112.97	-	565.17	624.03	3,819.29
Other Furniture, Fixtures and Office Equipments	3,761.07	3,600.30	-	-	160.77	844.81	783.64	15.27	-	76.44	84.33	2,916.26
Computers	907.49	906.72	0.18	-	0.95	528.88	528.38	0.13	-	0.63	0.32	378.61
Vehicles	168.91	167.51	-	-	1.40	104.46	103.93	0.13	-	0.66	0.74	64.45
Wind Energy Generator	1,536.70	-	-	-	1,536.70	299.84	-	81.14	-	380.98	1,155.72	1,236.86
<b>Total</b>	<b>30,800.74</b>	<b>20,249.00</b>	<b>2,396.78</b>	-	<b>12,948.52</b>	<b>7,673.06</b>	<b>5,541.68</b>	<b>416.00</b>	-	<b>2,547.38</b>	<b>10,401.14</b>	<b>23,127.68</b>
Previous Year	26,258.41	-	5,385.47	843.14	30,800.74	5,871.59	-	1,959.90	158.43	7,673.06	23,127.68	

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	( ` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>13. NON CURRENT INVESTMENTS</b>		
<b>Long term, unquoted, unless otherwise stated</b>		
<b>In Government Securities</b>		
National Savings Certificates	-	77.93
[Previous year 77.93, including accrued interest Rs.5.23 lacs]		
(The investments made are held in the name of the Company's directors, in trust for the Company and are pledged with the respective district collectors as required by the State Government Multiplex Policy)		
<b>Trade Investment, at cost</b>		
Nil (Previous Year 101,000) Equity shares in Vista Entertainment Limited (Formerly known as Vista Entertainment Private Limited ) of Rs.100 each, fully paid-up	-	101.00
Nil (Previous Year 10,000) Equity shares in Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited ) of Rs.10 each, fully paid-up	-	1.00
Nil(Previous Year 50,000) Equity shares in Cinemax Motion Pictures Limited of Rs.10 each, fully paid-up	-	5.00
Nil (Previous Year 10,000) Equity shares in Odeon Shrine Multiplex Limited (Formerly known as Odeon Shrine Multiplex Private Limited) of Rs.10 each, fully paid-up	-	1.00
Nil (Previous Year 100,000) Equity shares in Cinemax India Limited (Formerly known as Cinemax Exhibition India Limited)of Rs.5 each, fully paid-up	-	5.00
Nil (Previous year 2,000) Equity shares in Gupta Infrastructure (I) Private Limited of Rs.10 each, fully paid-up	-	0.20
Nil (Previous year 2,500) Equity shares of Saraswat Co-Op. Bank Limited of Rs.10 each, fully paid-up	-	0.25
<b>Total</b>	<b>-</b>	<b>191.38</b>
<b>14. LONG TERM LOANS AND ADVANCES</b>		
<b>Capital Advances</b>		
Unsecured, considered good	-	69.20
<b>Security Deposits</b>		
Unsecured, considered good	12.35	3,336.29
Doubtful	-	40.54
Less: Provision for doubtful deposits	-	40.54
	<b>12.35</b>	<b>3,336.29</b>
Advance Tax Paid (Net of Provisions)	482.48	506.27
MAT Credit Entitlement	350.70	243.96
<b>Total</b>	<b>845.53</b>	<b>4,155.72</b>
<b>15. OTHER NON CURRENT ASSETS</b>		
<b>Non Current Bank Balances</b>		
Fixed Deposit Accounts (Pledged with Banks / Government Authorities)	-	82.65
<b>Total</b>	<b>-</b>	<b>82.65</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	( ` in lacs)	
	As at 31 March 2013	As at 31 March 2012
<b>16. INVENTORIES (as certified by the Management)</b>		
Finished Goods	-	115.63
3 D Glasses	-	135.06
<b>Total</b>	<b>-</b>	<b>250.69</b>
Note: Finished goods and stock in trade of 3D Glasses are valued at cost or net realisable value, whichever is lower.		
<b>17. TRADE RECEIVABLES</b>		
Trade Receivables outstanding for a period less than six months from the date they are due for payment :		
Unsecured, considered good*	154.07	663.24
	<b>154.07</b>	<b>663.24</b>
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good*	24.12	272.77
Unsecured, considered doubtful	16.50	14.07
	<b>40.62</b>	<b>286.84</b>
Less: Provision for doubtful debts	16.50	14.07
	<b>24.12</b>	<b>272.77</b>
<b>Total</b>	<b>178.19</b>	<b>936.01</b>
<u>*Includes dues from Company under the same management</u>		
Cine Cafe Services	-	1.35
Kanakia Spaces Private Limited	-	3.22
<b>18. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	1.13	105.78
Balances with Banks		
-in Current Accounts	127.76	232.82
	128.89	338.6
<b>Other Bank Balances</b>		
-in Unclaimed Dividend Accounts	6.53	6.53
-in Share Application Money Refund Account	4.53	4.53
-in Fixed Deposit Accounts with maturity less than 12 months (Pledged with Banks / Government Authorities)	26.71	164.65
	37.77	175.71
<b>Total</b>	<b>166.66</b>	<b>514.31</b>
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Loans and Advances to Related Parties*	-	550.40
Advances recoverable in cash or in kind, or for the value to be received	97.10	1,476.79
Advances to Suppliers	-	490.23
Security Deposit	-	196.29
<b>Total</b>	<b>97.10</b>	<b>2,713.71</b>
<u>* includes amount outstanding from Company under the same management.</u>		
-Growel Entertainment Limited	-	4.36

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	( ` in lacs)	
	Year ended 31 March 2013	Year ended 31 March 2012
<b>20. REVENUE FROM OPERATIONS</b>		
<b><u>Sale of Services</u></b>		
Sale of Tickets	-	19,482.95
Less: Entertainment Tax	-	3,446.05
	<u>-</u>	<u>16,036.90</u>
<b><u>Rental Income</u></b>		
Mall Rentals	1,206.39	310.45
Rental Income ATS/BTS	86.22	111.00
Common Area Maintenance	230.28	108.52
	<u>1,522.89</u>	<u>529.97</u>
	42.27	1,551.68
Advertisement Income		
Income from Car Parking	115.86	107.39
<b><u>Sale of Products</u></b>		
Sale of Food and Beverages	-	5,003.28
Sale of Power	174.10	172.84
Other Operating Revenues	40.82	754.28
<b>Total</b>	<u>1,895.94</u>	<u>24,156.34</u>
<b>21. OTHER INCOME</b>		
Royalty Income	-	62.26
Interest Income	0.34	60.45
Sundry balances written back	-	43.50
Provision no longer required written back	1.66	124.33
Miscellaneous Income	1.62	126.57
	<u>3.62</u>	<u>417.11</u>
<b>22. OPERATING EXPENSES</b>		
Food and Beverages Consumed		
Opening Stock	-	72.30
Add: Purchases	-	1,561.18
Less: Closing Stock	-	115.63
	<u>-</u>	<u>1,517.85</u>
3D Glasses Consumed		
Opening Stock	-	-
Add: Purchases	-	219.24
Less: Closing Stock	-	135.06
	<u>-</u>	<u>84.18</u>
Distributors' Share	-	6,754.10
Rental Expenses(Refer Note 29)	-	3,621.01
Power and Fuel	65.81	1,872.43
Other Operating Expenses	6.34	363.87
<b>Total</b>	<u>72.15</u>	<u>14,213.44</u>



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

	(` in lacs)	
	Year ended 31 March 2013	Year ended 31 March 2012
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus (including Directors' Remuneration)	28.63	2,274.84
Contribution to Provident and Other Funds	4.99	215.88
Staff Welfare	0.74	105.79
<b>Total</b>	<b>34.36</b>	<b>2,596.51</b>
<b>24. OTHER EXPENSES</b>		
Travelling and Conveyance	0.31	122.87
Communication Expenses	4.30	125.69
Insurance	4.08	94.99
Rates and Taxes		
- Property Tax	217.11	200.19
- Cenvat Credit Reversal	-	329.66
-Vat on Composite Scheme	-	148.98
- Others	1.18	11.08
	<b>218.29</b>	<b>689.91</b>
Legal and Professional Fees	20.83	127.32
Director's Sitting Fees	2.72	5.50
<u>Repairs and Maintenance</u>		
- Building	23.13	86.36
- Common Area Maintenance	14.77	704.55
- Cleaning Charges	14.16	365.71
- Plant and Equipments	19.70	176.11
- Others	28.38	290.31
	<b>100.14</b>	<b>1,623.04</b>
Advertising and Publicity	6.26	198.26
Marketing and Sales Promotion	2.78	491.74
Auditors' Remuneration (Refer Note 36)	2.66	12.35
Asset Written Off	-	31.41
Security Charges	33.63	204.02
Provision for Doubtful debts	16.50	-
Sundry Debit Balances written off	24.14	-
Loss on sale of Fixed Assets	-	211.20
Miscellaneous Expenses	11.49	315.78
<b>Total</b>	<b>448.13</b>	<b>4,254.08</b>
<b>25. FINANCE COSTS</b>		
<u>Interest</u>		
On Term Loan	308.53	1,456.86
On Others	3.49	5.56
Finance Charges	26.78	36.56
<b>Total</b>	<b>338.80</b>	<b>1,498.98</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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

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

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

<b>I. Assumption:</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Discount Rate	8.00%	8.25%
Salary Escalation	6.00%	6.00%
Attrition rate	12.00%	2.00%
<b>II. Table Showing Change in Benefit Obligation:</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>(` in lacs)</b>	<b>(` in lacs)</b>
Liability at the beginning of the year	121.19	70.13
Interest Cost	0.12	5.79
Current Service Cost	0.31	22.23
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer in	-	-
Liability Transfer out	119.17	-
Benefits Paid	-	(9.28)
Actuarial (gain) / losses on obligations	0.16	32.32
Liability at the end of the year	<b>2.61</b>	<b>121.19</b>
<b>III. Amount Recognised in the Balance Sheet:</b>		
Liability at the end of the year	(2.61)	(121.19)
Fair Value of Plan Assets at the end of the year	-	-
Funded Status	(2.61)	(121.19)
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	<b>(2.61)</b>	<b>(121.19)</b>
<b>IV. Expenses Recognised in the Statement of Profit and Loss:</b>		
Current Service Cost	0.31	22.23
Interest Cost	0.12	5.79
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Recognised of Transition Liability	-	-
Actuarial (gain) / loss	0.16	32.32
Expenses Recognised in Statement of Profit and Loss	<b>0.59</b>	<b>60.34</b>
<b>V. Balance Sheet Reconciliation:</b>		
Opening Net Liability	121.19	70.13
Expenses as above	0.59	60.34
Net transfer in	-	-
(Net transfer out)	(119.17)	-
Employers Contribution	-	(9.28)
Amount recognised in Balance Sheet	<b>2.61</b>	<b>121.19</b>
<b>VI. Experience adjustment:</b>		
On plan liability (gain) / loss	0.12	18.67

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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

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

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

(` in lacs)		
Particulars	31 March 2013	31 March 2012
Liability at the end of the year	1.16	44.94
Amount recognised in the Balance Sheet		
- Non Current	1.00	38.33
- Current	0.16	6.61

### 27. Segment reporting:

#### Primary segment information:

Till the previous year, the Company was organised into three-business segments viz. Theatre Exhibition division comprising of multiplex theatres and other entertainment facilities, Retail space division comprising of construction of malls for sale and or lease to third parties and Windmill division comprising of wind energy generator.

However, Theatre Exhibition business of the Company has been demerged with effect from 1 April 2012 to a separate entity viz. Cinemax Exhibition India Limited (presently known as Cinemax India Limited) in the manner provided for in the scheme sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated 9 March 2012.

(` in lacs)				
Particulars	Theatrical Exhibition	Retail Space	Windmill	Total
External Sales (Gross)	-	1,725.46	174.10	1,899.56
	(27,011.00)	(418.97)	(172.84)	(27,602.39)
Inter- segment Sales	-	-	-	-
<b>Total Revenue</b>	-	1,725.46	174.10	1,899.56
	(27,011.00)	(418.97)	(172.84)	(27,602.39)
Segment Results	-	854.41	52.77	907.18
	(778.38)	(262.97)	(91.48)	(1,132.83)
Unallocated Corporate Income / (Expenses)				(5.04)
				(417.11)
Interest Expense				312.02
				(1,498.98)
Exceptional Items				-
				(568.85)
Extraordinary Items				56.63
				(-)
<b>Profit/(Loss) before Tax</b>				533.49
				(-518.31)
Provision/Deferred Taxation				149.12
				(-607.63)
<b>Net Profit / (Loss) after tax</b>				384.37
				(89.32)
<b>Other information</b>				
Segment Assets	-	9,454.38	1,203.42	10,657.80
	(27,842.32)	(3,725.27)	(1,248.74)	(32,816.33)
Unallocable Corporate Assets				1,030.82
				(2,039.84)
<b>Total Assets</b>				11,688.62
				(34,856.17)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Particulars	Theatrical Exhibition	Retail Space	Windmill	Total
Segment Liabilities	- (10,682.63)	798.79 (43.50)	43.67 -	842.46 (10,726.13)
Unallocable Corporate Liabilities				794.82 (132.25)
<b>Total Liabilities</b>				1,637.28 (10,858.38)
Capital Employed				10,051.34 (23,997.79)

(Figures in bracket indicates previous year figures)

### Secondary segment information:

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

### 28. Disclosure of Related Party transactions under AS-18:

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

#### i. List of related parties:

Nature of relationship	Name of related parties
Directors and Key Management Personnel	1. Mr. Rasesh B. Kanakia 2. Mr. Himanshu B. Kanakia 3. Mr. Sanjay Sanghvi
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal Kanakia 2. Mrs. Hiral H. Kanakia 3. Mrs. Manisha Vora
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Kanakia Finance And Investments Private Limited 3. R & H Amusements & Games Private Limited 4. Cine Café Services 5. Kanakia Hospitality Private Limited 6. Centaur Merchantile Private Limited <b>Upto 7 January 2013</b> 7. Vista Entertainment Limited (Formerly known as Vista Entertainment Private Limited)* 8. Growel Entertainment Limited (Formerly known as Growel Entertainment Private Limited)* 9. Cinemax Motion Pictures Limited* 10. Odeon Shrine Multiplex Limited (Formerly known as Odeon Shrine Multiplex Private Limited)* 11. Nikmo Entertainment Limited (Formerly known as Nikmo Entertainment Private Limited)* 12. Cinemax India Limited (Formerly known as Cinemax Exhibition India Limited)
Beneficial Trust	1. Babubhai Kanakia Foundation

\*Till 31 March 2012, the Company had its control as holding Company on these Companies.



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### ii. Transactions with related parties:

					(` in lacs)
Nature of Transaction	Subsidiaries and Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	Beneficial Trust
<b>Advances given / payment made</b>					
Vista Entertainment Limited	-				
	(1,681.98)				
Nikmo Entertainment Limited	-				
	(824.10)				
Cinemax Motion Pictures Limited	-				
	(681.92)				
Odeon Shrine Multiplex Limited	-				
	(447.72)				
R & H Amusement & Games Private Limited		-			
		(39.60)			
Kanakia Spaces Private Limited		50.00			
		(1,017.07)			
Cinemax India Limited		792.50			
		(-)			
Others	-	-			
	(17.39)	(14.37)			
<b>Advances received/ payment received</b>					
Vista Entertainment Limited	-				
	(2,039.71)				
Nikmo Entertainment Limited	-				
	(1,070.12)				
Cinemax Motion Pictures Limited	-				
	(475.00)				
Odeon Shrine Multiplex Limited	-				
	(485.44)				
Kanakia Spaces Private Limited		205.00			
		(772.20)			
Cinemax India Limited		712.11			
		(-)			
Others		-			
		(20.53)			
<b>Expenses incurred</b>					
Vista Entertainment Limited	-				
	(0.21)				
Growel Entertainment Limited	-				
	(0.32)				
Odeon Shrine Multiplex Limited	-				
	(1.30)				
Kanakia Spaces Private Limited		-			
		(22.21)			
Cinemax India Limited	-	61.63			
	(0.45)	(-)			

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Nature of Transaction	Subsidiaries and Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	(` in lacs) Beneficial Trust
<b>Expenses reimbursed</b>					
Nikmo Entertainment Limited	- (1.64)				
Vista Entertainment Limited	- (12.26)				
Cinemax Motion Pictures Limited	- (1.96)				
Odeon Shrine Multiplex Limited	- (1.57)				
Kanakia Spaces Private Limited		- (22.85)			
Cinemax India Limited		315.10 (-)			
<b>CAM Income</b>					
Cinemax India Limited		135.09 (-)			
<b>CAM Received</b>					
Cinemax India Limited		140.38 (-)			
<b>Income received by Cinemax India Limited on behalf of us</b>					
Cinemax India Limited		208.77 (-)			
<b>Income received by us on behalf of Cinemax India Limited</b>					
Cinemax India Limited		8.22 (-)			
<b>Royalty income</b>					
Odeon Shrine Multiplex Limited	- (45.67)				
<b>Rent received</b>					
Cinemax India Limited		810.36 (-)			
<b>Rent Paid (gross)</b>					
R & H Amusements & Games Private Limited		- (37.24)			
Kanakia Spaces Private Limited		- (261.63)			
<b>Rental Income</b>					
Cinemax India Limited		734.20 (-)			
<b>Interest Charged</b>					
Cinemax Motion Pictures Limited	- (20.60)	-			
Kanakia Spaces Private Limited		3.49 (-)			

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Nature of Transaction	Subsidiaries and Ultimate Subsidiary	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel	(` in lacs) Beneficial Trust
<b>Distributor Share</b>					
Cinemax Motion Pictures Limited	- (0.61)				
<b>Fixed Assets purchase</b>					
Centaur Mercantile Private Limited		2,303.80 (-)			
<b>Investments</b>					
Cinemax India Limited	- (5.00)				
<b>Deposit Received</b>					
Hiral H. Kanakia				- (1.20)	
Rupal R. Kanakia				- (1.20)	
<b>Remuneration</b>					
Rasesh B. Kanakia			- (100.00)		
Himanshu B. Kanakia			- (25.00)		
Others				1.79 (6.06)	
<b>Balances outstanding as on 31 March 2013</b>					
<b>Debit balances:</b>					
Cinemax Motion Pictures Limited	- (530.20)				
Cine Café Services		- (1.35)			
Others	- (20.20)				
<b>Credit balances:</b>					
Vista Entertainment Limited	- (2,059.03)				
Nikmo Entertainment Limited	- (410.63)				
R & H Amusement And Games Private Limited		- (8.44)			
Kanakia Spaces Private Limited		158.49 (19.76)			
Others	- (49.74)	- (0.32)			

(Figures in brackets indicate previous year figures)

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 29. Operating Lease

The Company was obliged under non-cancelable leases for the multiplex projects which were renewable on a periodic basis.

(` in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Lease rental payment for the year *	-	3,621.01
Future minimum lease rental payment payable		
- not later than one year	-	4,116.93
- later than one year but not later than five years	-	18,079.18
- later than five years	-	19,699.13
<b>Total</b>	<b>-</b>	<b>45,516.25</b>

\*Debited under the head 'Rental Expenses' of Note 22 'Operating Expenses'

### 30. Earnings/(Losses) per Share (EPS):

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

(` in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Profit after tax before appropriation	384.37	89.32
Less: Preference Dividend (inclusive of dividend distribution tax)	-	0.20
Profit available for equity shareholders	384.37	89.12
Weighted average number of shares	280.00	280.00
Earnings per share (Rs.)		
- Basic	1.37	0.32
- Diluted	1.37	0.32
Face value per share (Rs.)	5	10

### 31. Bank Borrowings:

A. Term Loan taken from Axis Bank are secured against:

- i. Personal Guarantee of Mr. Rasesh Kanakia and Mr. Himanshu Kanakia.
- ii. Charge on the moveable fixed assets and current assets of the Company.
  - a) Exclusive charge by way of mortgage of the following three properties as under:
    - b) Commercial Building "Eternity Mall and Multiplex" situated at plot no. 1, KH No. 312/2,313/1, Bearing Corporation House No. 22, C.S No. 1784/1, Ward No. 71, Mouje Sitabuldi, Taluka and District Nagpur.
    - c) Commercial Building "Cinemax" Multiplex, Eternity Mall, Teen Haat Naka, L.B.S. Marg, Thane (West) 400602.
    - d) Commercial Building "Cinemax" Multiplex, Wonder Mall, Kapurbawadi Junction, Ghodbunder Road, Thane (West) 400601.
- iii. Debt Service Reserve Account (DSRA) equivalent to one month interest repayment to be maintained under lien with Axis Bank.

B. Term Loan taken from Aditya Birla Finance Limited which is secured against:

- i. Exclusive Charge and hypothecation of present and future lease rental receivables from the property situated at Ground floor Unit B1-004 & B1-005 of Boomerang Building, situated at Village Sakinaka Chandivali, Andheri East. Mumbai -53.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

- ii First & Exclusive charge with mortgage of Units B1-004 & B1-005 of Boomerang Building, situated at Village SakinakaChandivali, Andheri East, Mumbai -53

C. Terms of repayment:

(` in lacs)

Nature of Loan	Within 1 Year	More than 1 year but less than 3 years	More than 3 years
Term Loan from Axis Bank	240.00	636.00	1,177.00
Term Loan from Aditya Birla Finance Limited	121.13	296.98	872.51
<b>Total Loan</b>	<b>361.13</b>	<b>932.98</b>	<b>2,049.51</b>

32. Contingent liability pertaining to service tax on rental of immovable properties amount to Rs. Nil (Previous Year Rs. 365.92lacs).

33. **Capital Commitments:**

Estimated value of contracts remaining to be executed on capital account and not provided for, net of advances aggregated to Rs. Nil (Previous Year Rs. 269.45 lacs).

34. CIF value of imports in respect of capital goods purchased during the year aggregated to Rs. Nil (Previous Year Rs. 35.72lacs).

35. Expenditure in foreign currency in relation to foreign traveling and marketing aggregated to Rs. Nil(Previous Year Rs. 1.15lacs).

36. **Auditors' Remuneration (exclusive of Service Tax):**

(` in lacs)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Audit fees	2.50	12.29
Out of pocket expenses	0.16	0.06
<b>Total</b>	<b>2.66</b>	<b>12.35</b>

37. i. **Pre-operative expenses were capitalised to Fixed Assets in respect of Theatre / Mall completed during the previous year:**

(` in lacs)

Sr. No.	Particulars	Year ended 31 March 2013	Year ended 31 March 2012
1.	Employees Benefits Expenses	-	92.42
2.	Administrative Expenses	-	347.59
3.	Interest Expenses	-	90.52
4.	Labour / Site Expenses	-	22.04
5.	Legal and Professional fees	-	0.06
6.	Others	-	70.22
<b>Total</b>		<b>-</b>	<b>622.85</b>

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

(` in lacs)

Sr. No.	Particulars	As at 31 March 2013	As at 31 March 2012
1.	Employees Benefits Expenses	-	79.67
2.	Administrative Expenses	-	203.87
3.	Interest Expenses	-	290.01
4.	Labour / Site Expenses	-	48.11
5.	Legal and Professional fees	-	56.45
6.	Others	-	14.88
<b>Total</b>		<b>-</b>	<b>692.99</b>



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

38. Based on the available information with the management, the Company does not owe any sum to a micro, small or medium enterprise as defined in Micro, Small and Medium Enterprises Development Act, 2006.
39. Extraordinary item pertain to the expenses incurred towards carrying out the process of demerging the Company's Theatre Exhibition Business into a separate entity viz. Cinemax India Limited.
40. The Current Assets, Loans and Advances are stated at the value, which in the opinion of the Board, are realisable in the ordinary course of the business. Current liabilities and provisions are stated at the value payable in the ordinary course of the business.
41. Balances of certain debtors, advances and creditors are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustment are not likely to be material.
42. The Honorable High Court of Judicature at Bombay vide its order dated 9<sup>th</sup> March 2012 has sanctioned the Scheme of demerger i.e. Composite Scheme of Arrangement between the CinelineIndia Limited Formerly known as Cinemax Properties Limited) and Cinemax India Limited (Formerly known as Cinemax Exhibition India Limited) and their respective Shareholders and Creditors under Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956. 1<sup>st</sup> April 2012 and 20<sup>th</sup> April 2012 are the appointed date and effective date, respectively of the scheme. Accordingly, the Honorable High Court has inter alia sanctioned the following:

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

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

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

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

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

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

Pursuant to Scheme of arrangement name of “Cinemax India Limited” changed to “Cinemax Properties Limited” with effect from 9<sup>th</sup> May 2012 and further changed to “Cineline India Limited” w.e.f. 26<sup>th</sup> March 2013.

**43. Previous year comparatives:**

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

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

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

**Rasesh B. Kanakia**  
Chairman

**Himanshu B. Kanakia**  
Managing Director

**Jatin J. Shah**  
Company Secretary

Place: Mumbai  
Date: 29 May 2013

## NOTES

[illegible]



CINELINE INDIA LIMITED  
(FORMERLY KNOWN AS CINEMAX PROPERTIES LIMITED)

215 Atrium, 10th Floor, Opp : Divine School, J. B. Nagar, Andheri Kurla Road, Andheri - East, Mumbai - 400 093, India.  
Tel No. : 022-6726 6666/7777 | Fax No. : 022-6693 7777 | Website : [www.cineline.co.in](http://www.cineline.co.in)



Date: 6<sup>th</sup> September, 2013

**National Stock Exchange Limited**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051  
Fax: 022-26598237/38

**Bombay Stock Exchange Limited**  
Corporate Relationship Department  
1<sup>st</sup> Floor, New Trading Ring,  
PJ Towers, Dalal Street,  
Fort, Mumbai - 400 001  
Fax: 022-22722061/41/39/37

**Sub :- Letter of the Annual Audit Report.**  
**Company Scrip Code :- CINELINE.**

Dear Sir,

Form A of the Annual Audit Report as per the Clause 31(a) of Equity Listing Agreement is as below:

1.	Name of the company	<b>Cineline India Limited</b> (formerly known as Cinemax Properties Limited)
2.	Annual Statements for the Year ended	<b>31<sup>st</sup> March, 2013</b>
3.	Type of Audit observation	<b>Un-qualified</b>
4.	Frequency of observation	<b>Not Applicable</b>

This is for your information and record.

Kindly acknowledge the same.

Yours Truly,

For **CINELINE INDIA LIMITED**

(Formerly known as Cinemax Properties Limited)

**Himanshu B. Kanakia**  
Managing Director

**Jitendra Mehta**  
CFO

**Kranti Sinha**  
Audit Committee Chairman

**Khushroo B. Panthaky**  
Walker, Chandio & Co.  
Statutory Auditor

