

CINELINE INDIA LIMITED

# STEADY. STABLE. STRONG.

ANNUAL REPORT 2013-14



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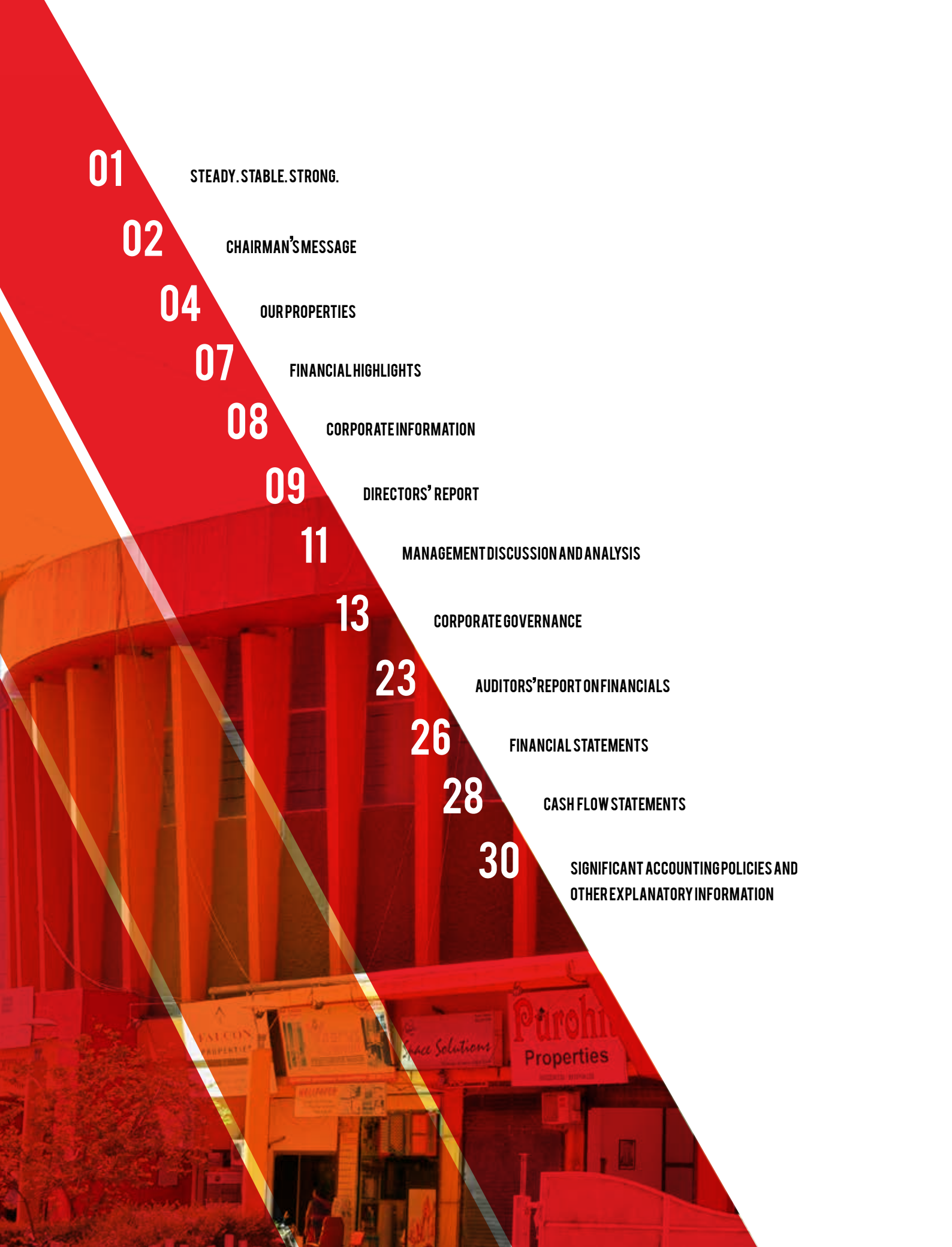
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# STEADY. STABLE. STRONG.

**At Cineline, these three individual words combine to create a powerful and profound statement about us. Each word has been carefully and thoughtfully chosen to depict, describe and demonstrate a distinct and diverse aspect about us.**

In a year of stiff headwinds and difficult operating conditions which affected all industries across segments and sizes, at Cineline, we continued with **STEADY PROGRESS.**

In a year of tough challenges and obstacles which adversely affected the commercial real estate sector all across cities and towns, at Cineline, we continued with **STABLE PERFORMANCE.**

In a year of dampened growth and subdued expansion which impacted future outlook of even large players and multinationals, at Cineline, we continued with **STRONG POTENTIAL.**

**What makes CINELINE STEADY, STABLE, STRONG?**

Our deep understanding of the commercial real-estate space that ensures we invest in right projects in the right location at the right time.

Our focused strategy that ensures we consolidate and concentrate in western part of the country.

Our established agreements with the largest multiplex operator in the country that ensures secured revenues.

**Our attitude and approach, our plans and policies, our drive and direction make us Steady. Stable. Strong.**

# CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

After last few years of restrained demand and stiff macro headwinds, it seems India is back on track for revival and resurgence.

Welcome to the Twelfth Annual General Meeting of Cinline India Limited amidst an atmosphere and environment of optimism and positivity. The overwhelming mandate given to a single party in the last general elections has restored confidence with the new government focused on re-invigorating the infrastructure and real estate sectors. The union budget of 2014-15 reflected the government's intent with measures and policies announced that have already provided the boost to both these sectors.

At Cinline, from our all business activities, Commercial real estate has always been our core strength and competence – we were amongst the first real estate developers in western India. As the Indian growth story gathered momentum, we matched pace by developing commercial real estate aimed to capitalise on the booming consumer upturn fired by the burgeoning middle-class.

Today, we have one of the most STEADY and STABLE business models based on assured rentals from the multiplexes as well as from the hugely successful mall at Nagpur. We have 9 multiplexes that are on long-term lease agreements. In addition, we also own and operate the 180,000 sq. ft. Eternity Mall at Nagpur with 38





The year 2013-14 was another year when the Company achieved notable results :

Total Revenue from Operations for the year was ₹ 2,271 lacs

EBITDA for the year was ₹ 1,604 lacs

PBT and PAT for the year were ₹ 462 lacs and ₹ 311 lacs respectively

tenants ranging from top international brands to leading domestic brands. Our revenues from the mall also include income from advertisements and CAM (common area maintenance).

The Company also have a presence in the energy business. We operate 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 7 per cent of the total revenues.

As I look ahead, I see an exciting phase ahead – both for the economy in general as well as the real-estate sector in particular. Policy announcements made by the new government have already started an upturn in the sector. Confidence has returned – both with investors as well as consumers. Vital macro-economic parameters have shown positive improvements, indicating that the worse is behind us. At Cineline, these factor augur well for us. Our business model of owning and renting commercial properties has already proven to be a successful one, ensuring our performance is STEADY and STABLE. As the economy revives, we are positioned to build up and ahead, and realise the STRONG potential of Cineline.

I thank you all for your sustained faith and trust in Cineline, assure you we will continue with our performance that reflects our corporate character and personality :

**STEADY. STABLE. STRONG.**

Yours faithfully,



Rasesh Kanakia  
Chairman

# OUR PROPERTIES



Goregaon (West)



Cineline, Nashik



Eternity Mall, Thane



Sona Shopping Centre, Kandivali (West)



Eternity Mall, Nagpur





Prime Mall, Mira Road



Wonder Mall, Thane



Cineline, Sion



Eagle's Flight, Andheri (East)



Events Organised at Eternity Mall, Nagpur





# FINANCIAL HIGHLIGHTS

## 2013-14

(₹ in Lacs)

For the year ended 31st March	2013-14	2012-13
Total Income	2,270.98	1,899.56
Total Expenditure	1808.95	1,309.44
EBDITA	1,604.26	1,344.29
Depriciation	481.14	416.00
Interest & Financial Charges	661.09	338.17
Profit Before TAX (PBT)	462.03	590.12
Tax Expense	151.45	149.12
Profit After TAX (PAT)	310.58	441.00
Share Capital	1,400.00	1,400.00
Reserve and Surplus	5,979.32	5,668.74
Total Debt	6,042.45	3,137.49
Gross Block	1,2971.75	12,948.52
Net Block	9,943.23	10,401.14
Current Assets	3,657.89	276.18
Current Liabilities	3,657.89	1,368.09
Cash & Cash Equivalents	140.73	166.64
No. of Equity Shares	28,000,000	28,000,000
Earning Per Share (In ₹) = Basic & Diluted	1.11	1.37

# 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, Chandiok & Co. LLP  
Chartered Accountants,  
Engineering Centre, 6th Floor,  
9 Mathew Road, Opera House,  
Mumbai – 400 004.

## Internal Auditors

A. J. Kanakia & Co.,  
Chartered Accountant,  
1, Alankar Building, Sion (w),  
Mumbai - 400 022.

## 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,  
Andheri Kurla Road, Andheri- East,  
Mumbai - 400 093.  
Tel No.: 022- 6726 6666 / 7777  
Fax No.: 022- 6693 7777  
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 Twelfth Annual Report, to the members, on the business and operations of your Company together with Audited Accounts for the financial year ended March 31, 2014.

## I. FINANCIAL OVERVIEW

The financial results for the year ended March 31, 2014 are as follows:

	(₹ In Lacs)	
For the year ended March 31	2014	2013
Gross Income	2270.98	1899.56
Profit before Interest, Depreciation and tax	1604.26	1344.92
Interest & Financial Charges	661.09	338.17
Depreciation/ Amortisation	481.14	416.00
Profit/(loss) before exceptional items and taxes	462.03	590.12
Exceptional Items/ Extraordinary Items	0.00	56.63
Profit/(loss) before tax	462.03	533.49
Provision for Tax (including Deferred & Fringe Benefit Tax)	151.45	149.12
Profit/(loss) after Tax	310.58	384.37
Profit brought forward from previous year	2032.36	1647.99
Amount available for Appropriation	2342.94	2032.36

## REVIEW OF FINANCIALS

During the year under review, the Gross Income increased from Rs. 1899.56 Lacs to Rs. 2270.98 Lacs.

The Profit before Interest, Depreciation and Tax (PBITD) during the year is Rs. 1604.26 Lacs.

Profit after tax for the year under review stood at Rs. 310.58 Lacs.

## II. DIVIDEND

With a view to conserve the resources for future operations, your directors have thought it prudent not to recommend dividend on equity shares for the financial year 2013-14.

## 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

The auditors M/s. Walker Chandiok & Co. LLP (Formerly known as Walker Chandiok & Co.), Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept office, if re-appointed.

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Walker Chandiok & Co. LLP as statutory auditors of the Company from the conclusion of this AGM till the conclusion of the Sixteenth AGM of the

Company to be held in the year 2018 (subject to ratification of their appointment of every AGM).

During the year, the Company had received intimation from M/s. Walker Chandio & Co. LLP stating that M/s. Walker Chandio & Co. LLP had been converted into a limited liability partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 with effect from March 25, 2014. In terms of Ministry of Corporate Affairs, Government of India, General Circular No. 9/2013 dated April 30, 2013, if a firm of Chartered Accountants, being an auditor in a Company under the Companies Act, 1956, is converted into an LLP, then such an LLP would be deemed to be the auditor of the said Company. The Board of Directors of the Company has taken due note of this change. Accordingly, the audit of the Company for financial year 2013-14 was conducted by M/s. Walker Chandio & Co. LLP.

## **X. STATUTORY INFORMATION**

### **A) Employees Particulars**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regards to the provision of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### **B) Fixed Deposits**

Your Company has not accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding as on the Balance sheet date.

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

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

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

## **XI. DIRECTORS**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Mr. Kranti Sinha, Mr. Utpal Sheth, and Mr. Sivaramakrishnan Iyer as Independent Directors of the Company.

As per section 149(4) of the Companies Act, 2013 (Act), which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors.

In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the Company.

Mr. Sanjay Sanghvi, Director, retires by rotation and being eligible has offered himself for re-appointment.

## **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. 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 2014, 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 : May 26, 2014

**Rasesh B. Kanakia**  
Chairman



# MANAGEMENT DISCUSSION AND ANALYSIS

## ANNEXURE-A TO DIRECTORS' REPORT

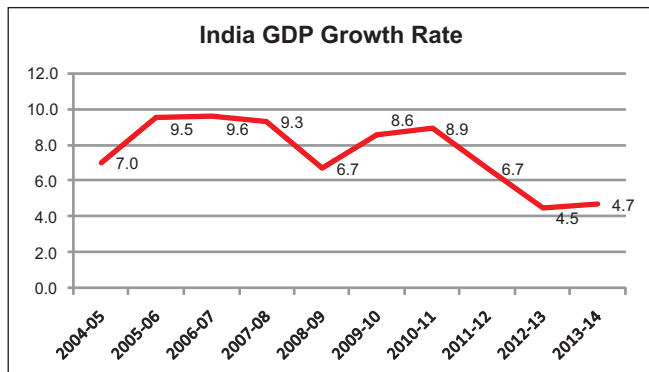
### ECONOMIC OVERVIEW

Growth continued to pose a challenge in most developed economies of the world. The World Economic Outlook published in April 2014 by the International Monetary Fund has reported that the world output grew by 3.0 per cent in 2013 compared to 3.2 per cent in 2012. Growth remained subdued in the USA, the Euro zone as well as in the emerging economies.

In the USA, GDP growth was 1.9 per cent in the year 2013, compared to a more vibrant growth rate of 2.8 per cent in the previous year. This slowdown has been attributed to the political gridlocks prevailing during most part of the year. In the euro-area, growth turned positive in 2013 as the area's output for the year improved from -0.7 per cent in 2012 to -0.5 per cent.

In the emerging economies, China maintained its momentum of growth with a 7.7 per cent increase in GDP in 2013, which is equal to the GDP growth it achieved in the previous year. However, being a strong export dominated economy, the falling demand from the advanced countries continues to put growth in China under pressure.

In India, the two key domestic issues of sustained high-inflation and an alarming current account deficit forced the central bank to keep interest rates high throughout the year. These two issues had a cascading effect on all major economic drivers, which resulted in overall slackness in consumer and industrial demand. To compound issues, the Indian rupee collapsed to its lowest in the month of August 2013 at Rs. 68.85 to the US dollar. On the policy front, not many major policies could be pushed through, disappointing the industry further. However, in spite of these adverse factors, the Indian economy managed to show a marginal increase in GDP to 4.7 per cent for the year 2013-14 against 4.5 per cent in the year 2012-13.



According to the report released by the World Bank in April 2014, India overtook Japan as the third largest economy in terms of GDP in a Purchasing Power Parity basis.

### Industry Overview

#### Real Estate

Real estate constitutes a critical segment of the Indian

economy. It is estimated that the contribution of the real estate sector to India's GDP was about 6.3 per cent. The real estate sector is also important to the economy due to its high employment potential. It is estimated that the real estate sector generated almost 7.6 million jobs in 2013-14, and is expected to generate more than 17 million job opportunities by the 2025 (source : Report on assessing the economic impact of India's real estate sector – 2013 by Confederation of Real Estate Developers' Association of India).

The real estate sector continued to face challenging operating environment during 2013. Due to a slowdown in the overall economy, demand has been shrinking, leading to a slowdown in sales. On the other hand, in order to complete projects, most companies had to resort of high debt levels. Costs continued to rise driven by high interest rates as well as increase in prices of raw materials and labour costs.

#### Residential Sector Overview

All residential markets in India witnessed a fall in sales of residential property, particularly in NCR, Mumbai and Bengaluru markets. While projects launched in 2012 and prior continued to add to the supply pipeline, lack of demand meant resulted in a situation of over-supply. Capital markets in NCR corrected between 5-10 per cent, while they stabilised in South and Central Mumbai, and increased marginally in Navi Mumbai, Western and Eastern suburbs. In major cities, approximately 130 million sq.ft. of investment grade residential space was witnessed, of which approximately 70 million sq. ft. was launched in NCR, Mumbai, Bengaluru, Hyderabad, Chennai and Kolkata.

#### Commercial Sector Overview

Compared to the residential segment, inventory in the commercial segment has been falling over the last couple of years due to low development activity. In 2013, due to stiff macro conditions faced by all industries, absorption continued to remain low as most corporates chose to defer their expansion plans. Mumbai, NCR and Bengaluru account for a lion's share in all commercial space being absorbed in the country at 75 per cent. Prime office spaces in the Central Business Districts (CBDs) in these cities continued to remain in demand, and as result, their values were not affected by the overall slowdown. However, in commercial spaces specifically developed for the IT sector, there was a marked slump in demand as hiring in IT remained low, and most occupiers focussed on consolidation and efficient use of available space. On the supply side, approximately 22 million sq.ft. of investment grade office space was added in major cities during the first half of 2013, while absorption was reported at 14 million sq. ft., stressing rental rates across these cities.

#### Retail Sector Overview

The retail sector proved to be most resilient to the difficult operating conditions in the real estate industry. This was largely on account of expansion by both domestic and international retailers, buoyed by FDI increase in single-brand retail. Besides the major metros, retailers have also expanded into non-metro cities. Fashion, Food & Beverages (F&B) and

fine-dining are leading this expansion. In the leading cities of India, supply of Grade A malls is approximately 55 million sq.ft. An additional 20-25 million sq.ft. of hypermarket space has also come up. Vacancy levels across major cities of the country have declined in the year, driven by stable leasing activity and a slowdown in completion of new malls. In Bengaluru and Mumbai, vacancy levels are approximately between 8-9 per cent due to sustained demand as well as non-addition of large retail spaces in the last two years. Retail malls in good locations with a good tenant mix across floors continued to perform well and attract high footfalls. Mega-malls have also been launched across cities with multiple options for shopping, entertainment and food. These locations have witnessed higher footfalls and better conversions.

(Source : Brave new world for India real estate : Ernst & Young)

### Business Overview

Cineline India Limited is listed on the Bombay Stock Exchange Limited and National Stock Exchange. Headquartered in the financial capital of India, Mumbai, the Company has nine properties. These projects of the Company are located in western India, primarily in Mumbai. In the retail segment, the Company owns a commercial retail mall in the city of Nagpur. Cineline India Limited also has two windmills located in Maharashtra and Gujarat.

The Company currently owns 9 multiplexes that are leased out to PVR Limited on a rental basis. The commercial retail mall at Nagpur – Eternity Mall is located in the prime Variety Square. The mall is leased out to top domestic and international retailers. In addition to rental income, the Company also generates income in the form of car-parking charges as well as advertising revenues from the mall.

These 9 commercial properties of the Company ensure a steady and stable flow of revenues in the form of rental income.

The Company's two windmills are at Viswada in Gujarat and Revangaon in Maharashtra. The capacities of these windmills are 0.6 MWA and 1.65 MWA respectively. Sale of power generated by these windmills also contributes to the total revenue.

### Review of Financial Performance

During the year 2013-14, the total revenue from operations amounted to Rs. 2271 lacs. EBIDTA for the year was Rs. 1604 lacs and PAT for the year was Rs. 462 lacs.

### Opportunities and Outlook

After being subjected to stiff operating environment, the outlook for the real estate sector for the year 2014-15 is positive and optimistic. The election of a stable government at the centre has come as a major boost for the economy in general and the real estate sector in particular. There is a marked resurgence in demand across all segments of the sector : residential, commercial as well as retails. Stalled and delayed projects are being completed with a new sense of urgency. In the Union Budget, incentives have been announced for REIT, which are expected to boost the sector further, particularly the commercial segment of the market. In the retail segment, easing of norms in FDI in multi-brand retail is expected to attract more global retailers. Moreover, the government also has plans to allow foreign retailers to set up

shops within cities with a population of less than 1 million. Projects more than US\$ 130 million have been cleared by the Foreign Investment Proposal Board (FIPB) in the last 6-7 months, which are likely to drive more growth in the sector.

(Source : Brave new world for India real estate : Ernst & Young)

### Risks and Concerns

#### Economic Risks

The key revenues of the Company emanate in the form of rental income from the nine multiplexes and the retail mall at Nagpur. There is a theoretical risk that in case businesses of the tenants/lessees do not well, they may move out, and thus affect the revenues of the Company. However, the properties of the Company are in prime locations and as has been borne out over the year, prime locations are always in demand as they attract higher footfalls. Therefore, the Company believes that this risk is more than mitigated by the fact that the locations of the properties of the Company are proven success locations.

#### Material Developments in Human Resources

The Company has always believed that its employees are its most valuable resources. The Company ensures that working conditions at all its workplaces meet highest standards of safety. The Company conducts regular training and workshops to ensure the skills and talents of its employees are at par with the best in the industry. Employees are encouraged to undertake self-improvement courses that will contribute both to their personal as well as professional development. There is a rich diversity in the workforce of the Company, with a strong emphasis on gender equality. The Company maintained cordial relations with its employees during the year.

The total number of employees as on 31 March, 2014 was 26.

#### 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 Cinline India 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 envisages 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 March 31, 2014 representing the optimum combination of professionalism, knowledge and experience. Of these six members, three of them are non independent directors out of which, first two are forming part of the promoters group of the Company and other three are independent non-executive directors.

Name of Director	Designation	Category	
		Executive/ Non-Executive	Independent/ Non-Independent
Mr. Rasesh Kanakia	Chairman	Executive	Non - Independent
Mr. Himanshu Kanakia	Managing Director	Executive	Non - Independent
Mr. Sanjay Sanghvi	Director	Non - Executive	Non - Independent
Mr. 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 2013-14.**

Name of Directors	Rasesh Kanakia	Himanshu Kanakia	Sanjay Sanghvi	Utpal Sheth	Kranti Sinha	Sivarama krishnan Iyer
Designation	Executive Chairman	Managing Director	Non-Executive Director	Independent Directors		
<b>Date of Board Meeting</b>						
May 29, 2013	P	P	P	P	P	A
August 7, 2013	A	P	P	A	P	P
October 22, 2013	P	P	P	A	P	P
January 30, 2014	A	P	P	P	P	P

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

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	Yes
3	Mr. Kranti Sinha	Yes
4	Mr. Sivaramakrishnan Iyer	No
5	Mr. Utpal Sheth	No
6	Mr. Sanjay Sanghvi	Yes

**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 B. Kanakia	1	2	Nil
2	Mr. Himanshu B. Kanakia	1	1	Nil
3	Mr. Sanjay Sanghvi	1	Nil	Nil
4	Mr. Utpal Sheth	5	1	Nil
5	Mr. Kranti Sinha	5	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, 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 2013-14.

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

Name of Committee Member	Designation	No. of Meeting Held	No. of Meeting Attended
Mr. Kranti Sinha	Chairman, Independent Director	4	4
Mr. Rasesh Kanakia	Member, Executive Director	4	2
Mr. Utpal Sheth	Member, Independent Director	4	2
Mr. Sivaramakrishnan Iyer	Member, Independent Director	4	3

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 utilization 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 the 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 2013-14.

#### 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	1	1
Non-Receipt of Dividend	9	9
Miscellaneous	Nil	Nil
<b>Total</b>	<b>10</b>	<b>10</b>

There were no outstanding complaints as on March 31, 2014.

#### 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@cineline.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. Shivaramakrishnan 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:

One meeting of the Remuneration Committee was held during the financial year 2013-14.

#### Attendance of each Member at the Remuneration Committee held during the year:

Name of Committee Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Kranti Sinha	Chairman, Independent Director	1	1
Mr. Utpal Sheth Kanakia	Member, Independent Director	1	Nil
Mr. Sivarama krishnan Iyer	Member, Independent Director	1	1

#### • Remuneration Policy:

Cineline'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 2013-14:**

Name of the Director	Sitting Fees for Board & Committees Meeting	Salary & Perquisites (including PF, etc.)
<b>Executive Director</b>		
Mr. Rasesh Kanakia	N.A.	6,25,000
Mr. Himanshu Kanakia	N.A.	6,25,000
<b>Non Executive Director</b>		
Mr. Sanjay Sanghvi, Non-Independent Director	N.A.	N.A.
Mr. Kranti Sinha, Independent Director	90,000	N.A.
Mr. Sivaramakrishnan S. Iyer, Independent Director	70,000	N.A.
Mr. Utpal Sheth, Independent Director	40,000	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 the non-mandatory requirements as mentioned in clause 49 of the Listing Agreement like constitution of Remuneration Committee etc.

● **Management Discussion and Analysis**

The Management Discussion and Analysis report forms part of 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 March 31, 2014.

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 and CFO is forming part of this report.

● **Auditors' Certificate of Corporate Governance**

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

● **Means of Communication**

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

These financial results are published in Free Press Journal (English) and NavShakti (Marathi Local) dailies having wide circulation. The results are also displayed on the website of the Company – 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 past three years Annual General Meetings (AGM):

Year	Venue/Location	Day & Date	Time
2013	Cinemax Theatre, Eagle's Flight, Behind Gurunank Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Thursday, 19 September 2013	10.00 AM
2012	Cinemax Theatre, Eagle's Flight, Behind Gurunank Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Thursday, 23 August 2012	10.00 AM
2011	Cinemax Theatre, Eagle's Flight, Behind Gurunank Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093	Tuesday, 27 September 2011	10.00 AM

#### V. General Shareholders Information

##### • Next Annual General Meeting

Day & Date : Wednesday, September 17, 2014

Time : 10.00 AM

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

##### • Financial Calendar for 2014-2015 :

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

- |     |  |                                |
|-----|--|--------------------------------|
| i)  | Un-audited results for the quarter ended June 30, 2014                 | - Second week of August 2014   |
| ii) | Un-audited results for the quarter/half Year ending September 30, 2014 | - Second week of November 2014 |

- |      |   |                                |
|------|---|--------------------------------|
| iii) | Un-audited results for the quarter and Nine months ending December 31, 2014 | - Second week of February 2014 |
| iv)  | Audited results for the year ending March 31 2015                           | - Last week of May 2015        |

##### • Book Closure date

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Twelfth Annual General Meeting in terms of Listing Agreement from September 11, 2014 to September 17, 2014 (both days inclusive).

##### • Listing

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

- 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
- The Stock Exchange, Mumbai (BSE)**  
Phroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.  
Ph: +91 -22 22721233 Fax: +91 22-22723677
- Scrip Information**

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

- The Company has depository connectivity with NSDL & CDSL and has paid Annual Custody Fees for the financial year 2014-2015.
- The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2014-2015.



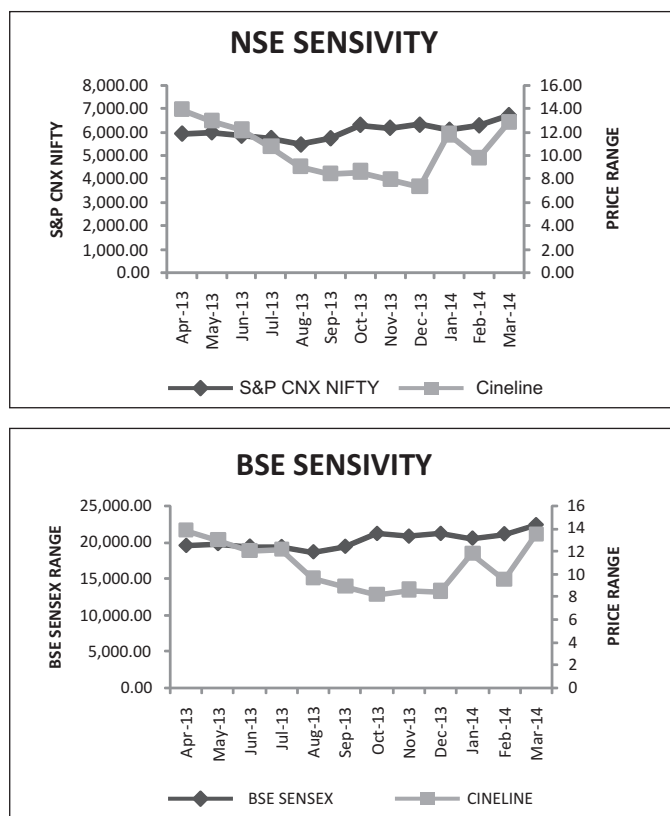


- Share Price & Volume (Tables/Graphs)

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-13	13.79	10.55	1.27	19,504.18	13.90	10.40	2.21	5,930.20
May-13	13.00	11.03	0.81	19,760.30	12.95	11.10	1.34	5,985.95
Jun-13	11.98	9.71	0.67	19,395.81	12.15	8.20	1.47	5,842.20
Jul-13	12.10	7.75	0.38	19,345.70	10.75	8.00	0.46	5,742.00
Aug-13	9.59	6.50	0.4	18,619.72	9.00	6.15	0.14	5,471.80
Sep-13	8.85	6.61	0.36	19,379.77	8.40	6.80	0.12	5,735.30
Oct-13	8.19	6.99	0.54	21,164.52	8.60	7.00	0.21	6,299.15
Nov-13	8.59	6.80	0.48	20,791.93	7.90	6.40	0.11	6,176.10
Dec-13	8.47	6.33	0.63	21,170.68	7.35	6.25	0.14	6,304.00
Jan-14	11.80	7.75	0.97	20,513.85	11.80	7.15	0.78	6,089.50
Feb-14	9.49	7.40	0.44	21,120.12	9.75	7.60	0.34	6,276.95
Mar-14	13.45	7.85	3.36	22,386.27	12.80	7.75	2.46	6,704.20
<b>Total:</b>			<b>10.31</b>		<b>Total:</b>		<b>9.78</b>	

- SHARE PRICE MOVEMENT (NSE) & (BSE)

CINELINE share price performance relative to S&P CNX NIFTY and BSE. (April '13-March'14):



- Shareholding Pattern as on March 31, 2014**

Sr. No.	Category	Holders	%	Value	%
1	Clearing Member	95	0.38%	927,180	0.66%
2	Corporate Bodies (Promoter Co)	2	0.01%	1,400	0.00%
3	Foreign Institutional Investors	3	0.01%	2,081,650	1.49%
4	Nationalised Banks	2	0.01%	18,070	0.01%
5	Non Resident Indians (REPATRIABLE)	220	0.88%	454,700	0.32%
6	Non Resident Indians (NON REPATRIABLE)	48	0.19%	54,920	0.04%
7	Other Bodies Corporate	237	0.95%	13,418,480	9.59%
8	Promoters	4	0.02%	96,973,180	69.27%
9	Public	24,298	97.55%	26,070,415	18.62%
10	Trust	1	0.00%	5	0.00%
<b>Total :</b>		<b>24,910</b>	<b>100%</b>	<b>140,000,000</b>	<b>100%</b>

- Distribution Schedule as of March 31, 2014**

Distribution	No. of Shareholders	No. of Shares	% of Shareholding
Less than 2500	23,536	95,49,005	6.82%
2501 - 5000	707	28,61,740	2.04%
5001 - 10000	318	24,10,920	1.72%
10001 - 15000	114	14,57,485	1.04%
15001 - 20000	66	11,43,630	0.82%
20001 - 25000	40	9,38,905	0.67%
25001 - 50000	63	22,96,345	1.64%
Above 50000	66	11,93,41,970	85.25%
<b>Total</b>	<b>24,910</b>	<b>14,00,00,000</b>	<b>100%</b>

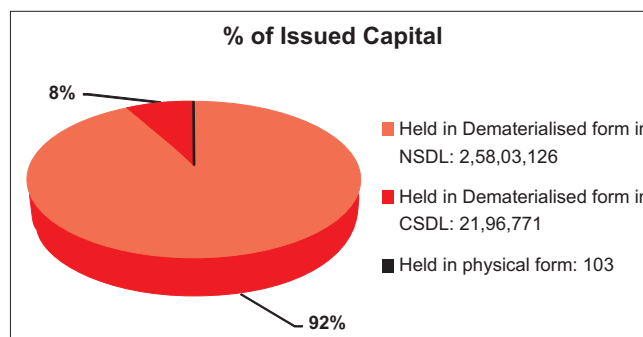
- Registrar & Share Transfer Agents**

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



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

Email: Investor@cineline.co.in

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

Place: Mumbai  
Date: May 26, 2014

**Mr. Rasesh Kanakia**  
Chairman

## ANNEXURE-C TO DIRECTORS' REPORT

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

#### To the Members of Cinline India Limited

We have examined the compliance of the conditions of Corporate Governance by Cinline India Limited (the 'Company'), for the year ended March 31, 2014 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, Chandio & Co LLP**  
(formerly known as Walker, Chandio & Co)  
Chartered Accountants  
Firm Registration No. 001076N

**per**  
Partner  
Membership No. F-42423

Place : Mumbai  
Date : May 26, 2014



## CHAIRMAN &amp; CFO CERTIFICATION

We, Rasesh Kanakia, Chairman and Jitendra Mehta, Chief Financial Officer of Cinline India Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account, 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 : May 26, 2014



# INDEPENDENT AUDITORS' REPORT

## To the Members of Cinline India Limited (the Company)

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Cinline India Limited (the "Company"), which comprise the Balance sheet as at March 31, 2014 and the Statement of profit and loss and 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal 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, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
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 March 31, 2014;
  - 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
  - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For Walker, Chandiook & Co LLP**  
(formerly **Walker, Chandiook & Co**)  
Chartered Accountants  
Firm Registration No. 001076N

per **Khushroo B. Panthaky**  
Partner  
Membership No. F-42423  
Place : Mumbai  
Date : May 26, 2014

**Annexure to the Independent Auditors' Report of even date to the members of Cinline India Limited, on the financial statements for the year ended 31 March 2014**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The 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 inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹2,850.00 lacs and the year-end balance is ₹Nil.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans granted, receipt of the principal amount and the interest 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 ₹1,975.00lacs and the year-end balance is ₹ Nil.
- (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) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. 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 fixed assets and for the sale of services.

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

- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) 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 the 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) The Company has an internal audit system, *the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.*
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, *though there has been a slight delay in a few cases. Further*, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.





- (xiii) In our opinion, the Company is not a chit fund or a *nidhi*/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) 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 these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment 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 period covered by our audit.

**For Walker, Chandiok & Co LLP**  
(formerly **Walker, Chandiok & Co**)  
Chartered Accountants  
Firm Registration No. 001076N

per **Khushroo B. Panthaky**  
Partner  
Membership No. F-42423  
Place : Mumbai  
Date : May 26, 2014

## Balance Sheet as at 31 March 2014

(₹ in lacs)

Particulars	Note No.	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	4	1,400.00	1,400.00
Reserves and Surplus	5	5,979.32	5,668.74
<b>Non Current Liabilities</b>			
Long Term Borrowings	6	5,970.65	2,982.49
Deferred Tax Liabilities (Net)	7	417.48	266.03
Other long term liabilities	8	536.15	524.56
Long Term Provisions	9	8.37	3.27
<b>Current Liabilities</b>			
Short Term Borrowings	10	-	155.00
Trade Payables		71.80	61.39
Other Current Liabilities	11	268.56	564.49
Short Term Provisions	12	138.23	66.02
<b>Total</b>		<b>14,790.56</b>	<b>11,691.99</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Tangible Assets	13	9,943.23	10,401.14
Long Term Loans and Advances	14	1,048.71	848.03
<b>Current Assets</b>			
Trade Receivables	15	331.19	178.83
Cash and Bank Balances	16	140.73	166.64
Short Term Loans and Advances	17	3,326.70	97.35
<b>Total</b>		<b>14,790.56</b>	<b>11,691.99</b>
Note 1 to 34 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 LLP**  
(formerly known as **Walker, Chandiok & Co**)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : May 26, 2014

**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 : May 26, 2014

## Statement of Profit and Loss for the year ended 31 March 2014

(₹ in lacs)

Particulars	Note No.	Year ended 31 March 2014	Year ended 31 March 2013
<b>REVENUE</b>			
Revenue from Operations	18	1,960.97	1,895.94
Other Income	19	310.01	3.62
<b>Total Revenue</b>		<b>2,270.98</b>	<b>1,899.56</b>
<b>EXPENSES</b>			
Operating Expenses	20	78.73	72.15
Employee Benefits Expenses	21	90.99	34.36
Finance Costs	22	661.09	338.17
Depreciation Expense	13	481.14	416.00
Other Expenses	23	497.00	448.76
<b>Total Expenses</b>		<b>1,808.95</b>	<b>1,309.44</b>
<b>Profit before extraordinary Item and Tax</b>		<b>462.03</b>	<b>590.12</b>
Less: Extraordinary item		-	56.63
<b>Profit before Tax</b>		<b>462.03</b>	<b>533.49</b>
<b>Tax Expense :</b>			
Current Tax		93.40	106.74
Deferred Tax		151.45	149.12
MAT Credit Entitlement		(93.40)	(106.74)
<b>Profit after tax</b>		<b>310.58</b>	<b>384.37</b>
<b>Earnings Per Equity Share</b>	27		
(1) Basic		1.11	1.37
(2) Diluted		1.11	1.37
Note 1 to 34 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 LLP**  
(formerly known as **Walker, Chandiok & Co**)  
Chartered Accountants  
**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : May 26, 2014

**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 : May 26, 2014



## Cash Flow Statement for the year ended 31 March 2014

	Year ended 31 March 2014	Year ended 31 March 2013
(₹ in lacs)		
<b>Cash Flow from Operating Activities</b>		
Profit before tax	462.03	533.49
<b><u>Adjustments for non cash transactions</u></b>		
Depreciation expense	481.14	416.00
Bad debts	0.68	-
Provision for doubtful debts	-	16.50
Provision no longer required written back	-	(1.66)
Amortisation of Processing Fees	31.00	5.28
Sundry Balances written off / (back)	(55.39)	24.14
	<b>919.46</b>	<b>993.75</b>
<b>Items considered separately</b>		
Interest Expenses	611.76	312.02
Loan Processing Charges	18.33	21.50
Interest Income	(247.43)	(0.34)
	<b>382.66</b>	<b>333.18</b>
<b>Operating Profit before Working Capital Changes</b>	<b>1,302.12</b>	<b>1,326.93</b>
<b><u>Adjustments for change in working capital</u></b>		
(Increase) / decrease in trade receivables	(153.04)	48.77
(Increase) / decrease in long term loans and advances	(46.26)	41.08
(Increase) in short term loans and advances	(3,260.35)	(25.61)
Increase / (decrease) in trade payables	55.47	(21.13)
Increase in long term provisions	5.10	3.27
Increase / (decrease) in other current liabilities	(295.93)	735.10
Increase in short term provisions	72.21	38.95
Increase in other long term liabilities	21.92	-
<b>Net Changes in Working Capital</b>	<b>(3,600.88)</b>	<b>820.43</b>
Income Taxes Paid	154.42	204.14
<b>Net Cash generated from / (used in) Operating Activities (A)</b>	<b>(2,453.18)</b>	<b>1,943.22</b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(23.23)	(2,396.75)
Interest Received	247.43	0.34
<b>Net Cash generated from / (used in) Investing Activities (B)</b>	<b>224.20</b>	<b>(2,396.41)</b>
<b><u>Cash Flow from Financing Activities</u></b>		
Interest paid	(611.76)	(312.02)
Loan Processing Charges paid	(18.33)	(21.50)
Proceed from long term borrowings	2,988.16	782.51
Proceed from / (repayment of) short term borrowings	(155.00)	155.00
<b>Net Cash generated from financing activities (C)</b>	<b>2,203.07</b>	<b>603.99</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(25.91)</b>	<b>150.80</b>
Cash and Cash Equivalents at the beginning of the year	166.64	514.31
Less: Transferred pursuant to scheme of demerger	-	498.47
	166.64	15.84
Cash and Cash Equivalents at the end of the year	140.73	166.64
<b>Net Increase/(Decrease) as disclosed above</b>	<b>(25.91)</b>	<b>150.80</b>



## Cash Flow Statement for the year ended 31 March 2014

(₹ in lacs)

	Year ended 31 March 2014	Year ended 31 March 2013
<b>Notes to Cash flow statement</b>		
1. Cash and cash equivalents at the year end comprise:		
Cash on hand	0.64	1.13
Fixed Deposit Accounts	29.83	26.71
Unclaimed Dividend Accounts	6.51	6.51
Share application money refund account	4.53	4.53
Balances with schedule banks in current accounts	99.22	127.76
	<b>140.73</b>	<b>166.64</b>
2. The cash flow statement has been prepared under indirect method as set out in Accounting Standard 3 on "Cash Flow Statement" as notified by the Central Government under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.		

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

**For Walker, Chandiok & Co LLP**  
(formerly known as **Walker, Chandiok & Co**)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : May 26, 2014

**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 : May 26, 2014

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 1. Basis of preparation of financial statements

The financial statements which have been prepared under 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

### 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 or as per the agreement entered into for the property.
- vi. Advertisement income is recognised as and when advertisements are displayed at the property.

#### 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.

- ii. Fixed assets 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.
- iii. 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 28 on "Impairment of Assets" as notified by the Central Government under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss or against revaluation surplus where applicable.

#### d. Investments

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

#### e. Borrowing costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are 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.

#### f. 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.





## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

- 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.

### **g. 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.

### **h. Taxes on income**

#### **Current tax**

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

#### **Minimum alternate tax**

Minimum alternate tax (MAT) paid in accordance with the tax laws gives rise to future economic benefits in the form of adjustments of future income

tax liability. The same is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT credit is recognised as an asset in the balance sheet when it is probable that the future economic benefits associated with it will flow to the Company and the asset can be measured reliably.

### **Deferred tax**

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

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **i. 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 FOR THE YEAR ENDED 31 MARCH 2014

(₹ in lacs)

	As at 31 March 2014	As at 31 March 2013
<b>4. SHARE CAPITAL</b>		
<b>Authorised:</b>		
80,000,000 (Previous year 80,000,000) Equity Shares of Rs. 5 each	4,000.00	4,000.00
250,000 (Previous Year 250,000) Preference Shares of Rs. 10 each	25.00	25.00
	<b>4,025.00</b>	<b>4,025.00</b>
<b>Issued, Subscribed and Fully paid up:</b>		
<b>Equity Shares</b>		
28,000,000 (Previous Year 28,000,000) Equity Shares of Rs. 5 each	1,400.00	1,400.00
<b>Total</b>	<b>1,400.00</b>	<b>1,400.00</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 2014</u>		
Balance at the beginning of the year	1,400.00	28,000,000
Add: Issued during the year	-	-
Less: Shares bought back during the year	-	-
<b>Total</b>	<b>1,400.00</b>	<b>28,000,000</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>
<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 2014:</u>		
Himanshu Kanakia	9,368,424	33.46
Rasesh Kanakia	9,368,524	33.46
ICICI Prudential Life Insurance Company Limited	1,860,422	6.64
<u>As at 31 March 2013:</u>		
Himanshu Kanakia	9,368,424	33.46
Rasesh Kanakia	9,368,424	33.46
ICICI Prudential Life Insurance Company Limited	1,860,422	6.64
<b>4 (c). DETAILS OF ALLOTMENT OF BONUS SHARES</b>	<b>Year</b>	<b>Aggregate Number of shares</b>
<b>Equity Shares:</b>		
Issue of fully paid up shares by way of bonus of Rs. 10 each	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 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.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in lacs)	
	As at 31 March 2014	As at 31 March 2013
<b>5. RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Opening Balance	17.02	17.02
Add: Additions during the year	-	-
Closing Balance	<u>17.02</u>	<u>17.02</u>
<b>Securities Premium Reserve</b>		
Opening Balance	3,564.46	9,516.46
Add: Securities Premium credited	-	16.18
Less: Premium debited pursuant to scheme of demerger	-	5,958.48
Less: Premium utilised	-	9.70
Closing Balance	<u>3,564.46</u>	<u>3,564.46</u>
<b>General Reserve</b>		
Opening Balance	55.10	55.10
Add: Additions made during the year	-	-
Closing Balance	<u>55.10</u>	<u>55.10</u>
<b>Surplus</b>		
Opening Balance	2,032.16	1,647.79
Add: Surplus as per Statement of Profit and Loss	310.58	384.37
Closing Balance	<u>2,342.74</u>	<u>2,032.16</u>
<b>Total</b>	<u>5,979.32</u>	<u>5,668.74</u>
<b>6. LONG TERM BORROWINGS</b>		
Term Loans from Banks (Refer Note 28)	5,965.00	1,813.00
Term Loans From Others	-	1,169.49
Vehicle Loans (Refer Note 28)	5.65	-
<b>Total</b>	<u>5,970.65</u>	<u>2,982.49</u>
Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans.		
<b>7. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Liability</b>		
- On timing difference between book depreciation and depreciation as per Income Tax Act, 1961.	(674.89)	(624.62)
<b>Total Deferred Tax Liability (A)</b>	<u>(674.89)</u>	<u>(624.62)</u>
<b>Assets</b>		
- Provision for doubtful debts	3.02	5.09
- Gratuity	2.60	0.80
- Compensated Absences	0.40	0.35
- Depreciation loss	240.89	338.36
- Demerger expenses	10.50	13.99
<b>Total Deferred Tax Assets (B)</b>	<u>257.41</u>	<u>358.59</u>
<b>Deferred tax liability (A-B)</b>	<u>(417.48)</u>	<u>(266.03)</u>
<b>Reconciliation of deferred tax asset/(liability)</b>		
Opening Balance	(266.03)	496.37
Deferred Tax Asset transferred pursuant to Scheme of Demerger	-	613.28
Closing balance of Deferred Tax Liability	(417.48)	(266.03)
Difference charged to Statement of Profit and Loss	151.45	149.12

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in lacs)	
	As at 31 March 2014	As at 31 March 2013
8. OTHER LONG TERM LIABILITIES		
Deposits received	536.15	524.56
Total	536.15	524.56
9. LONG TERM PROVISIONS		
Provision for Employee Benefits:		
- Gratuity (Refer Note 24 (i))	7.26	2.27
- Compensated Absences (Refer Note 24 (ii))	1.11	1.00
Total	8.37	3.27
10. SHORT TERM BORROWINGS		
Loans and advances from Related Parties (repayable on demand)		
-Unsecured loan	-	155.00
Total	-	155.00
Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans.		
11. OTHER CURRENT LIABILITIES		
Current Maturities of Long-term debt (Refer Note 28)		
- Term loan from Bank	93.00	361.13
- Vehicle Loan	1.27	-
Interest accrued and not due on borrowings	65.70	39.35
Advances from Customers	0.97	0.64
Unpaid Dividends	6.51	6.51
Application money received for allotment of securities and due for refund	4.53	4.53
Deposits Received	46.33	64.16
Other Payables		
- Statutory Dues	50.25	88.17
Total	268.56	564.49
12. SHORT TERM PROVISIONS		
Provision for Employee Benefits		
- Salary and Reimbursements	7.18	3.46
- Gratuity (Refer Note 24 (i))	1.15	0.34
- Compensated Absences (Refer Note 24 (ii))	0.19	0.16
Others		
- Expenses Payable	127.21	59.56
- Provision for Taxation (Net of Advance Tax)	2.50	2.50
Total	138.23	66.02



# SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

## 13. TANGIBLE ASSETS (Refer Note 28)

(₹ in lacs)

Particulars	GROSS BLOCK (AT COST)					ACCUMULATED DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1 April 2013	Transferred in Pursuant to Demerger	Additions during the year	Deletion/ Adjustment	As at 31 March 2014	As at 1 April 2013	Transferred in Pursuant to Demerger	During the year	Deletion/ Adjustment	As at March 2014	As at 31 March 2014	As at 31 March 2013
Freehold Land	1,971.68	-	-	-	1,971.68	-	-	-	-	-	1,971.68	1,971.68
Theatre Buildings	5,690.28	-	-	-	5,690.28	1,506.93	-	190.06	-	1,696.99	3,993.29	4,183.35
Other Buildings	2,396.60	-	-	-	2,396.60	16.23	-	80.05	-	96.28	2,300.32	2,380.37
Plant and Equipments	0.94	-	-	-	0.94	0.34	-	0.07	-	0.41	0.53	0.60
Furniture Fixtures and Office Equipments												
Theatre Furniture and Fixtures	1,189.20	-	0.64	-	1,189.84	565.17	-	113.09	-	678.26	511.58	624.03
Other Furniture, Fixtures and Office Equipments	160.77	-	-	-	160.77	76.44	-	15.26	-	91.70	69.07	84.33
Computers	0.95	-	1.55	-	2.50	0.63	-	0.34	-	0.97	1.53	0.32
Vehicles	1.40	-	21.04	-	22.44	0.66	-	1.13	-	1.79	20.65	0.74
Wind Energy Generator	1,536.70	-	-	-	1,536.70	380.98	-	81.14	-	462.12	1,074.58	1,155.72
Total	12,948.52	-	23.23	-	12,971.75	2,547.38	-	481.14	-	3,028.52	9,943.23	10,401.14
Previous Year	30,800.74	20,249.00	2,396.78	-	12,948.52	7,673.06	5,541.68	416.00	-	2,547.38	10,401.14	

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

OR THE YEAR ENDED 31 MARCH 2014

	As at 31 March 2014	(₹ in lacs) As at 31 March 2013
14. LONG TERM LOANS AND ADVANCES		
Security Deposits		
Unsecured, considered good	0.35	12.35
Prepaid expenses	58.26	-
Advance Tax (Net of Provisions)	546.00	484.98
MAT Credit Entitlement	444.10	350.70
Total	1,048.71	848.03
15. TRADE RECEIVABLES		
Trade Receivables outstanding for a period less than six months from the date they are due for payment :		
Unsecured, considered good*	300.99	154.71
	300.99	154.71
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment :		
Unsecured, considered good*	30.20	24.12
Unsecured, considered doubtful	9.76	16.50
	39.96	40.62
Less: Provision for doubtful debts	9.76	16.50
	30.20	24.12
Total	331.19	178.83
*Includes dues from Company under the same management		
Centaur Mercantile Private Limited	74.18	-
16. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
- Cash on hand	0.64	1.13
Balances with Banks		
- in Current Accounts	99.22	127.76
	99.86	128.89
Other Bank Balances		
- in Unclaimed Dividend Accounts	6.51	6.51
- in Share Application Money Refund Account	4.53	4.53
- in Fixed Deposit Accounts with maturity less than 12 months	29.83	26.71
	40.87	37.75
Total	140.73	166.64
17. SHORT TERM LOANS AND ADVANCES		
Loans and Advances		
- Unsecured, considered good	3,265.89	-
- Advances recoverable in cash or in kind, or for the value to be received	60.81	97.35
Total	3,326.70	97.35

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in lacs)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>18. REVENUE FROM OPERATIONS</b>		
<b><u>Rental Income</u></b>		
- Mall Rentals	1,316.92	1,237.15
- Rental Income ATS/BTS	71.19	86.22
- Common Area Maintenance	146.04	230.28
	<b>1,534.15</b>	<b>1,533.65</b>
Advertisement Income	29.02	42.27
Income from Car Parking	121.08	115.86
<b><u>Sale of Products</u></b>		
- Sale of Power	156.54	174.10
- Other Operating Revenues	120.18	10.06
<b>Total</b>	<b>1,960.97</b>	<b>1,895.94</b>
<b>19. OTHER INCOME</b>		
Interest Income	247.43	0.34
Sundry balances written back	55.39	1.66
Miscellaneous Income	7.19	1.62
<b>Total</b>	<b>310.01</b>	<b>3.62</b>
<b>20. OPERATING EXPENSES</b>		
Power and Fuel	76.29	65.81
Other Operating Expenses	2.44	6.34
<b>Total</b>	<b>78.73</b>	<b>72.15</b>
<b>21. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus (including Directors' Remuneration)	81.76	28.63
Contribution to Provident and Other Funds (Refer note 24)	8.03	4.99
Staff Welfare	1.20	0.74
<b>Total</b>	<b>90.99</b>	<b>34.36</b>
<b>22. FINANCE COSTS</b>		
<b>Interest</b>		
- on term loans	611.42	308.53
- on vehicle loan	0.34	-
- on others	-	3.49
Finance charges	49.33	26.15
<b>Total</b>	<b>661.09</b>	<b>338.17</b>

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in lacs)	
	Year ended 31 March 2014	Year ended 31 March 2013
<b>23. OTHER EXPENSES</b>		
Travelling and Conveyance	4.02	0.76
Communication Expenses	7.99	4.30
Insurance	1.72	4.08
Rates and Taxes		
- Property Tax	220.13	216.86
- Others	18.11	6.29
	<b>238.24</b>	<b>223.15</b>
Legal and Professional Fees	28.50	20.83
Director's Sitting Fees	2.00	2.72
<u>Repairs and Maintenance</u>		
- Building	12.90	23.13
- Common Area Maintenance	53.53	14.77
- Cleaning Charges	16.96	14.16
- Plant and Equipments	2.01	19.70
- Others	60.38	28.38
	<b>145.78</b>	<b>100.14</b>
Advertising and Publicity	3.58	6.26
Marketing and Sales Promotion	4.58	0.06
Auditors' Remuneration (Refer Note 29)	3.61	2.66
Security Charges	36.82	33.63
Printing and Stationery	8.95	2.51
Bad debts	0.68	-
Provision for Doubtful debts	-	16.50
Bank Charges	0.77	0.63
Sundry Debit Balances written off	-	24.14
Miscellaneous Expenses	9.76	6.39
<b>Total</b>	<b>497.00</b>	<b>448.76</b>



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 24. Disclosures pursuant to Accounting Standard 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 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 2014</b>	<b>31 March 2013</b>
Discount Rate	9.29%	8.00%
Salary Escalation	6.00%	6.00%
Attrition rate	12.00%	12.00%
<b>II. Table Showing Change in Benefit Obligation:</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
Liability at the beginning of the year	2.61	121.19
Interest Cost	0.21	0.12
Current Service Cost	0.60	0.31
Liability Transfer out	-	(119.17)
Actuarial losses on obligations	4.99	0.16
Liability at the end of the year	<b>8.41</b>	<b>2.61</b>
<b>III. Amount Recognised in the Balance Sheet:</b>		
Liability at the end of the year	(8.41)	(2.61)
Funded Status	(8.41)	(2.61)
Amount Recognised in the Balance Sheet	<b>(8.41)</b>	<b>(2.61)</b>
<b>IV. Expenses Recognised in the Statement of Profit and Loss:</b>		
Current Service Cost	0.60	0.31
Interest Cost	0.21	0.12
Actuarial (gain) / loss	4.99	0.16
Expenses Recognised in Statement of Profit and Loss	<b>5.80</b>	<b>0.59</b>
<b>V. Balance Sheet Reconciliation:</b>		
Opening Net Liability	2.61	121.19
Expenses as above	5.80	0.59
(Net transfer out)	-	(119.17)
Amount recognised in Balance Sheet	<b>8.41</b>	<b>2.61</b>
<b>VI. Experience adjustment:</b>		
On plan liability (gain) / loss	5.51	0.12

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

- 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 15 “Employee benefits”:

	<b>(₹ in lacs)</b>	
<b>Particulars</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Liability at the end of the year	1.29	1.16
Amount recognised in the Balance Sheet		
- Non Current	1.11	1.00
- Current	0.19	0.16

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 25. Segment reporting:

#### Primary segment information

The Company is organised into two-business segments viz. Retail space division comprising of construction of malls for sale and or lease to third parties and Windmill division comprising of wind energy generator.

(₹ in lacs)			
Particulars	Retail Space	Windmill	Total
External Sales (Gross)	1,811.62	156.54	1,968.16
	(1,725.46)	(174.10)	(1,899.56)
Inter- segment Sales	-	-	-
<b>Total Revenue</b>	1,811.62	156.54	1,968.16
	(1,725.46)	(174.10)	(1,899.56)
Segment Results	747.23	33.28	780.51
	(855.05)	(52.77)	(907.82)
Unallocated Corporate Income / (Expenses)			297.21
			(-5.04)
Interest Expense			615.69
			(312.66)
Extraordinary Items			-
			(56.63)
<b>Profit before Tax</b>			462.03
			(533.49)
Provision/Deferred Taxation			151.45
			(149.12)
<b>Profit after tax</b>			310.58
			(384.37)
<b>Other information</b>			
Segment Assets	9,185.36	1,154.41	10,339.77
	(9,455.24)	(1,203.42)	(10,658.66)
Unallocable Corporate Assets			4,450.79
			(1,033.33)
<b>Total Assets</b>			14,790.56
			(11,691.99)
Segment Liabilities	832.91	13.56	846.47
	(799.76)	(43.67)	(843.43)
Unallocable Corporate Liabilities			594.12
			(797.33)
<b>Total Liabilities</b>			1,440.59
			(1,640.76)
Capital Employed			13,349.97
			(10,051.23)

(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.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 26. Disclosure of related party transactions under Accounting Standard 18 “Related Party Disclosures”

In accordance with the disclosure requirements of Accounting Standard 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 Kanakia 2. Mr. Himanshu Kanakia 3. Mr. Sanjay Sanghvi
Relatives of Directors and Key Management Personnel	1. Mrs. Rupal Kanakia 2. Mrs. Hiral Kanakia 3. Mrs. Manisha Vora
Entities under common control or significant influence can be exercised	1. Kanakia Spaces Private Limited 2. Centaur Mercantile Private Limited 3. Cinemax India Limited (Upto 7 January 2013)

#### ii. Transactions with related parties:

Nature of Transaction	Entities under common control or significant influence	Key management personnel	Relatives of key management personnel
(₹ in lacs)			
<b>Advances given / payment made</b>			
Kanakia Spaces Private Limited	7,126.54 (50.00)		
Cinemax India Limited	- (792.50)		
<b>Advances received/ payment received</b>			
Kanakia Spaces Private Limited	6,971.54 (205.00)		
Cinemax India Limited	- (712.11)		
<b>Expenses incurred by us on behalf of</b>			
Cinemax India Limited	- (61.63)		
<b>Expenses incurred on our behalf by</b>			
Kanakia Spaces Private Limited	0.15 (-)		
Centaur Mercantile Private Limited	16.98 (-)		
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 us on behalf of</b>			
Cinemax India Limited	- (8.22)		

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

FOR THE YEAR ENDED 31 MARCH 2014			
Nature of Transaction	Entities under common control or significant influence	Key management personnel	(₹ in lacs)
			Relatives of key management personnel
<b>Income received on our behalf by</b>			
Cinemax India Limited	- (208.77)		
<b>Rent Income</b>			
Cinemax India Limited	- (734.20)		
Centaur Mercantile Private Limited	124.45 (19.26)		
<b>Other operating revenue</b>			
Centaur Mercantile Private Limited	106.50 (-)		
<b>Rent received</b>			
Cinemax India Limited	- (810.36)		
Centaur Mercantile Private Limited	134.62 (-)		
<b>Interest Charged</b>			
Kanakia Spaces Private Limited	- (3.49)		
<b>Interest Income</b>			
Kanakia Spaces Private Limited	29.69 (-)		
<b>Fixed Assets purchase</b>			
Centaur Mercantile Private Limited	- (2,303.80)		
<b>Remuneration</b>			
Rasesh Kanakia		6.25 (-)	
Himanshu Kanakia		6.25 (-)	
Others			6.73 (1.79)
<b>Balances outstanding</b>			
<b>Debit balances:</b>			
Centaur Mercantile Private Limited	74.18 (-)		
<b>Credit balances:</b>			
Kanakia Spaces Private Limited	- (158.49)		

(Figures in brackets indicate previous year figures)



## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 27. Earnings per share (EPS)

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Profit available for equity shareholders (Rs. in lacs)	310.58	384.37
Weighted average number of shares	280.00	280.00
Earnings per share (Rs.)		
- Basic	1.11	1.37
- Diluted	1.11	1.37
Face value per share (Rs.)	5	5

### 28. Bank Borrowings:

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

- Personal guarantee of Mr. Rasesh Kanakia and Mr. Himanshu Kanakia.
- Charge on the moveable fixed assets and current assets of the Company.

#### Primary charge

- Hypothecation of receivables (pertaining to Nagpur mall, multiplexes leased to Cinemax India Limited, advertisement revenue, car parking revenue and revenue from sale of power).
- Escrow agreement to be executed by the Company with the bank and to be acknowledged by the tenants to route the cash flows through the designated account.

#### Collateral charge

- Exclusive charge by way of mortgage of the following two properties:
  - 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
  - Commercial building "Cinemax" Multiplex, Eternity Mall, Teen Haat Naka, L.B.S. Marg, Thane (West) 400602.

B. The car loan from Axis bank is secured against Maruti Suzuki SX4 for which the loan was taken.

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
On term loan	93.00	417.00	5,548.00
On Vehicle loan	1.27	2.97	2.68
<b>Total Loan</b>	<b>94.27</b>	<b>419.97</b>	<b>5,550.68</b>

D. Rate of Interest

Nature of loan	Rate of interest
On term loan	Axis bank base rate + 2.50%
On vehicle loan	10.40%

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

### 29. Auditors' Remuneration (exclusive of Service Tax):

(₹ in lacs)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Audit fees	3.50	2.50
Out of pocket expenses	0.11	0.16
<b>Total</b>	<b>3.61</b>	<b>2.66</b>

30. 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.
31. 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.
32. 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.
33. Balances of certain trade receivables, advances and trade payables are subject to confirmation/reconciliation and subsequent adjustment, if any. In the opinion of the management such adjustment are not likely to be material.

### 34. Previous year comparatives

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

**For Walker, Chandiok & Co LLP**  
(formerly known as **Walker, Chandiok & Co**)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : May 26, 2014

**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 : May 26, 2014

# CINELINE

**CINELINE INDIA LIMITED**  
**(FORMERLY KNOWN AS CINEMAX PROPERTIES LIMITED)**

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CIN : L92142MH2002PLC135964

Prism Strategic Communications ([www.prismnet.in](http://www.prismnet.in))

