CINEMAX INDIA LTD.

Regd. Office: 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.
Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 664 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement
between
Cinemax India Limited ("CIL" or "the Demerged Company")
and
Cinemax Exhibition India Limited ("CEIL" or "the Resulting Company")
and
their Respective Shareholders and Creditors

CINEMAX INDIA LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400059.))))) ……..Applicant Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF CINEMAX INDIA LIMITED, THE APPLICANT COMPANY

To,

The Equity Shareholders of Cinemax India Limited ("the Applicant Company"),

TAKE NOTICE that by an Order made on 18th day of November, 2011, in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Cinemax India Limited, the Applicant Company, be convened and held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 10.30 a.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement between Cinemax India Limited and Cinemax Exhibition India Limited and their Respective Shareholders and Creditors (**'the Scheme'** or **'this Scheme'**).

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of Cinemax India Limited, the Applicant Company will be convened and held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 10.30 a.m. at which place, day, date and time you are requested to attend.

"RESOLVED THAT pursuant to sections 391 to 394 read with sections 78, 100 to 103 of the Companies Act, 1956, Rules 67 to 87 of the Companies (Court) Rules, 1959 and other applicable provision, if any, of the Act and the Rules and subject to sanction by the Hon'ble High Court of Judicature at Bombay and other requisite consents and approvals, if any, being obtained, and subject to such terms and conditions and modifications as may be imposed, prescribed or suggested by the said Hon'ble High Court or other appropriate authorities or by the Board of Directors of respective companies, the Composite Scheme of Arrangement between Cinemax India Limited and Cinemax Exhibition India Limited and their Respective Shareholders and Creditors in terms of the Scheme laid before the meeting be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to sign, seal and deliver all documents, agreements and deeds and perform all acts, matters and things and to take all such steps as may be necessary or desirable to give effect to this resolution."

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy

in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059 not later than 48 hours before the said meeting.

The Hon'ble High Court has appointed Mr. Rasesh Kanakia, Chairman of the Applicant Company or failing him Mr. Jitendra Mehta, or failing him Mr. Sunil Punjabi, to be the Chairperson of the said meeting.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, The Composite Scheme of Arrangement, Form of Proxy and Attendance Slip are enclosed.

Sd/-
Rasesh B. Kanakia

Chairperson appointed for the meeting

Dated this 29th day of November, 2011

Registered office:
215 Atrium, 10th Floor,
Opposite Divine School, J.B. Nagar,
Andheri Kurla Road, Andheri (East), Mumbai 400 059.

Notes:

1. All alterations made in the Form of Proxy should be initialed.

2. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders meeting. The representative of a body corporate which is an equity shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the Equity Shareholders meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.

Encl.: As above

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 664 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement between
Cinemax India Limited ("CIL" or "the Demerged Company")
and
Cinemax Exhibition India Limited ("CEIL" or "the Resulting Company")
and
their Respective Shareholders and Creditors

CINEMAX INDIA LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.

..... Applicant Company.

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 FOR THE COURT CONVENED MEETING OF EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

1. Pursuant to an Order dated 18th day of November, 2011 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Equity Shareholders of Cinemax India Limited, the Applicant Company is being convened and held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 10.30 a.m. for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement between Cinemax India Limited and Cinemax Exhibition India Limited and their Respective Shareholders and Creditors ('the Scheme' or 'this Scheme').

2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, inter alia, providing for the demerger of Theatre Exhibition Business of Cinemax India Limited into Cinemax Exhibition India Limited which has been approved by Board of Directors of the Applicant Company at its meeting held on 30th day of September, 2011, is attached to this explanatory statement and forms part of this statement

3. In this statement, **CINEMAX INDIA LIMITED** is hereinafter referred to as 'CIL' or 'the Demerged Company' or 'the Applicant Company'. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.

4. The background of Cinemax India Limited is as under:

   a. The Applicant Company was incorporated on the 22nd day of May, 2002 under the provisions of the Companies Act, 1956 under the name and style of "Cineline Entertainment (INDIA) Private Limited". It name was subsequently changed to Cinemax Cinemas (INDIA) Private Limited with effect from 23rd December 2005. The name of the Company was further changed to "Cinemax Cinemas (INDIA) Limited" with effect from the 27th of July, 2006. The name of the Company was further changed to its present name "Cinemax India Limited" with effect from the 27th July 2006.
   b. The Registered Office of the Applicant Company is situated at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.

c. The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on 30th September, 2011 is as under:

Share Capital	Rupees in Lacs
Authorized Share Capital	
4,00,00,000 Equity shares of Rs. 10 each	4,000.00
2,50,000 Preference shares of Rs. 10 each	25.00
Total	**4,025.00**
Issued, subscribed and paid-up Share Capital	
2,80,00,000 Equity shares of Rs. 10 each, fully paid up	2,800.00
Total	**2,800.00**

Subsequent to the above date, there has been no change in the capital structure of the Applicant Company.

5. The Applicant Company is involved in the business of operating motion-picture theatres. Also along with its subsidiaries, the Applicant Company operates in different areas which inter-alia includes the Theatre Exhibition Business, which includes gaming business, bowling gallery, food courts, distribution of films and other entertainment facilities; retail space division and Windmill division, which consists of wind energy generator.

6. The background of Cinemax Exhibition India Limited is as under:

a. Cinemax Exhibition India Limited (CEIL) was incorporated on 30th day of September, 2011 under the provisions of Indian Companies Act, 1956, under the name and style "Cinemax Exhibition India Limited"

b. The Registered Office of CEIL is situated at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.

c. The authorised, issued, subscribed and paid-up share capital of CEIL as on 30th September, 2011 is as under:

Share Capital	Rs. In lacs
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 5 each	2,000.00
Total	**2,000.00**
Issued, Subscribed and Paid-up Share Capital	
1,00,000 Equity Shares of Rs. 5 each, fully paid up	5.00
Total	**5.00**

d. CIL alongwith with its nominee shareholders presently hold the entire share capital of CEIL.

7. Rationale for the Composite scheme of Arrangement:- The management of CIL is of the view that segregation of the Theatre Exhibition Business, inter-alia, would lead to following benefits:

(a) Efficient and focused management on each business segment;

(b) Unlocking value for the shareholders of CIL; and

(c) Financial & Administrative efficiencies

8. The proposed arrangement was placed before the Board of Directors of the Applicant Company and CEIL on September 30, 2011, and the Composite Scheme of Arrangement was approved by the Board of Directors of both the Companies.

9. Pursuant to the Scheme, there would be no change in the promoter and public shareholding of the Applicant Company. The promoters and the public would continue to hold the same percentage of shares in the Applicant Company, pre and post the demerger of Theatre Exhibition Business of Cinemax India Limited into Cinemax Exhibition India Limited. All cost, charges and expenses relating to the Scheme shall be borne by the respective companies or as may be decided by the Board of Directors or any Committee thereof of the respective companies.

10. The salient features of the Scheme are as follows:

(a) The Scheme envisages the demerger of Theatre Exhibition Business of **CIL** into **CEIL** pursuant to Sections 391 to 394 read with Sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956 on a going concern basis in the manner provided for in the Scheme.

(b) Appointed Date means the 1st day of April 2012 or such other date as may be fixed or approved by the High Court.

(c) Pursuant to the demerger, in consideration for the demerger of Theatre Exhibition Business of **CIL** into **CEIL;** CEIL shall issue and allot on a proportionate basis, to the existing equity shareholders of CIL, equity shares of CEIL in the following ratio:

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

(d) All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of CIL, and CEIL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the respective companies or as may be decided by the Board of Directors or any Committee thereof of the respective companies.

(e) The Scheme is and shall be conditional upon and subject to:

- The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and / or creditors of CIL and the members and / or creditors of CEIL as may be directed by the High Court or any other competent authority, as may be applicable;

- The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 read with Sections 78, 100 to 103 of the Act;

- Certified or authenticated copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by CIL and CEIL; and

- Sanctions and approvals including but not limited to in principle approvals, sanctions of any person or any governmental authority or any stock exchanges as may be required by law or under contract in respect of this Scheme being obtained.

The features set out above being only the salient features of the Composite Scheme of Arrangement; the Equity Shareholders are requested to read the entire text of the Composite Scheme of Arrangement annexed hereto to get fully acquainted with the provisions thereof.

11. All shareholders in the Applicant Company on the record date would become shareholders in the Resulting Company and would be issued shares of the Resulting Company in the ratio 1:1. As per the Scheme, the relevant assets and liabilities will be transferred to the Resulting Company at Book Value. Given the fact that all existing shareholders of the Applicant Company will have proportionate participation in the Resulting Company in addition to their existing holding in the Applicant Company, the ratio has been fixed at 1:1.

After such issuance, each shareholder would, for every share held in the Applicant Company:

a. Continue to hold one equity share of the Applicant Company of face value of Rs. 5 each fully paid up (Post capital reduction) and

b. Be allotted one equity share of the Resulting Company of face value of Rs. 5 each fully paid up.

12. Pursuant to the Scheme, there would be no change in the shareholding pattern of CIL. The pre and post Scheme (expected) shareholding pattern of the Applicant Company i.e. CIL based on shareholding pattern as on September 30th, 2011 is as under:

SN	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	**Promoters**				
1	Indian Promoters				
	Promoters/Directors and their relatives	19219536	68.6412	19219536	68.6412
	Bodies Corporate	240	0.0010	240	0.0010
2	Foreign Promoters	-	-	-	-
	Sub-Total (A)	**19219816**	**68.6422**	**19219816**	**68.6422**
B	**Banks / Mutual Funds / Financial Institutions / Govt Holdings**				
1	Banks and Mutual Funds	-	-	-	-
2	Financial Institutions	4614	0.0165	4614	0.0165
3	Central/State Government	-	-	-	-
	Sub-Total (B)	**4614**	**0.0165**	**4614**	**0.0165**
C	**Foreign and Non-Resident Holding**				
1	FIIs	429125	1.5326	429125	1.5326
2	Foreign Bank	-	-	-	-
3	Other Non-Resident Holdings	-	-	-	-
	Sub-Total C	**429125**	**1.5326**	**429125**	**1.5326**
D	**Others**				
1	Private Corporate Bodies	2691918	9.6140	2691918	9.6140
2	Indian Public	5654527	20.1948	5654527	20.1948
	Sub-Total (D)	**8346445**	**29.8087**	**8346445**	**29.8087**
	Grand Total (A+B+C+D)	**28000000**	**100**	**28000000**	**100**

13. The pre and post Scheme shareholding pattern of CEIL based on shareholding pattern as on September 30th, 2011 is as under:

	SN Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	**Promoters**				
1	Indian Promoters				
	Promoters/Directors and their relatives	60	0.06	19219536	68.6412
	Bodies Corporate	99940	99.94	240	0.0010
2	Foreign Promoters	-	-	-	-
	Sub-Total (A)	**100000**	**100**	**19219816**	**68.642**
B	**Banks /Mutual Funds / Financial Institutions / Govt Holdings**				
1	Banks and Mutual Funds	-	-	-	-
2	Financial Institutions	-	-	4614	0.016
3	Central/State Government	-	-	-	-
	Sub-Total (B)	-	-	4614	0.016

	SN Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
c	**Foreign and Non-Resident Holding**				
1	FIIs	-	-	429125	1.532
2	Foreign Bank	-	-	-	-
3	Other Non-Resident Holdings	-	-	-	-
	Sub-Total C	-	-	429125	1.532
D	**Others**				
1	Private Corporate Bodies	-	-	2691918	9.614
2	Indian Public	-	-	5654527	20.194
	Sub-Total (D)	-	-	8346445	29.808
	Grand Total (A+B+C+D)	**100000**	**100**	**28000000**	**100**

14. The Directors of the Applicant Company and CEIL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective companies, or to the extent the said directors are common directors in the companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the Directors of the Companies have any material interest in the proposed Scheme.

15. (a) The extent of the shareholding of the Directors of CIL in CIL and CEIL either singly or jointly or as nominee as on 30th September, 2011 is as under:

Sr No	Name of the Director	Designation	Equity shares in CIL	Equity shares in CEIL
1	Rasesh Kanakia	Chairman	91,93,424	10 (as a nominee of CIL)
2	Himanshu Kanakia	Managing Director	93,68,424	10 (as a nominee of CIL)
3	Girish Dave	Director	Nil	Nil
4	Kranti Sinha	Director	Nil	Nil
5	Utpal Sheth	Additional Director	Nil	Nil
6	Sanjay Sanghavi	Additional Director	1,862	Nil

The extent of the shareholding of the Directors of CEIL in CEIL and CIL either singly or jointly or as nominee as on 30th September, 2011 is as under:

Sr No	Name of the Director	Designation	Equity shares in CIL	Equity shares in CEIL
1	Rasesh Kanakia	Director	91,93,424	10 (as a nominee of CIL)
2	Himanshu Kanakia	Director	93,68,424	10 (as a nominee of CIL)
3	Sanjay Sanghavi	Director	1,862	Nil

16. The Applicant Company has obtained the approval to the Scheme in the terms of Clause 24(f) of the Listing Agreement from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide its letters dated October 21, 2011.

17. The financial position of the Applicant Company will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme as the Applicant Company, post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

18. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of the Applicant Company.

19. In the event of any of the said sanctions and approvals referred to in the Scheme not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority and / or the order or orders not being passed as aforesaid before December 31, 2012 or such other date as may be agreed by the respective Board of Directors of CIL and CEIL may determine, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

20. Inspection of the following documents may be had by the Equity Shareholders of the Applicant Company at the Registered Office of CIL up to one day prior to the date of the meeting between 11:00 am and 1:00 pm on all working days (except Saturdays, Sundays and Public holidays):

(a) Copy of the Order dated 18th day of November, 2011 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons for Direction No. 664 of 2011 directing the convening of the meeting of the Equity Shareholders of the Applicant Company.

(b) Composite Scheme of Arrangement.

(c) Memorandum and Articles of Association of the Applicant Company and CEIL.

(d) The Audited Financial Statements of the Applicant Company for last three financial years ended March 31, 2011, March 31 2010 and March 31, 2009.

(e) The Unaudited Financial Statements of the Applicant Company as on September 30, 2011 and Unaudited Financial Statements of CEIL as on September 30, 2011.

(f) Copy of No Objection Certificate to the Scheme received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide its letter dated October 21, 2011.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/or at the office of the Advocates M/S HEMANT SETHI & CO, 302, Satnam Building, 3A, Sion West, Mumbai 400 022.

For Cinemax India Limited

Sd/-

Rasesh B. Kanakia
Chairperson appointed for the meeting

Dated this 29TH day of November, 2011

Registered office:
215 Atrium, 10th Floor,
Opposite Divine School, J.B. Nagar,
Andheri Kurla Road, Andheri (East),
Mumbai 400 059.

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

CINEMAX INDIA LIMITED AND CINEMAX EXHIBITION INDIA LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(A) PREAMBLE

This Scheme of Arrangement ('Scheme') is presented under Sections 391 to 394 read with Sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956 for the demerger of the Theatre Exhibition Business (as defined hereinafter) from Cinemax India Limited ('CIL') to Cinemax Exhibition India Limited ('CEIL'), on a going concern basis, pursuant to the relevant provisions of the Companies Act, 1956. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

Cinemax India Limited operates in the Motion picture theaters. CIL is an entertainment company. CIL along with its subsidiaries operates in different areas which inter-alia includes the Theatre Exhibition Business, which includes gaming business, bowling gallery, food courts, distribution of films and other entertainment facilities; retail space division and Windmill division, which consists of wind energy generator.

The management of CIL is of the view that segregation of the Theatre Exhibition Business, interalia, would lead to following benefits:

(a) Efficient and focused management on Theatre Exhibition business segment;

(b) Unlocking value for the shareholders of CIL; and

(c) Financial & Administrative efficiencies

(C) PARTS OF THE SCHEME:

This Scheme of Arrangement is divided into the following parts:

(i) PART I deals with the definitions and share capital;

(ii) PART II deals with demerger of Theatre Exhibition Business of CIL into CEIL ;

(iii) PART III deals with general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1) DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1. **"Act" or "The Act"** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;

1.2. **"Appointed Date"** would mean 1st day of April 2012 or such other date as may be fixed or approved by the High Court;

1.3. **"Capital Reduction Record Date"** " means in respect of capital reduction in CEIL and CIL the date to be fixed by the Board of Directors of CEIL and CIL respectively and which is subsequent to the Demerger Record Date as defined in clause 1.7.

1.4. **"CEIL" or "the Resulting Company"** means Cinemax Exhibition India Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059;

1.5. **"CIL" or "the Demerged Company"** means Cinemax India Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059;

1.6. **"Court" or "High Court"** means the High Court of Judicature at Bombay or such other High Court having jurisdiction in the matter and shall include the National Company Law Tribunal, if and when applicable;

1.7. **"Demerger Record Date"** means, in respect of demerger of the Theatre Exhibition Business of CIL into CEIL, the date to be fixed by the Board of Directors of CIL and CEIL for the purposes of issue and allotment of equity shares by CEIL to the equity shareholders of CIL in accordance with clause 5 and which is prior to the Capital Reduction Record Date as defined in Clause 1.3 ;

1.8. **"Effective Date"** means the last of the dates on which the certified copy or authenticated copy of the Order of the High Court duly authenticated by the Company Registrar sanctioning the Scheme is filed by CEIL and CIL with the Registrar of Companies, Mumbai, Maharashtra;

1.9. **"Theatre Exhibition Business"** means the theatre exhibition business of CIL, which more specifically consists of all the facilities pertaining to the exhibition business on a going concern basis and shall without limitation include the following:

(i) All movable assets wherever situated, whether, tangible or intangible, including plant and machinery, furniture, office equipments, investments, inventories, receivables, cash and bank balance, loans and advances, appliances, accessories and all leasehold immovable properties together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto.

(ii) Without prejudice to the provisions of sub-clause (i) above, the Theatre Exhibition Business shall include all the debts, liabilities, duties and obligations and also include, without limitation, all properties and assets in connection with or pertaining or relatable to the Theatre Exhibition Business such as industrial, entertainment or any other licenses, copyrights, permits, quotas, approvals, registrations, lease or tenancy rights in relation to office and / or residential properties and / or theatre buildings, permissions, plant and machinery, office equipments, vehicles, incentives, if any, bank accounts, privileges and all other rights, title, interests, copyrights, patents, trademarks, brands in particular "Cinemax", "Giggles" and "Versus", trade names and other industrial or intellectual property rights of any nature whatsoever, tax benefits or any other exemptions pertaining to the Theatre Exhibition Business, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Theatre Exhibition Business and all loans, advances or deposits and/or moneys paid by CIL in connection with or pertaining or relatable to the Theatre Exhibition Business and all statutory licences, permissions, approvals or consents to carry on the operations of the Theatre Exhibition Business.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Theatre Exhibition Business include:

(a) The liabilities, which arise out of the activities or operations of the Theatre Exhibition Business.

(b) Specific loans and / or borrowings raised, incurred and / or utilized solely for the activities or operation of the Theatre Exhibition Business.

(c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Theatre Exhibition Business, being the amounts of any general or multipurpose borrowings of CIL shall be allocated to the Theatre Exhibition Business in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of CIL immediately before giving effect to the demerger of Theatre Exhibition Business under this Composite Scheme.

(iii) All permanent employees employed in and / or related to the Theatre Exhibition Business as on the Effective Date; and

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Theatre Exhibition Business or whether it arises out of the activities or operations of the Theatre Exhibition Business or not, shall be decided by the Board of Directors of CIL or any committee thereof.

1.10. "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Judicature of Bombay or this Scheme with such modification(s), if any made, as per Clause 16 of the Scheme;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2) DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court of Judicature of Bombay, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3) SHARE CAPITAL

3.1. The authorized, issued, subscribed and paid-up share capital of CIL as on date is as under:

Share Capital	**Rupees in lacs**
Authorized Share Capital	
4,00,00,000 Equity shares of Rs. 10 each	4,000.00
2,50,000 Preference shares of Rs. 10 each	25.00
TOTAL	**4,025.00**
Issued, subscribed and paid-up Share Capital	
2,80,00,000 Equity shares of Rs. 10 each, fully paid up	2,800.00
TOTAL	**2,800.00**

3.2. The authorized, issued, subscribed and paid-up share capital of CEIL as on date is as under:

Share Capital	**Rupees in lacs**
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 5 each	2,000.00
Total	**2,000.00**
Issued, Subscribed and Paid-up Share Capital	
1,00,000 Equity Shares of Rs. 5 each, fully paid up	5.00
Total	**5.00**

Subsequent to above date, there has been no change in the capital structure of CEIL.

PART II

DEMERGER OF THEATRE EXHIBITION BUSINESS OF CIL TO CEIL

4) VESTING OF THEATRE EXHIBITION BUSINESS

The Theatre Exhibition Business of CIL, as defined in Clause 1.9, shall stand demerged to and vested in or deemed to be demerged to and vested in CEIL, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and in the following manner:

4.1. With effect from the Appointed Date, the whole of the undertaking and assets and properties of the Theatre Exhibition Business, shall, under the provisions of Sections 391 - 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in CEIL, so as to vest in CEIL all the rights, title and interest pertaining to the Theatre Exhibition Business.

4.2. With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of CIL relatable to the Theatre Exhibition Business shall, without any further act or deed be and stand transferred to CEIL so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of CEIL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. After the Effective Date, CEIL undertakes to meet, discharge and satisfy the said liabilities to the exclusion of CIL and to keep CIL indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.

4.3. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by CIL required to carry on operations in the Theatre Exhibition Business shall stand vested in or transferred to CEIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of CEIL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration, insurance policies or other licenses, and consents shall vest in and become available to CEIL pursuant to the Scheme. In so far as the various incentives, subsidies, tax benefits or any other exemptions pertaining to the Theatre Exhibition Business, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by CIL relating to the Theatre Exhibition Business, are concerned, the same shall vest with and be available to CEIL on the same terms and conditions.

4.4. The transfer and vesting of Theatre Exhibition Business as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to Theatre Exhibition Business to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Theatre Exhibition Business.

4.5. Any question that may arise as to whether or not a specified asset or liability pertains to the Theatre Exhibition Business of CIL or whether or not it arises out of the activities or operations of Theatre Exhibition Business of CIL shall be decided by mutual agreement between the Board of Directors of CIL and CEIL or any committee thereof.

4.6. Post Demerger becoming effective, from the Appointed Date, CIL will make it's owned theatre premises at 9 locations in Maharashtra (as detailed in Annexure 1) for use to CEIL on arms length terms to be agreed between CIL and CEIL.

5) ISSUE OF SHARES BY CEIL

5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Theatre Exhibition Business of CIL into CEIL, CEIL shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the members of CIL whose name appears in the Register of Members of CIL as on the Demerger Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

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

5.2 The equity shares to be issued to the members of CIL as above shall be subject to the Memorandum and Articles of Association of CEIL and shall rank pari passu with the existing equity shares of CEIL in all respects including dividends.

5.3 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of CIL in dematerialized form, in to the account in which CIL shares are held or such other account as is intimated by the shareholders to CIL and / or its Registrar before the Demerger Record Date. All those shareholders who hold shares of CIL in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to CIL and / or its Registrar before the Demerger Record Date. Otherwise, they would be issued equity shares in physical form. The equity shares of CEIL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s).There shall be no change in the shareholding pattern or control in CEIL between the record date and the listing.

5.4 The Board of Directors of CEIL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity shares to the members of CIL pursuant to clause 5.1 of the Scheme.

5.5 The equity shares to be issued to the members of CIL pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading on all the Stock Exchanges on which shares of CIL are listed on the Effective Date. CEIL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges

5.6 CEIL shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this Scheme.

5.7 Approval of this Scheme by the shareholders of CEIL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by CEIL to the shareholders of CIL, as provided in this Scheme.

5.8 The approval of this Scheme by the shareholders of both the companies under Sections 391 to 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

6) REDUCTION OF THE EXISTING EQUITY SHARE CAPITAL OF CEIL

6.1 Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 5 above, the existing equity shares of CEIL held by the existing shareholders of CEIL, as specified in clause 6.2 below, as on the Demerger Record Date shall, without any application or deed, stand cancelled without any payment.

6.2 The cancellation of the existing 100,000 equity shares of Rs. 5 each amounting to Rs. 5,00,000 of CEIL as mentioned in Clause 6.1 above shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. CEIL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

7) REORGANISATION OF SHARE CAPITAL OF CIL

7.1. Upon the Scheme coming into effect and subsequent to the Demerger Record Date, the face value and the paid up value of Rs. 10 each of 2,80,00,000 equity shares of CIL as mentioned in clause 3.1 above shall, stand reduced to Rs. 5 per share.

7.2. Simultaneously, with the reduction of the paid up value of equity shares of CIL in accordance with Clause 7.1 above, an amount of Rs.14,00,00,000 shall be credited to Business Restructuring Account of CIL.

7.3. The reduction / reorganization of the equity share capital of CIL as mentioned above, shall be effected as a part of the Scheme only and not in accordance with sub-section (2) of Section 101 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the Court sanctioning the scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction and no separate sanction under Sections 78 read with 100 102 of the Act will be necessary CIL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

8) ACCOUNTING TREATMENT IN THE BOOKS OF CIL AND CEIL

8.1. IN THE BOOKS OF CEIL

8.1.1. CEIL shall record the assets and liabilities, pertaining to the Theatre Exhibition Business, at the respective book values as appearing in the books of CIL, as on the Appointed Date.

8.1.2. CEIL shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 5.1 of this Scheme.

8.1.3. Surplus, if any, arising out of the excess of Net Assets Value of the Theatre Exhibition Business transferred from CIL and recorded by CEIL in terms of clause 8.1 above, over the amount credited as share capital, and after adjusting the reduction in the capital of CEIL, pursuant to clause 6 above, shall be credited to Securities Premium Account. Deficit, if any, shall be debited to Goodwill Account of CEIL.

Explanation:

"Net Assets Value" shall be computed as the book value of the assets pertaining to the Theatre Exhibition Business transferred to CEIL less the book value of the liabilities pertaining to the Theatre Exhibition Business becoming liabilities of CEIL.

8.2. IN THE BOOKS OF CIL

8.2.1. Upon the Scheme becoming effective, CIL shall reduce the book value of assets and liabilities pertaining to the Theatre Exhibition Business from its books of account.

8.2.2. The difference between the book value of assets and the book value of liabilities transferred of the Theatre Exhibition Business and the amount of investments held by CIL in CEIL, pursuant to Scheme, shall be adjusted first against Business Restructuring Account and balance if any to be adjusted against the Securities Premium Account of CIL.

The Balance in Business Restructuring Account (if any) to be transferred to the Capital Reserve Account.

8.2.3. The utilization of the Securities Premium Account of CIL as mentioned in Clause 8.2.2 above shall be effected as an integral part of this Scheme without having to follow the process under Section 78 read with 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. CIL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

9) CHANGE OF NAME

With effect from the Effective Date, the name of CIL shall stand changed to "Cinemax Properties Limited" or such other name as may be decided by the Board of Directors or a committee thereof and approved by the concerned Registrar of Companies. Further, the name of CIL wherever it occurs in its Memorandum and Articles of Association be substituted by such name.

With effect from the Effective Date and subject to the above change of name, the name of CEIL shall stand changed to "Cinemax India Limited" or such other name as may be decided by the Board of Directors or a committee thereof and approved by the concerned Registrar of Companies. Further, the name of CEIL wherever it occurs in its Memorandum and Articles of Association be substituted by CIL.

10) CONDUCT OF THEATRE EXHIBITION BUSINESS

10.1. CEIL shall be deemed to have been carrying on and shall carry on the Theatre Exhibition Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for CEIL. CIL undertakes to hold its said assets with utmost prudence until the Effective Date or Appointed Date, whichever is later.

10.2. Until the Scheme is effective, CIL shall carry on the business and activities of the Theatre Exhibition Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of CEIL, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.

10.3. With effect from the Appointed Date upon the Scheme becoming effective, all the profits or income accruing or arising to CIL or expenditure or losses arising or incurred or suffered by CIL, in relation to the Theatre Exhibition Business, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of CEIL.

10.4. CIL shall not vary the terms and conditions of employment of any of the employees in relation to the Theatre Exhibition Business except in the ordinary course of business or without the prior consent of CEIL or pursuant to any pre-existing obligation undertaken by them, as the case may be.

10.5. CIL and CEIL shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

11) EMPLOYEES

11.1. On the Scheme becoming effective, all staff, workmen and employees of CIL pertaining to the Theatre Exhibition Business, who are in service as on the Appointed Date or the Effective Date whichever is later, shall become staff, workmen and employees of CEIL, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with CEIL shall not be less favorable than those applicable to them with reference to their employment with CIL on the Effective Date. CEIL agrees that the services of all such employees with CIL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Theatre Exhibition Business of CIL, shall be mutually decided by Board of Directors of CIL and CEIL or committee(s) thereof.

11.2. It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of the Theatre Exhibition Business of CIL shall, with the approval of the concerned authorities, become Funds of CEIL, or shall be transferred to or merged with other similar funds of CEIL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of CIL in relation to such Funds shall become those of CEIL. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds. Further, any insurance policy(ies) including in particular the medical claim policies, personal accident policies, group term policies in relation to the any employees including directors be transferred to CEIL on the same terms and conditions as in CIL. It is expressly clarified that for all purposes including claims if any, the policies would be treated as continuous and the benefits, bonuses, period will continue in CEIL as would have continued in CIL.

12) LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against CIL, in relation to the Theatre Exhibition Business, is pending on the Appointed Date or the Effective Date whichever is later, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against CEIL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against CIL as if this Scheme had not been made.

13) CONTRACTS, DEEDS, ETC.

13.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Theatre Exhibition Business of CIL, which is subsisting as on the Appointed Date or the Effective Date whichever is later, shall be in full force and effect against or in favour of CEIL, and may be enforced by or against CEIL as fully and effectually as if, instead of CIL, CEIL had been a party thereto.

13.2. CEIL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which CIL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. CEIL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of CIL and to implement or carry out all formalities required on the part of CIL to give effect to the provisions of this Scheme.

14) SAVING OF CONCLUDED TRANSACTIONS

The vesting of the Theatre Exhibition Business of CIL into CEIL under Clause 4 above and the continuance of proceedings by or against CIL in relation to the Theatre Business Business shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that CEIL accept and adopts all acts, deeds and things done and executed by or on behalf of CEIL.

PART III

GENERAL TERMS AND CONDITIONS

15) APPLICATION TO HIGH COURT

CIL and CEIL shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 read with Sections 78 and 100 to 103 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

16) MODIFICATION OR AMENDMENTS TO THE SCHEME

CIL and CEIL by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). CIL and CEIL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

17) CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

17.1. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

17.2. The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of CIL and CEIL as may be directed by the High Court.

17.3. The sanction of the High Court under Sections 391 to 394 read with Sections 78 and 100 to 103 of the said Act in favour of CIL and CEIL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;

17.4. Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by CIL and CEIL as may be applicable.

17.5. Each Section of the Scheme shall be given effect to as per the chronology, as far as possible, in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. The Scheme shall be effective upon sanction of the High Court of Judicature at Mumbai. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors or any committee thereof may deem fit than this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors or any committee thereof to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

18) EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2012 or within such further period or periods as may be agreed upon between CIL and CEIL by their respective Board of Directors or any committee thereof (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

19) COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of CIL, and CEIL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the respective companies or as may be decided by the Board of Directors or any Committee thereof of the respective companies.

Annexure - 1

Sr.No	City Name	Address	Location
1	Mumbai	Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (E), Mumbai-93	Cinemax Andheri (East)
2	Mumbai	S.V.Road, Nr.Goregaon Police Station, Goregaon (W),Mumbai-62	Cinemax Goregaon (West)
3	Mumbai	Trikamdas Road,Sona Shopping Centre, Nr.Railway Crossing, Kandivali (W),Mum-67	Cinemax Kandivali (West)
4	Thane	Beverly Park, Mira Bhayandar Road, Nr Shivar Garden, Mira Road (E),Thane-401107	Cinemax Mira Road (East)
5	Thane	Teen hath Naka, Jn or Eastern Express Highway, L.B.S Marg , Thane (W)-400604	Cinemax Eternity
6	Thane	Chitalsar Manpada, Kapur Bawdi Naka, Ghodbunder Road,Thane (West)-400607	Cinemax Wondermall
7	Nashik	College Road, Nr.Vittal Mandir, Nashik - 422 005.	Cinemax Nashik 1
8	Nagpur	Eternity Mall, Variety Square, Sita Burdi Road, Nagpur - 440012.	Cinemax Nagpur
9	Mumbai	Sion Circle, Sion Road, Sion.022	Cinemax Sion

CINEMAX INDIA LTD.
Regd. Office: 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.
Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 664 OF 2011

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement
between
Cinemax India Limited ("CIL" or "the Demerged Company")
and
Cinemax Exhibition India Limited ("CEIL" or "the Resulting Company")
and
their Respective Shareholders and Creditors

CINEMAX INDIA LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059. ..... Applicant Company.

FORM OF PROXY

I/ We _____, the undersigned, being the Member(s) of Cinemax India Limited, the Applicant Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders to be held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 10.30 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the arrangement embodied in the proposed Composite Scheme of Arrangement between Cinemax India Limited and Cinemax Exhibition India Limited and their Respective Shareholders and Creditors and at such meeting, and any adjournment / adjournments thereof, to vote, for me/us and in my/ our name(s) _____ _____ (herein, if for insert 'FOR', if against insert 'AGAINST' and in the later case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Composite Scheme of Arrangement either with or without modifications as my/our proxy may approve.

*Strike out what is not necessary
Dated this ____ day of _____,
Name _____
Address _____
_____

Affix Re.1/- Revenue Stamp

Signature across the stamp

Reg. Folio No. _____ Client ID No. _____
DP ID No. _____ No. of shares: _____

Signatures of Shareholder(s)

Sole / First Holder: _____
Second Holder: _____
Third Holder: _____

Signature of Proxy

Proxy: _____

Notes:
(1) The Proxy must be deposited at the Registered Office of the Company at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059 at least 48 hours before the time for holding the meeting. The proxy need not be a member of Cinemax India Limited.
(2) All alterations made in the form of Proxy should be initialed.
(3) In case of multiple proxies, the proxy later in time shall be accepted.

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Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

ATTENDANCE SLIP

COURT CONVENED MEETING OF EQUITY SHAREHOLDERS ON WEDNESDAY, 4TH DAY OF JANUARY, 2012

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional attendance slip at the venue of the meeting

I/We hereby record my/our presence at the Meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated 18th day of November, 2011 of the Hon'ble High Court of Judicature of Bombay at **Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 10.30 a.m.**

Name and Address of Member **(IN BLOCK LETTERS):**

_____

Signature : _____

Reg.Folio No. : _____

Client ID : _____

D.P. I.D. : _____

No. of Equity Shares : _____

Name of the Proxy holders/ Authorised Representative : _____

Signature : _____

NOTE:
Equity Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

CINEMAX INDIA LTD.
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Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

NOTICE OF THE EXTRA ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Equity Shareholders of Cinemax India Limited will be held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 12.00 noon or immediately after the conclusion of the Court Convened Meeting of the Equity Shareholders, whichever is earlier, to be held on the directions of the Hon'ble Bombay High Court for approving the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956 between Cinemax India Limited and Cinemax Exhibition India Limited and their respective shareholders and creditors ('Scheme') for the purpose of transacting the following Special Business:

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolutions:

(1) Reduction in the face value and the paid up value of equity shares from Rs. 10 to Rs. 5 per share

"RESOLVED THAT, pursuant to the provisions of Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956, Article 93(a) of the Articles of Association of the Company and subject to obtaining such approvals, consents, permissions and sanctions as may be required and subject to the confirmation by the Hon'ble High Court of Judicature at Bombay the face value and paid up value of Equity Shares of the Company be reduced from Rs. 10 per share fully paid to Re. 5 per share fully paid and thereby reducing the aggregate issued, subscribed and paid-up capital of the Company from Rs. 28,00,00,000 divided into 2,80,00,000 equity shares of Rs. 10 each fully paid up, to Rs 14,00,00,000 divided into 2,80,00,000 equity shares of Rs. 5 each fully paid up."

(2) Utilization of Securities Premium Account of the Company pursuant to Scheme of Arrangement

The management of the Company proposes to utilize the Securities Premium Account, as appearing in the books of accounts of the Company as on 31st March 2011, pursuant to the Scheme.

"**RESOLVED FURTHER THAT** pursuant to sections 78 read with 100 to 103 of the Companies Act, 1956 and with effect from the Appointed Date or Effective Date, whichever is later, of the Scheme and subject to any necessary approvals as may be required, as an integral part of the Scheme, the Company shall utilize the Securities Premium Account to the extent of INR 95 crores for the purposes mentioned below:

- The difference between the book value of assets and the book value of liabilities of the Theatre Exhibition Business transferred and the cancellation of the amount of investments held by CIL in CEIL, pursuant to Scheme, shall be adjusted first against Business Restructuring Account and balance if any to be adjusted against the Securities Premium Account of CIL.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee or person, which the Board may constitute/ nominate to exercise its powers conferred under this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper."

NOTE:

(a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business set out above is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

By order of the Board of Directors
For **Cinemax India Limited**

sd/-
Rasesh B. Kanakia
Chairman

Mumbai,29th day of November, 2011

Registered office:
215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar,

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,1956

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 ("the Act"), for the accompanying notice is as under:

1. The Board of Directors of Cinemax India Limited ('CIL' or 'the Company') in their meeting held on 30th September, 2011 have approved the Composite Scheme of Arrangement between Cinemax India Limited ('CIL' or 'the Demerged Company') and Cinemax Exhibition India Limited ('CEIL' or 'the Resulting Company') and their Respective Shareholders and Creditors ('the Scheme').

2. CIL along with its nominee shareholders presently holds the entire share capital of CEIL.

3. The proposed Scheme provides for the demerger of Theatre Exhibition Business of CIL into CEIL and reduction of the face value and paid up value of the Equity shares of CIL from Rs. 10 per share fully paid to Re. 5 per share fully paid.

4. Pursuant to the demerger of Theatre Exhibition Business of CIL into CEIL, shares would be issued to the shareholders of CIL. The difference arising on transfer of assets and liabilities to CEIL, would be adjusted against the balance in the Business Restructuring Account (created pursuant to the Scheme on account of reduction) and balance if any from the Securities Premium Account.

5. Since the scheme would result in reduction in the face value and paid up value of the equity share capital and utilization of Securities Premium Account of the Company, the approval of the equity shareholders by a Special Resolution would be required in terms of Section 78, 100 to 103 of the Companies Act, 1956.

6. The proposed restructuring will not cause any prejudice to the creditors of the Company since it does not involve any financial outlay/outgo on the part of the Company. For the sake of clarity, it is specified that the reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. Further, the proposed restructuring would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

7. The above restructuring will have no impact on the shareholding pattern and the capital structure of the Company. The pre and post restructuring share capital of the Company would remain the same .

SN	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	**Promoters**				
1	Indian Promoters				
	Promoters/Directors and their relatives	19219536	68.6412	19219536	68.6412
	Bodies Corporate	240	0.0010	240	0.0010
2	Foreign Promoters		-	-	-
	Sub-Total (A)	**19219816**	**68.6422**	**19219816**	**68.6422**
B	**Banks/Mutual Funds/ Financial Institutions/ Govt Holdings**				
1	Banks and Mutual Funds	-	-	-	-
2	Financial Institutions	4614	0.0165	4614	0.0165
3	Central/State Government	-	-	-	-
	Sub-Total (B)	**4614**	**0.0165**	**4614**	**0.0165**

SN	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
C	**Foreign and Non-Resident Holding**				
1	FIIs	429125	1.5326	429125	1.5326
2	Foreign Bank	-	-	-	-
3	Other Non-Resident Holdings	-	-	-	-
	Sub-Total C	**429125**	**1.5326**	**429125**	**1.5326**
D	**Others**				
1	Private Corporate Bodies	2691918	9.6140	2691918	9.6140
2	Indian Public	5654527	20.1948	5654527	20.1948
	Sub-Total (D)	**8346445**	**29.8087**	**8346445**	**29.8087**
	Grand Total (A+B+C+D)	28000000	100	28000000	100

8. The resolution as set out in the notice will be placed before the meeting for the approval of the shareholders.

9. The Board recommends the approval of proposed resolution by the Shareholders.

10. None of the Directors of the Company are interested in the proposed Resolutions.

By order of the Board of Directors
For **Cinemax India Limited**

sd/-
Rasesh B. Kanakia
Chairman

Mumbai,29th day of November, 2011

Registered office:
215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar,
Andheri Kurla Road, Andheri (East), Mumbai 400 059.

CINEMAX INDIA LTD.
Regd. Office: 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059.
Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

FORM OF PROXY

I/We, the undersigned Equity Shareholder/s of Cinemax India Limited hereby appoint _____ of_____ and failing him/her, _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Company to be held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 12.00 noon or immediately after the conclusion of the Court Convened Meeting of the Equity Shareholders, whichever is earlier, for the purpose of considering, and, it thought fit, approving with or without modification, the resolutions as set forth in the Notice and at such meeting and at any adjournment or adjournments thereof, to vote for me/us and in my/our name _____ _____, (here if for , insert "for" if against, insert "against" and in the latter case, strike out the words either 'with or without modification' before the word resolutions), the said resolutions as my/ our proxy may approve.

Dated this ____ day of _____, _____

Name: _____

Address: _____

Folio No: _____

DP ID No. _____

Client ID No._____

Signature _____

NOTES:

(1) The Proxy must be deposited at the Registered Office of the Company at 215 Atrium, 10th Floor, Opposite Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400 059 at least 48 hours before the time for holding the meeting. The proxy need not be a member of Cinemax India Limited.

(2) All alterations made in the form of Proxy should be initialed.

(3) In case of multiple proxies, the proxy later in time shall be accepted.

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Tel:-91-22-6726 8888 Fax:91-22-67268800. **Website:**www.cinemax.co.in

ATTENDANCE SLIP

EXTRA-ORDINARY GENERAL MEETING, 4TH JANUARY 2012

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the Equity Shareholder/ proxy holder:

_____

I/We hereby record my/our presence at the EXTRAORDINARY GENERAL MEETING of the Equity Shareholders of the Company to be held at Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai 400093 on Wednesday, 4th day of January 2012 at 12.00 noon or immediately after the conclusion of the Court Convened Meeting of the Equity Shareholders, whichever is earlier

Dated this __ day of January, 2012

Signature of the Attending Member / Proxy : _____

NOTE:

1. Equity Shareholder/ proxy holder(s) are requested to bring the Attendance slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.

2. Joint shareholders may obtain additional attendance slip at the venue of the meeting

Courier

If undelivered, Please return to :

CINEMAX INDIA LTD.

Regd. Office: 215 Atrium, 10th Floor, Opposite Divine School,
J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 059.