

CINELINE

ANNUAL REPORT 2014-15

CINELINE INDIA LIMITED



FROM STABILITY COMES STRENGTH

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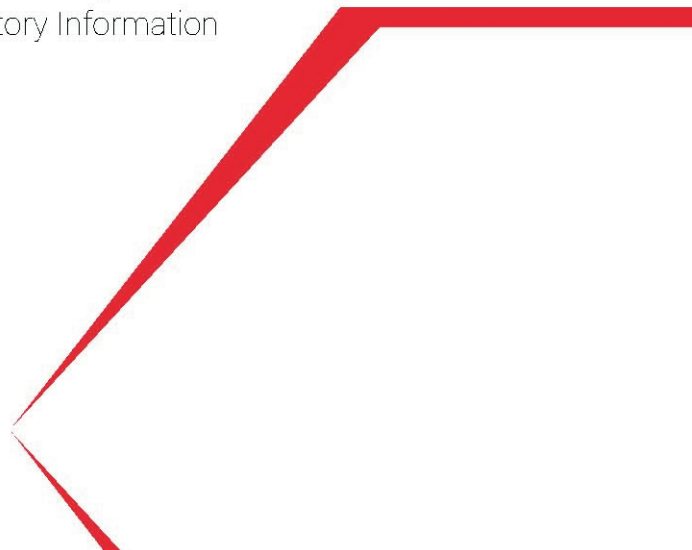
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The economy has gone through rough weather over the last few years. Rising input costs, subdued demand and an overall lack of confidence and conviction in the minds of investors and consumers alike have created turbulence and trepidation.

Keeping the ship steady and stable in these choppy waters is not easy.

At Cineline India Limited, we have successfully navigated challenges and overcome road blocks with our resolve and resilience. Amidst turmoil, we have remained stable. We have been delivering steady performance. We have been building our strengths.

We have been scanning the horizon for new opportunities. We have been preparing for new ventures. Today, as business conditions improve dramatically and the country gets back into the fast track of growth, we are excited, prepared and ready.

Because, at Cineline, we have always believed that:

FROM STABILITY
COMES STRENGTH

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

The year 2014-15 in many ways was a watershed year. After years of challenging and difficult business conditions, optimism and positivity returned back! On the back of positive and directional steps initiated by the new government, confidence revived and sentiments improved. From infrastructure to insurance, every industry sector and segment witnessed a marked upturn, buoyed by a sharp pick up in industrial and consumer demand.

The Indian growth story is now firmly back in the focus of the global investors. As the president of International Monetary Fund (IMF) recently remarked, India is the only bright spot in the world economy today. Both IMF and the World Bank have forecast the Indian economy to continue with its momentum of growth and maintain a high 7-8 per

"THE INDIAN GDP **CROSSED THE THRESHOLD** **US\$ 2 TRILLION** MARK FOR THE FIRST TIME IN 2014-15 AS GROWTH REBOUNDED TO 7.3 PER CENT FOR THE YEAR."

"TODAY, WE ARE AT THE CUSP OF AN EXCITING AND PROMISING FUTURE AHEAD – ALL THE BUILDING BLOCKS ARE IN THE RIGHT PLACES FOR THE INDIAN ECONOMY TO SURGE AHEAD."

cent growth rate in the next few years. The Indian GDP crossed the threshold US\$ 2 trillion mark for the first time in 2014-15 as growth rebounded to 7.3 per cent for the year. Further, the drastic fall in oil prices directly affected inflation and current account deficit, enabling the Reserve Bank of India (RBI) to ease monetary policy and lower interest rates. All these factors combined to drive up demand across the board.

For Cinline India Limited, it was yet another year of stability. Our Nine multiplexes are all leased out to PVR Cinemas. In addition, we also own the Eternity Mall at Nagpur, which is 97 per cent occupied and has tenants ranging from top international brands to leading domestic brands.

For the year 2014-15, our Gross Income was ₹ 2,659.74 lacs compared to ₹ 2,270.98 lacs in the previous year.

Profit Before Tax for the year 2014-15 was ₹ 790.98 lacs against ₹ 462.03 lacs in the previous year.

Profit After Tax for the year 2014-15 was ₹ 394.94 lacs against ₹ 301.58 lacs in the previous year.

The Board had decided not to declare any dividend for the year with an aim to build resources for future business ventures.

The assets of the Company ensure a steady cash flow in the form of rental income. Since we demerged our exhibition business three years ago, we have been re-aligning our plans for future growth. As the circumstances were challenging, we opted to exercise caution and wait for the right time.

At Cinline India Limited, we are part of the Kanakia Group – a renowned and well-established name in the real estate world. Our experience of owning an exhibition business has given us the requisite expertise and valuable knowledge about the nitty-gritty of the film-exhibition business.

We have also tested waters in the renewable energy business through our two windmills located at Visawada in Gujarat and Revangaon in Maharashtra which have a capacity to produce 1.65MWA and 0.60 MWA of power.

Today, we are at the cusp of an exciting and promising future ahead – all the building blocks are in the right places for the Indian economy to surge ahead.

Initiatives like Make In India, Housing for All, Smart Cities and Digital India – are all expected to open up a numerous new avenues for growth. At Cinline India Limited, we believe we have been delivering steady and stable results. We have in-depth knowledge of the real-estate space, entertainment space, consumer retail space as well the renewable energy segment. We have one of the youngest workforces brining in fresh ideas and perspectives.

Today, we are prepared, poised and ready for an exciting journey ahead. Our stability, even in turbulent times, has given us the strength which we plan to leverage in the future.

I thank you all for your sustained faith and trust in Cinline India Limited.

I also thank all our tenants and lessees, our bankers and investors, our partners and vendors, and especially, our employees for their confidence and cooperation.

Yours sincerely,



Rasesh Kanakia
Chairman

EVENTS AND ACTIVITIES



Diwali Celebration



Diwali Celebration



Christmas Celebration



Christmas Celebration



Gudi Padwa Celebration



Gudi Padwa Celebration



Republic Day Celebration



Republic Day Celebration



Ganesh Chaturthi Celebration

PROPERTIES



Doregaon (West)



Sona Shopping Centre, Kandivali (West)



Wonder Mall, Thane



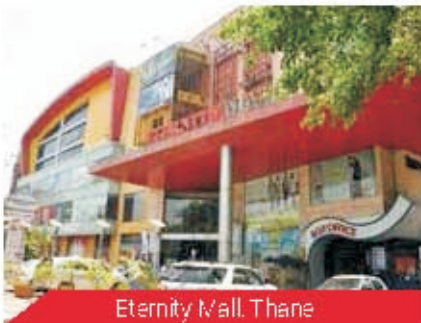
Cineline, Nashik



Eternity Mall, Nagpur



Cineline, Sion



Eternity Mall, Thane



Prime Mall, Mira Road



Eagle's Flight, Andheri (East)

FINANCIAL HIGHLIGHTS

in ₹ Lacs (except per share data)

| For the year ended 31st March | 2014-15 | 2013-14 |
|--|------------|------------|
| Total Income | 2,659.74 | 2,270.98 |
| Expenditure | 694.58 | 666.72 |
| EBDITA | 1,965.16 | 1,604.26 |
| Depreciation | 611.27 | 481.14 |
| Interest & Financial Charges | 777.90 | 661.09 |
| Exceptional Items | 214.99 | - |
| Profit Before TAX (PBT) | 790.98 | 462.03 |
| Tax Expense | 396.04 | 151.45 |
| Profit After TAX (PAT) | 394.94 | 310.58 |
| Share Capital | 1,400.00 | 1,400.00 |
| Reserve and Surplus | 6,374.26 | 5,979.32 |
| Total Debt (including Current Maturity) | 5,970.65 | 6,064.92 |
| Gross Block | 12,975.44 | 1,2971.75 |
| Net Block | 9,335.65 | 9,943.23 |
| Current Assets | 4,998.74 | 3,798.62 |
| Current Liabilities | 629.14 | 478.59 |
| Cash & Cash Equivalents | 131.81 | 140.73 |
| No. of Equity Shares | 28,000,000 | 28,000,000 |
| Earning Per Share (In ₹) = Basic & Diluted | 1.41 | 1.11 |

FOR THE YEAR 2014-15, OUR GROSS INCOME WAS ₹ 2,659.74 LACS COMPARED TO ₹ 2,270.98 LACS IN THE PREVIOUS YEAR.

CORPORATE INFORMATION

Board of Directors

Mr. Rasesh Kanakia, Chairman
Mr. Himanshu Kanakia, Managing Director
Mrs. Hiral Kanakia, Additional Director
Mr. Kranti Sinha, Independent Director
Mr. Utpal Sheth, Independent Director
Mr. Anand Bathiya, Additional & Independent Director

Senior Management

Mr. Jitendra Mehta, Chief Financial Officer
Mrs. Manisha Vora, Senior GM-Finance & Accounts

Company Secretary & Compliance Officer

Mr. Jatin J. Shah

Statutory Auditors

Walker, Chandio & Co. LLP
Chartered Accountants
16th Floor, Tower II,
Indiabulls Finance Centre,
S.B. Marg, Elphinstone (W),
Mumbai – 400 013.

Internal Auditors

Deloitte Haskins & Sells
29th Floor, Indiabulls Finance Centre, Tower 3,
Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone (W),
Mumbai – 400 013.

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,
J.B. Nagar, Andheri Kurla Road, Andheri - East,
Mumbai – 400 093.

Tel No.: 022- 6726 7777

Fax No.:022- 6693 7777

Website: www.cineline.co.in

Banker

Axis Bank Ltd.

DIRECTORS' REPORT

To,
The Members of
Cineline India Limited

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the Audited Accounts and Auditors' Report of the Company for the Year ended March 31, 2015.

1. FINANCIAL OVERVIEW:

| Particulars | March 31, 2015 (Rs. in Lacs) | March 31, 2014 (Rs. in Lacs) |
|---|------------------------------------|------------------------------------|
| Gross Income | 2659.74 | 2270.98 |
| Profit before Interest, Depreciation and tax | 1965.16 | 1604.26 |
| Interest & Financial Charges | 777.90 | 661.09 |
| Depreciation/ Amortisation | 611.27 | 481.14 |
| Profit/(loss) before exceptional items and taxes | 575.99 | 462.03 |
| Exceptional Items | 214.99 | 0.00 |
| Profit/(loss) before tax | 790.98 | 462.03 |
| Provision for Tax (including Deferred) | 396.04 | 151.45 |
| Profit/(loss) after Tax | 394.94 | 310.58 |
| Profit brought forward from previous year | 2342.74 | 2032.16 |
| Amount available for Appropriation | 2737.68 | 2342.74 |

OPERATIONAL REVIEW:

Gross revenues increased to Rs. 2659.75 Lacs, a growth of around 17.12% against Rs. 2270.98 Lacs in the previous year. Profit before depreciation and taxation was Rs. 1965.16 Lacs against Rs. 1604.26 Lacs in the previous year. After providing for depreciation and taxation of Rs. 611.27 Lacs & Rs. 396.04 Lacs respectively, the net profit of the Company for the year under review was placed at Rs. 394.94 Lacs as against Rs. 310.58 Lacs in the previous year.

2. DIVIDEND AND RESERVES:

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 2014-15.

During the year under review, no amount was transferred to General Reserve.

3. SHARE CAPITAL:

The paid up equity share capital as on March 31, 2015 was Rs. 14.00 Crores. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

4. FINANCE:

Cash and cash equivalents as at March 31, 2015 were Rs. 131.81Lacs. The company continues to focus on judicious management of its working capital, Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2015.

There is no audit qualification in the financial statements by the statutory auditors for the year under review.

5. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements relate and the date of this Directors' Report.

7. PUBLIC DEPOSIT:

Your Company has not accepted any public deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

8. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the regulators / courts that would impact the going concern status of the Company and its future operations.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Your Company has Six (6) directors consisting of Whole Time Director, Managing Director, Non-executive Director and Three (3) Independent Directors as on 31.03.2015.

9.1 Independent Directors:

In terms of the definition of "Independence" of Directors as prescribed under Clause 49 of the Listing Agreement entered with the Stock Exchanges and section 149(6) of the Companies Act, 2013 and based on the confirmation / disclosure received from the Directors, the following Non-Executive Directors are Independent

Directors:

1. Mr. Kranti Sinha
2. Mr. Utpal Sheth
3. Mr. Anand Bathiya

9.2 Woman Director:

In terms of the provision of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has appointed Mrs. Hiral Kanakia as Additional Woman Director on the Board of the Company.

9.3 Directors retiring by rotation:

During the year under review, Mr. Himanshu Kanakia, Managing Director of the Company retires by rotation and, being eligible, offers himself for re appointment. The Board of Directors recommends Mr. Himanshu Kanakia for re-appointment.

9.4 Appointment / Resignation from the Board of Directors:

During the year under review, Mr. Shivaramakrishnan Iyer, an Independent director and Mr. Sanjay Sanghavi, a Non-Executive Director have submitted their resignations to the Board on February 5, 2015 due to their other pre-occupations. The same was accepted by the Board in its meeting held on February 5, 2015. The Board hereby places on record their sincerest thanks and gratitude for the invaluable contribution made by Mr. Shivaramakrishnan Iyer and Mr. Sanjay Sanghavi towards the growth and development of the company during their tenure as a directors.

During the Year under review, Mr. Anand Bathiya and Mrs. Hiral Kanakia joined the Board of the Company as Additional Independent Director and Non-Executive, Additional Director respectively with effect from February 05, 2015.

Further, the proposal for appointment of Mr. Anand Bathiya and Mrs. Hiral Kanakia as Independent Director and Executive Director respectively, is being placed before the shareholders for approval in the ensuing AGM; the relevant details are forming part of the AGM Notice.

9.5 Key Managerial Personnel:

During the year under review, the Company has appointed the following persons as Key Managerial Personnel:

| Sr. No. | Name of the Person | Designation |
|---------|----------------------|-------------------------|
| 1 | Mr. Himanshu Kanakia | Managing Director |
| 2 | Mr. Jitendra Mehta | Chief Financial Officer |
| 3 | Mr. Jatin Shah | Company Secretary |

10. MEETINGS:

A calendar of meeting is prepared and circulated in advance to the Directors.

During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report which forms part of Annual Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

11. DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i. In the preparation of the annual accounts for the year ended 31-03-2015, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on a going concern basis.
- v. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

12. COMPOSITION OF AUDIT COMMITTEE:

The Board has constituted the Audit Committee which comprises of Mr Kranti Sinha, Independent Director as Chairman and Utpal Sheth, Independent Director, Mr. Anand Bathiya, Independent Director, as the members. More details on the Committee are given in the Corporate Governance Report which forms part of this Annual Report.

13. PERFORMANCE EVALUATION OF THE BOARD:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's

functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

14. FAMILIARIZATION PROGRAMME:

The Company had conducted various sessions during the financial year to familiarize Independent Directors with the Company, their roles, responsibilities in the Company, and the technology and the risk management systems of the Company. Further, the Directors are encouraged to attend the training programmes being organized by various regulators/bodies/ institutions on above matters. The details of such familiarization programmes are displayed on the website of the Company (www.cineline.co.in).

15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal and operational audit is entrusted to M/s Delloite Haskins & Sells, a reputed firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors, Statutory Auditors and the Senior Management are periodically apprised of the internal audit findings and corrective actions taken. Audit provides a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans, guarantees or investments covered under the provisions of section 186 of the Companies Act, 2013 and accordingly information required to be provided under Section 134 (3) (g) of the Companies Act, 2013 in relation loans, guarantees or investments covered under the provisions of section 186 are not applicable to the Company.

17. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into

during the financial year were on arm's length basis and were in the ordinary course of the business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in form AOC-2 is not required. Further, there are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval was obtained from the Audit Committee for the related party transactions which are of repetitive nature and for normal arm's length transactions which cannot be foreseen. A statement of related party transaction giving details of all related party transactions entered into by the Company are placed before the Audit Committee and Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company and the link for the same is (<http://www.cineline.co.in/investor/corporate-governance.html>).

18. EXTRACT OF ANNUAL RETURN:

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2015 forms part of this report as **Annexure 1**.

19. POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down the criteria for selection and appointment of Board members. The Remuneration Policy forms part of this report as **Annexure 2**.

20. WHISTLE BLOWER POLICY:

The Company has a whistle blower policy to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. The Whistle Blower policy has been posted on the Company's website www.cineline.co.in

21. RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a risk management committee. At present the company has not identified any element of risk which may threaten the existence of the company.

22. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Pursuant to section 135 of the Companies Act, 2013, the company has constituted a Corporate Social Responsibility Committee and has adopted Corporate Social Responsibility Policy. As per the provisions of the Act, Company is not required to undertake any CSR activities for the financial year 2014-15 and accordingly information required to be provided under Section 134 (3) (o) of the Companies Act, 2013 read with the Rule 9 of the Companies (Accounts) Rules, 2014 in relation to disclosure about Corporate Social Responsibility are currently not applicable to the Company.

23. 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.

24. 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.

25. MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION:

The Managing Director and Chief Financial Officer Certification as required under clause 49 of the Listing Agreement, certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed is furnished in **Annexure-D** to this report.

26. AUDITORS:**26.1 Statutory Auditors**

M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai, will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for reappointment as Auditors of the Company. Accordingly, the Board of Directors has recommended the re-appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the ensuing AGM till the conclusion of the next AGM on remuneration to be decided by the Board or Committee thereof to the shareholders for approval.

26.2 Secretarial Audit

Pursuant to Section 204 of the Companies Act 2013, your Company had appointed Mr. Dharmesh Zaveri, a Company Secretary in Whole-time Practice

having Certificate of Practice No. 4363 and Membership No. 5418 as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Secretarial Audit Report is included as **Annexure-3** and forms an integral part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the with rule (8)(3) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

The Company has not made any foreign exchange outgo towards traveling, marketing and import of Capital Goods.

28. SEXUAL HARASSMENT DISCLOSURE:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. During the year no complaints of sexual harassment were received.

29. HUMAN CAPITAL AND PARTICULARS OF EMPLOYEES:

Your Company had 25 employees as of March 31, 2015. The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read along with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company as no employees were in receipt in remuneration above the limits specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read along with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure 4** and forms part of this Report.

30. CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has been posted on the Company's website www.cineline.co.in.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

31. PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

32. ACKNOWLEDGEMENTS:

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. Your 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**

**Date : May 27, 2015
Place: Mumbai**

**Rasesh B. Kanakia
Chairman**

Annexure 1 to Boards Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|--|--|
| 1 | CIN | L92142MH2002PLC135964 |
| 2 | Registration Date | 22.05.2002 |
| 3 | Name of the Company | Cineline India Limited |
| 4 | Category/Sub-category of the Company | Company Limited by shares |
| 5 | Address of the Registered office & contact details | 215-Atrium, 10th Floor, Opp. Divine School, J. B. Nagar, Andheri Kurla Road, Andheri- East, Mumbai-400093 Phone: 022-6726 6666 Fax : 022-6693 7777 |
| 6 | Whether listed company | Yes |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited (Unit – Cineline India Limited) C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup – West, Mumbai - 400 078 Ph : 022 – 2596 0320 Fax: 022 – 2596 0329 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description NIC Code of the % to total turnover of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Real estate activities with own or leased property | 6810 | 67.11% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1 | NA | NA | NA | NA | NA |

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2014] | | | | No. of Shares held at the end of the year [As on 31-March-2015] | | | | % Change during the year |
|--|--|------------|-------------------|-------------------|--|------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 19,394,636 | Nil | 19,394,636 | 69.2666 | 19,394,636 | Nil | 19,394,636 | 69.2666 | Nil |
| b) Central Govt | Nil | Nil | Nil | | Nil | Nil | Nil | Nil | Nil |
| c) State Govt(s) | Nil | Nil | Nil | | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | 280 | Nil | 280 | 0.0010 | 280 | Nil | 280 | 0.0010 | Nil |
| e) Banks / FI | Nil | Nil | Nil | | Nil | Nil | Nil | Nil | Nil |
| f) Any other | Nil | Nil | Nil | | Nil | Nil | Nil | Nil | Nil |
| Sub Total (A) (1) | 19,394,916 | - | 19,394,916 | 69.2676 | 19,394,916 | - | 19,394,916 | 69.2676 | Nil |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Any other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub Total (A) (2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| TOTAL (A) | 19,394,916 | Nil | 19,394,916 | 69.2676 | 19,394,916 | Nil | 19,394,916 | 69.2676 | Nil |
| B. Public Shareholding | | | | | | | | | |
| a) Mutual Funds/ Banks/ FI | 3,614 | Nil | 3,614 | 0.0129 | 1,614 | Nil | 1,614 | 0.0058 | (0.0071) |
| c) Central Govt | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) FIIs | 416,330 | Nil | 416,330 | 1.4869 | Nil | Nil | Nil | - | (1.4869) |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(1):- | 419,944 | Nil | 419,944 | 1.4998 | 1,614 | Nil | 1,614 | 0.0058 | (1.4940) |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2,683,696 | Nil | 2,683,696 | 9.5846 | 3,138,748 | Nil | 3,138,748 | 11.2098 | 1.6252 |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 4,111,426 | 103 | 4,111,529 | 14.6837 | 3832531 | 103 | 3,832,634 | 13.6876 | (0.9961) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1,102,554 | Nil | 1,102,554 | 3.9377 | 1413446 | Nil | 1,413,446 | 5.0480 | 1.1103 |
| c) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Clearing Members | 185,436 | Nil | 185,436 | 0.6623 | 80957 | Nil | 80,957 | 0.2891 | (0.3731) |
| Non Resident Indians (REPAT) | 90,940 | Nil | 90,940 | 0.3248 | 113,398 | Nil | 113,398 | 0.4050 | 0.0802 |
| Non Resident Indians (NON REPAT) | 10,984 | Nil | 10,984 | 0.0392 | 24,287 | Nil | 24,287 | 0.0867 | 0.0475 |
| Trusts | 1 | Nil | 1 | 0.0000 | Nil | Nil | - | | (0.0000) |
| Sub-total (B)(2):- | 8,185,037 | 103 | 8,185,140 | 29.2323 | 8,603,367 | 103 | 8,603,470 | 30.7263 | 1.4940 |
| Total Public Shareholding (B)=(B)(1) + (B)(2) | 8,604,981 | 103 | 8,605,084 | 30.7321 | 8,604,981 | 103 | 8,605,084 | 30.7321 | 0.0000 |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 27,999,897 | 103 | 28,000,000 | 100 | 27,999,897 | 103 | 28,000,000 | 100 | Nil |

(ii) Shareholding of Promoter

| S. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|---|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Mr. Rasesh Kanakia | 9,368,524 | 33.4590 | 50.168 | 9,368,524 | 33.4590 | 50.1680 | Nil |
| 2 | Mr. Himanshu Kanakia | 9,368,424 | 33.4587 | 74.7191 | 9,368,424 | 33.4587 | 74.7191 | Nil |
| 3 | Mrs. Rupal Kanakia | 328,844 | 1.1744 | Nil | 328,844 | 1.1744 | Nil | Nil |
| 4 | Mrs. Hiral Kanakia | 328,844 | 1.1744 | Nil | 328,844 | 1.1744 | Nil | Nil |
| 5 | M/s Kanakia Gruhnirman Pvt Ltd | 140 | 0.0005 | Nil | 140 | 0.0005 | Nil | Nil |
| 6 | M/s Kanakia Finance And Investments Pvt Ltd | 140 | 0.0005 | Nil | 140 | 0.0005 | Nil | Nil |
| | Total | 19,394,916 | 69.2676 | 60.3251 | 19,394,916 | 69.2676 | 60.3251 | Nil |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|-------------------|---|-------------------|
| | | No. of shares | % of total shares | No. of shares | % of total shares |
| | At the beginning of the year | NA | NA | NA | NA |
| | Date wise increase/ Decrease during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity, etc.) | NA | NA | NA | NA |
| | At the end of the year | NA | NA | NA | NA |

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No. | For each of the Top 10 shareholders | Shareholding at the beginning of the year (01-04-2014) | | Increase/ Decrease in Shareholding | Cumulative Shareholding during the year (01-04-2014 to 31-03-2015) | |
|--------|---|--|-------------------|------------------------------------|--|-------------------|
| | | No. of shares | % of total shares | | No. of shares | % of total shares |
| 1 | ICICI Prudential Life Insurance | 1,860,422 | 6.6444 | Nil | 1,860,422 | 6.6444 |
| 2 | River Sharesstake Private Limited | Nil | Nil | Nil | 210,950 | 0.7534 |
| 3 | Revolutionary Shares and Securities Private Limited | Nil | Nil | Nil | 210,950 | 0.7534 |
| 4 | Ulhas Vallabhji Gala | 219,024 | 0.7822 | -8,300 | 210,724 | 0.7526 |
| 5 | Vijay Kumar Agarwal | 95,008 | 0.3393 | 92,853 | 187,861 | 0.6709 |
| 6 | Priya Daga | 31,605 | 0.1129 | 128,851 | 160,456 | 0.5731 |
| 7 | Sushil Narendra Shah | 52,300 | 0.1868 | 96,600 | 148,900 | 0.5318 |
| 8 | Y T Entertainment Limited | 144,940 | 0.5176 | Nil | 144,940 | 0.5176 |
| 9 | Jasper Financial Service Private Limited | 117,500 | 0.4196 | 2,500 | 120,000 | 0.4286 |
| 10 | Vasudeo Rajendra Deshpabhu | Nil | Nil | Nil | 100,713 | 0.3597 |

Note: Top 10 shareholders of the Company as on 31.03.2015 has been considered for the above disclosure.

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|-------------------|---|-------------------|
| | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Mr. Rasesh Kanakia Chairman, Whole Time Director | | | | |
| | At the beginning of the year | 9,368,524 | 33.46% | Nil | 0.00% |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/ sweat equity, etc.) | Nil | 0.00% | Nil | 0.00% |
| | At the end of the year | Nil | 0.00% | 9,368,524 | 33.46% |
| 2 | Mr. Himanshu Kanakia Managing Director & Whole Time Director | | | | |
| | At the beginning of the year | 9,368,424 | 33.46% | Nil | 0.00% |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/ sweat equity, etc.) | Nil | 0.00% | Nil | 0.00% |
| | At the end of the year | - | 0.00% | 9,368,424 | 33.46% |
| 3 | Mrs. Hiral Kanakia Additional Executive Director | | | | |
| | At the beginning of the year | 328,844 | 1.17% | - | 0.00% |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/ sweat equity, etc.) | - | 0.00% | - | 0.00% |
| | At the end of the year | Nil | 0.00% | 328,844 | 1.17% |
| 4 | Mr. Utpal Sheth Independent Director | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus / sweat equity, etc.) | Nil | Nil | Nil | Nil |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 5 | Mr. Kranti Sinha Independent Director | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/ sweat equity, etc.) | Nil | Nil | Nil | Nil |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 6 | Mr. Anand Bathiya Additional Independent Director | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus / sweat equity, etc.) | Nil | Nil | Nil | Nil |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 7 | Mr. Jitendra Mehta -CFO | | | | |
| | At the beginning of the year | 25,968 | 0.09% | Nil | 0.00% |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus / sweat equity, etc.) | Nil | 0.00% | Nil | 0.00% |
| | At the end of the year | 25,968 | 0.09% | 25,968 | 0.09% |
| 8 | Mr. Jatin Shah-Company Secretary | | | | |
| | At the beginning of the year | 2 | 0.00% | Nil | 0.00% |
| | Date wise Increase / Decrease in Promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus / sweat equity, etc.) | Nil | 0.00% | Nil | 0.00% |
| | At the end of the year | 2 | 0.00% | 2 | 0.00% |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

| Particulars | Secured Loans | Unsecured Loans | Deposits | Total Indebtedness |
|--|--------------------|-----------------|-------------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 605,869,197 | Nil | 58,228,203 | 664,097,400 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | 6,567,403 | Nil | Nil | Nil |
| Total (i+ii+iii) | 612,436,600 | Nil | 58,228,203 | 664,097,400 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | Nil | Nil | 4,001,462 | 4,001,462 |
| * Reduction | 8,627,137 | Nil | 1,699,920 | 10,327,057 |
| Net Change | (8,627,137) | Nil | 2,301,542 | (6,325,595) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 597,064,560 | Nil | 60,529,745 | 657,594,305 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | 6,421,746 | Nil | Nil | 6,421,746 |
| Total (i+ii+iii) | 603,486,306 | Nil | 60,529,745 | 664,016,051 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. In Lakhs)

| S. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|--------|---|-------------------------------|----------------------|---------------------|--------------|
| | Name | Mr. Rasesh Kanakia | Mr. Himanshu Kanakia | Mrs. Hiral Kanakia | |
| | Designation | Chairman, Whole time Director | Managing Director | Whole Time Director | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 15.00 | 15.00 | Nil | 30.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | Nil | Nil | Nil | Nil |
| | -as % of profit | Nil | Nil | Nil | Nil |
| | - others, specify | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (A) | 15.00 | 15.00 | Nil | 30.00 |
| | Ceiling as per the Act | | | | 82.46 |

B. Remuneration to other Directors

(Rs. in lakhs)

| S. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--------|--|-------------------|-----------------|-----------------|--------------------|--------------|
| | | Mr. Kranti Sinha | Mr. Utpal Sheth | #Mr. Shiva Iyer | #Mr. Anand Bathiya | |
| 1 | Independent Directors | | | | | |
| (a) | Fee for attending board / committee meetings | 1.00 | 0.70 | 0.50 | 0.20 | 2.40 |
| (b) | Commission | Nil | Nil | Nil | Nil | Nil |
| (c) | Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | 1.00 | 0.70 | 0.50 | 0.20 | 2.40 |
| 2 | Other Non-Executive Directors | | | | | |
| (a) | Fee for attending board / committee meetings | Nil | Nil | Nil | Nil | Nil |
| (b) | Commission | Nil | Nil | Nil | Nil | Nil |
| (c) | Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | Nil | Nil | Nil |
| | Total (B)=(1+2) | 1.00 | 0.70 | 0.50 | 0.20 | 2.40 |
| | Total Managerial Remuneration (A + B) | | | | | 32.40 |
| | Overall Ceiling as per the Act | | | | | 91.00 |

#Note: Mr. Shiva Iyer has resigned and Mr. Anand bathiya have joined the Boards of the Company w.e.f. 05.02.2015

C. Remuneration to Key Managerial Personnel other than MD/Manager/WT

(Rs. in lakhs)

| S. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount |
|--------|---|----------------------------------|----------------|--------------|
| | | Mr. Jitendra Mehta | Mr. Jatin Shah | |
| | | CFO | CS | |
| 1 | Gross salary | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | 8.22 | 8.22 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil |
| (c) | Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil |
| 4 | Commission | Nil | Nil | Nil |
| | - as % of profit | Nil | Nil | Nil |
| | - others, specify | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil |
| | Total (C) | Nil | 8.22 | 8.22 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| S. No. | Type | Brief Description | Section of the Companies Act | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|----------|----------------------------------|-------------------|------------------------------|---|------------------------------|------------------------------------|
| A | COMPANY | | | | | |
| (i) | Penalty | NA | NA | NA | NA | NA |
| (ii) | Punishment | NA | NA | NA | NA | NA |
| (iii) | Compounding | NA | NA | NA | NA | NA |
| B | DIRECTORS | | | | | |
| (i) | Penalty | NA | NA | NA | NA | NA |
| (ii) | Punishment | NA | NA | NA | NA | NA |
| (iii) | Compounding | NA | NA | NA | NA | NA |
| C | OTHER OFFICERS IN DEFAULT | | | | | |
| (i) | Penalty | NA | NA | NA | NA | NA |
| (ii) | Punishment | NA | NA | NA | NA | NA |
| (iii) | Compounding | NA | NA | NA | NA | NA |

Annexure 2 to Boards Report
POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The philosophy for remuneration of Directors, KMP and all other employees of Cineline India Limited ("Company") is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

I. PREAMBLE:

This Remuneration Policy is formulated in compliance with Section 178 of the Companies Act, 2013, read with the applicable Rules thereto and Clause 49 of the Listing Agreement entered into by the Company with Stock Exchanges, as amended from time to time. This Policy has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors based on the recommendations of the NRC.

II. OBJECTIVE:

The objective of the Policy is to ensure that:

- (i) To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence and who may be appointed as the Senior Management of the Company.
- (ii) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- (iii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (ii) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

III. COMPLIANCE WITH APPLICABLE LAWS:

The procedure and limits for payment of remuneration under this policy shall be in accordance with provisions of (a) the Companies Act, 2013 read with Rules framed thereunder, (b) Listing Agreement with Stock Exchanges, (c) Articles of Association of the Company and (d) any other applicable law or regulations. In the absence of any of the above provisions, the procedure and limits shall be governed by the prevailing HR Policy of the Company.

IV. CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT:

In accordance with the provisions of Section 178(3) of the

Act read with Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee is required to formulate the criteria for determining qualifications, positive attributes and independence of a Director. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose are as under:

Criteria for determining qualifications, positive attributes and independence of a director:

I. QUALIFICATIONS:

- (a) He/She should possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- (b) Such qualifications as may be prescribed under the Companies Act, 2013 read with rules framed there under and the Listing Agreement with Stock Exchanges.

II. POSITIVE ATTRIBUTES:

- (a) He/She should be a person of integrity, with high ethical standard.
- (b) He/She should be able to commit to his/her responsibilities and devote sufficient time and attention to his/her professional obligation as a director.
- (c) He/She should be having courtesy, humility and positive thinking.
- (d) He/She should be knowledgeable and diligent in updating his/her knowledge.
- (e) He/She should have skills, experience and expertise by which the Company can benefit.
- (f) In respect of Executive/Whole time Director/ Managing Director, in addition to I (a) & (b) and II (a) to (e) above, he/she should have strong quality of leadership and team mentoring, recognition, management skills, vision, ability to steer the organization even in adverse conditions, innovative thinking, result oriented and ability to enhance reputation of the organization.

III. INDEPENDENCE:

In respect of an Independent director, in addition to I (a) & (b) and II (a) to (e) above, he/she should fulfill the criteria for being appointed as an Independent Director prescribed under Section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of Clause 49 of the Listing Agreement as amended from time to time.

V. REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in

compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

4) Premium on Insurance Policy:

Where any insurance is taken by the Company on behalf of its Non-Executive / Independent Directors, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where any insurance is taken by the Company on behalf of its MD/EDs, KMP and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as a part of the remuneration.

VI. POLICY IMPLEMENTATION

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

VII. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

For and on behalf of the Board,

Rasesh B. Kanakia
Chairman

Dated : May 27, 2015
Place : Mumbai

**Annexure 3 to Boards Report
SECRETARIAL AUDIT REPORT**

For The Financial Year Ended on March 31, 2015

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,
Cineline India Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Cineline India Limited** (hereinafter called '**the Company**'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Cineline India Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st, March, 2015 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('The SEBI'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;(Not relevant / applicable, since there is no delisting of equity shares during the year)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not relevant / applicable, since there is no delisting of equity shares during the year)
 - (f) The Securities and Exchange Board of India

(Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable, since there is no delisting of equity shares during the year)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.(Not relevant / applicable, since there is no buyback of equity shares during the year)

I have also examined compliance with the applicable clauses to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has passed Special resolution for altering its existing Articles of Association in its 12th Annual General Meeting held on 17th September 2014

**For D. M. Zaveri & Co
Company Secretaries**

**Dharmesh Zaveri
(Proprietor)**

**FCS. No.: 5418
CP No.: 4363**

**Place: Mumbai
Date: 27th May, 2015**

Annexure 4 to Boards Report

[Pursuant to Section 197(12) and Rule 5(1) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. Ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year ended 31 March, 2015:

| Sr. No. | Director | Remuneration (Rs. In lacs) | Median Remuneration (Rs. In lacs) | Ratio |
|---------|----------------------|----------------------------|-----------------------------------|-------|
| 1. | Mr. Rasesh Kanakia | 15.00 | 1.30 | 11.54 |
| 2. | Mr. Himanshu Kanakia | 15.00 | 1.30 | 11.54 |
| 3. | Mrs. Hiral Kanakia | Nil | Nil | Nil |
| 4. | Mr. Kranti Sinha | Nil | Nil | Nil |
| 5. | Mr. Utpal Sheth | Nil | Nil | Nil |
| 6. | Mr. Anand Bathiya | Nil | Nil | Nil |
| 7. | #Mr. Shiva Iyer | Nil | Nil | Nil |
| 8. | #Mr. Sanjay Sanghavi | Nil | Nil | Nil |

#Mr. Sanjay Sanghavi & Mr. Shivaramakrishnan Iyer have resigned from the Board of the Company w.e.f. 5.02.2015

2. The Percentage increase in remuneration of each Director, CFO, Company Secretary in the financial year

| Sr. No. | Director | % increase |
|---------|----------------------|------------|
| 1. | Mr. Rasesh Kanakia | Nil |
| 2. | Mr. Himanshu Kanakia | Nil |
| 3. | Mrs. Hiral Kanakia | Nil |
| 4. | Mr. Kranti Sinha | Nil |
| 5. | Mr. Utpal Sheth | Nil |
| 6. | Mr. Anand Bathiya | Nil |
| 7. | #Mr. Shiva iyer | Nil |
| 8. | #Mr. Sanjay Sanghavi | Nil |

| Sr. No. | Company Secretary & CFO | % increase |
|---------|-----------------------------------|------------|
| 1. | Mr. Jatin Shah, Company Secretary | 5 |
| 2. | Mr. Jitendra Mehta, CFO | NA |

#Mr. Sanjay Sanghavi & Mr. Shivaramakrishnan Iyer have resigned from the Board of the Company w.e.f. 5.02.2015

3. Percentage increase in median remuneration of employees in the financial year – 6.86%
4. The number of permanent employees on the rolls of the company as on 31 March, 2015 – Twenty Five
5. The explanation on the relationship between average increase in remuneration and company performance:

(Rs. In lacs)

| | 2014-15 | 2013-14 |
|---|---------|---------|
| Total Income | 2659.74 | 2270.98 |
| EBIDTA | 1965.16 | 1604.26 |
| EBIDTA as % of Total Income | 74% | 71% |
| PBT Before Exceptional Items | 575.99 | 462.03 |
| PBT Before Exceptional Items as % of Total Income | 22% | 20% |
| Increase in PBT (In percentage) | 25% | |

The PBT (Before Exceptional Items) for the financial year ended 31.03.2015 increased by 25% and whereas average increase in remuneration of employees is 11% which is in line with the current year's performance, market dynamics and as a measure to motivate the employees for better future performance to achieve organization's growth expectations.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

The remuneration of Key Managerial Personnel increased by 5% for the Financial Year 2014-15, though the Profit Before Tax (Before Exceptional Items) of the Company has increased by 25%.

7. Variations in the market capitalization of the company as at the closing date of the current financial year and the previous financial year:

| Particulars | 31.03.2015 | 31.03.2014 |
|---|------------|------------|
| Variation in Market Capitalisation | 415800000 | 378000000 |
| Price Earning Ratio | 10.53 | 12.16 |
| *Percentage Increase over decrease of market quotations of the shares of the Company in comparison to the rate at which the Company came out with last Public offer | NA | NA |

*The Company came out with an IPO in 2006 at price of Rs. 155/- per share equity share having face value of Rs. 10/- each. The Theatre exhibition business of the Company has been demerged with effect from 1.04.2012 to a separate entity viz., Cinemax India Limited (now amalgamated with PVR Limited) in the manner provided for in then Scheme sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 09.03.2015. Pursuant to the said Scheme of arrangement for demerger, each individual shareholder of the Company whose name appeared on the Demerger Record Date, was issued and allotted 1 (One) fully paid Equity Share of Rs. 5 (Rupees Five) each of Cinemax India Limited for every 1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in the Company. Hence the percentage increase over decrease in the market quotation of the shares of the Company in comparison to the rate at which the Company came out with last public offer has not been made.

8. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentage increase made in the salaries of employees other than managerial personnel in the last financial year i.e. 2014-15 was 17% whereas there is no change in the remuneration of executive directors. However, there 5% increase in the managerial remuneration of KMP for the same financial year.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

Increase in remuneration of Key Managerial Personnel- Mr. Jatin Shah, Company Secretary- 5%

The remuneration of the Key Managerial Personnel increased by 5% for the Financial Year 2014-15, though the Profit Before Tax (before exceptional item) of the Company has increased by 25%.

10. The key parameters for any variable component of remuneration availed by the directors:

Please refer to the remuneration policy given as Annexure –2 to the Directors' Report.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None

12. It is affirmed that the remuneration paid is as per the remuneration policy of the company.

For and on behalf of the Board of Directors
Cineline India Limited

Rasesh B. Kanakia
Chairman

Place: Mumbai
Date: May 27, 2015

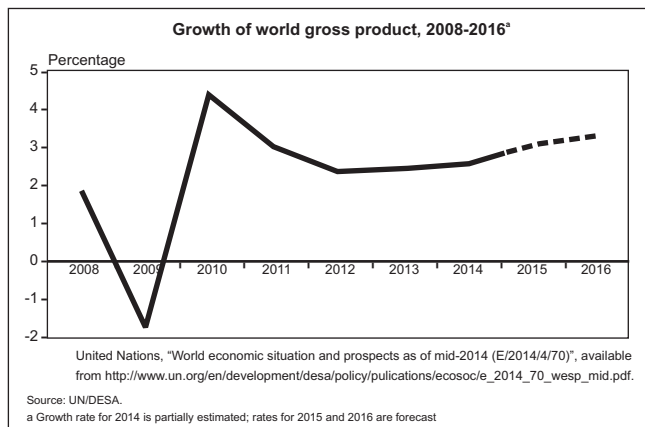
MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE-A TO DIRECTORS' REPORT

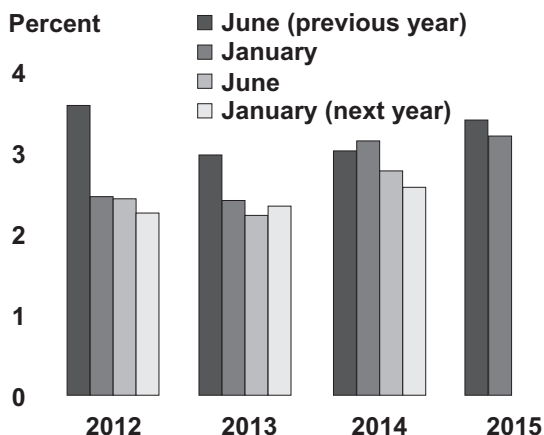
ECONOMIC OVERVIEW

The year 2014 continued to be a year of challenges on multiple fronts for the global economy. There were distinct and disturbing geo-political tensions in Ukraine and The Middle East that cast a long shadow of nervous uncertainty in the financial markets. On the economic output front, almost all the major developed economies continued to struggle to achieve desired levels. According to the World Economic Outlook published in April 2015 by the International Monetary Fund (IMF), the world output maintained its growth rate of 3.4 per cent in 2014, which is similar to 2013. According to the Global Economic Prospects published by the World Bank, the real GDP of the world grew by 2.6 per cent in 2014 compared to 2.5 per cent in 2013.

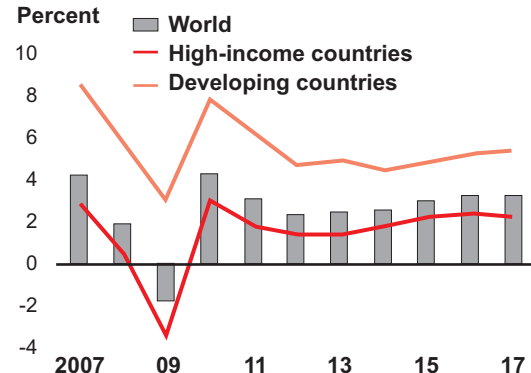
What was different in 2014 was the fact that during the year, emerging and developing economies also faced a slowdown in growth.



A. Global GDP growth forecasts



B. GDP growth, actual and projected



In the USA, there was a marked improvement due to sustained improvements in job creation and an overall rise in consumption, fuelled by the sharp fall in oil prices in the latter half of the year. The US economy grew by 2.4 per cent in 2014 against 2.2 per cent in 2012. In Eurozone, the almost five year old Greek debt-repayment crisis continued to dampen investor sentiments. In fact, the very future of the Euro as a currency started to look unsure with fears of Grexit, leading to further trepidation and anxiety in the financial markets.

In the Asian economies, China faced its slowest growth in the last three decades. The Chinese GDP for the year 2014 was 7.4 per cent, falling short of the government's target of 7.5 per cent. After nearly thirty years of double-digit GDP growth, the Chinese economy is now definitely slowing down.

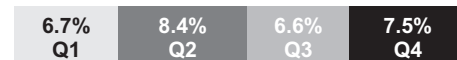
It was a remarkable year for the Indian economy. Spurred by bold and structural reforms in core sectors like infrastructure, banking, insurance, defense and real estate, the economy rebounded smartly. There was a telling return of investor confidence as the India growth story re-emerged strongly. A key development during the year was the change in methodology of measuring the GDP by the Central Statistics Organisation with the base year changing from 2004-05 to 2011-12, and with GDP being henceforth measured at market prices as against factor cost. According to this new methodology, India's GDP for the FY2015 is 7.3 per cent compared to 6.9 per cent in the previous year.

Positive trend

GDP growth
in % at 2011-12 prices

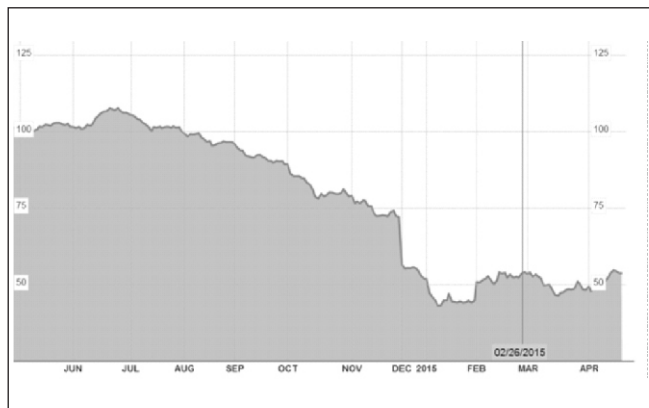


in 2014-15



Source : CSO

Another major development during the year was the dramatic fall in the prices of crude oil in the latter half of the year. The Brent crude oil prices fell to less than US\$ 50 per barrel in January 2015 owing to inventory build-up and OPEC's stance of not curtailing production. Low oil prices had a direct effect on easing inflation to near 5 per cent level by the end of the fiscal year, which, in turn, allowed the Reserve Bank of India (RBI) to lower interest rates.



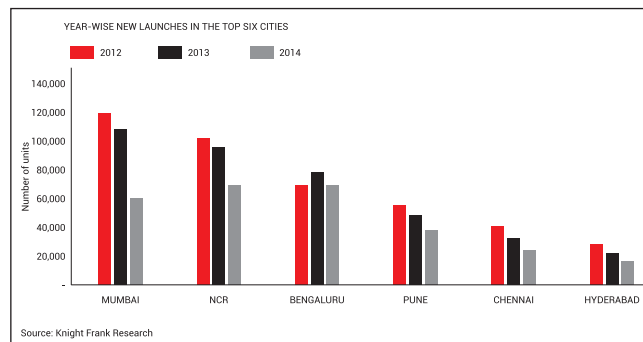
INDUSTRY OVERVIEW

The Indian real estate business has been facing stiff and challenging conditions for the last few years. The challenging economic conditions, rising input costs, high interest rates all contributed to depress demand in all segment of the industry. While residential buyers preferred to defer their purchases, commercial buyers and lessees were under compelling cost pressures and could not undertake new leases. On the other hand, real estate developer could not reduce rates as they were incurring costs both for inputs costs as well as financing costs. This lead a significant inventory pile up across sub-segments and key cities.

However, there was a sense of optimism for the real estate industry as the government brought in key reforms and changes. These include notification by Securities and Exchanges Board of India (SEBI)'s notification regarding Real Estate Investment Trusts (REIT) that will make REIT more feasible, and amendment to Foreign Direct Investment rules reducing both the minimum size and investment requirements. New initiatives like Smart Cities and Housing for All by 2020 are expected to go a long way in reviving the fortunes of the real estate business.

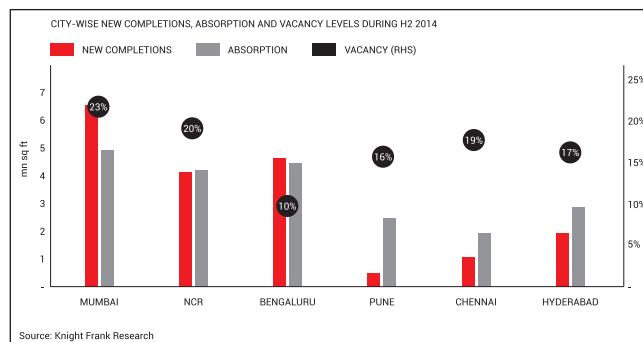
Residential

According to a recent report by Knight Frank Research, there was a sharp decline in both sales as well as new launches in 2014 compared to 2013. A total of 234,930 units were sold during 2014 compared to 284,550 units in 2013, while 268,950 units were launched in 2014, against 372,160 units in 2013. Mumbai had the highest slowdown in new launches at 43 per cent. Mumbai also has the highest number of unsold units in India, at more than 200,000 as of December 2014. However, as far as sales volumes are concerned, Mumbai retains the top spot among the six cities.



Commercial Real Estate

The commercial real estate sub-segment has been the worst hit in the last few years with supply far out-stripping demand. According to a report by JLL research report, the supply of office real estate was higher than demand by 4 million sq.ft. to 10 million sq. ft. till 2014. However, in 2014, developers started to strategically reduce supply with a view to improve the demand-supply balance. As a result, there was an improvement in vacancy rates from 18.5 per cent a year back to 17 per cent in 2014.

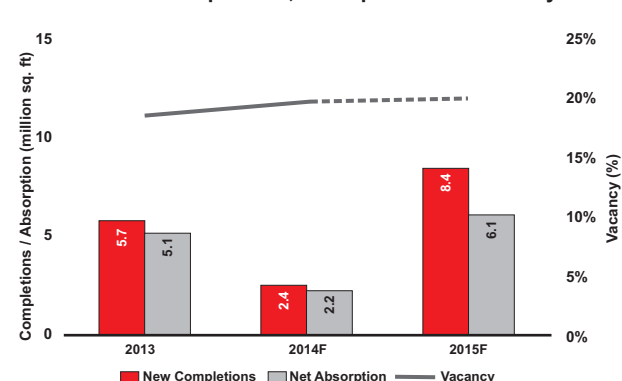


According to a Knight Frank Research report, Mumbai has the highest vacancy rate at 23 per cent, followed closely by NCR.

Retail Real Estate

The retail real estate segment too fared poorly during 2014. One of the key factors affecting the segment was the explosion of on-line retail platforms who lured buyers across categories with a combination of deals and offers, media campaigns and delivery options. The effect was more telling on malls that were poorly located and badly managed.

During the year, many malls were forced to convert to office spaces as vacancy rates rose to alarming highs. In poorly built and managed malls, vacancy rates were as high as 20 per cent, while in better malls, vacancy rates were in the vicinity of 10 per cent. A few progressive mall developers took measures like revamping the tenant mix and bringing theme based shopping experiences, which are common in overseas markets.

Pan-India New Completions, Absorptions and Vacancy-Retail:

BUSINESS OVERVIEW

Cineline India Limited is part of the Kanakia Group – amongst the leading real-estate developers in Mumbai. The Company is head-quartered in Mumbai and listed on the Bombay Stock Exchange as well as the National Stock Exchange.

Cineline India Limited's operations are focussed on the western part of India, particularly in the state of Maharashtra and Gujarat. The Company owns nine multiplexes, one mall and two windmills.

The nine multiplexes of the Company are all leased out to PVR Cinemas. These properties of the Company ensure a steady cash flow in form of rental income. The Company's mall – Eternity Mall is located in the prime area of Variety Square in Nagpur. The mall has some of the leading Indian and international retailers as its tenants. The rental income from Eternity Mall also adds to the steady cash flow income. In addition to rent, the Company earns revenues in form car-parking charges as well as advertising charges from Eternity Mall.

The Company also has a presence in the renewable energy space through its two windmills located at Viswada in Gujarat and Revangaon in Maharashtra. The capacities of these two windmills are 0.6 MWA and 1.6 MWA respectively. The power generated from these two windmills are sold and contribute to the total revenues of the Company.

REVIEW OF FINANCIAL PERFORMANCE

The total revenue for the Company for the year 2014-15 was Rs. 2659.74 lacs. EBIDTA for the year was Rs. 1965.16 lacs and PAT for the year was Rs. 394.94 lacs.

Opportunities and Outlook

After many years of facing stiff headwinds, the Indian economy is back on the high-growth track. Both the International Monetary Fund (IMF) and the World Bank have forecast the Indian economy to grow at a minimum of 7.5 per cent for the next few years. Further, oil prices are also expected to remain low in the foreseeable future, further boosting growth prospects in the country. On the back of sustained economic progress as well as benign inflation levels, consumer demand is expected to remain high.

In the real estate sector, there are already definitive signs of revival of demand, both in residential as well as commercial sub-segments. Buyers, who had deferred their purchases, are fast coming back as interest rates are now favourable. Initiatives like Make In India, Digital India, Smart Cities are all long-term programmes that will have a long-term impact on the real estate sector. In the commercial sub-segment, vacancy levels are expected to rise further as a growing business prospects is allowing key segments like BFSI, Telecommunications and ITeS to expand.

RISKS AND CONCERNS

The real estate business is a highly capital intensive business. The cash flow cycles are typically longer with substantial capital invested in land, planning and construction. On the other hand, sales are highly dependent on interest rates, while prices and margins depend greatly on market conditions. These are all business risks that are associated with the real estate projects. However, Cineline India Limited has a predominantly rental business models with long-term agreements in place for its properties. Thus, many of the typical real estate risks are not applicable.

Material Development in Human Resources

Cineline India Limited has always given employee satisfaction a top priority. Ensuring a workplace that is safe and promotes performance and efficiency has always been in focus. The Company has a well-defined Code of Conduct that guides all employees in their interaction with the various stakeholders of the Company. The skill-sets of the employees are regularly upgraded through learning and development initiatives, workshops, seminars and programmes by the internal HR department as well as by professionals in the field.

The Company enjoyed a cordial relationship with all its employees during the year. As on 31st March, 2015, the total employees of the Company were 25.

Internal Control Systems and their Adequacy

Cineline India Limited has a comprehensive and commensurate internal control systems in place. The guidelines comprise of a well-defined frame-worked covering various aspects of governance, compliance, control, audit and reporting. All systems and processes are clearly documented, regularly appraised and updated, and strictly followed. The senior management of the Company regularly monitors all aspects of operations and accounts.

CAUTIONARY STATEMENT

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with National Stock Exchange and Bombay Stock Exchange 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

ANNEXURE-B TO DIRECTORS' REPORT

guidelines that are followed by the Board of Directors and the Management of the Company.

II. BOARD OF DIRECTORS

Composition and category of Directors

The Board of Directors of your company comprises of Six (6) Directors as on 31 March 2015 representing the optimum combination of professionalism, knowledge and experience. Of these six members, three of them are non independent directors and 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 |
| Mrs. Hiral Kanakia | Additional Director | Non - Executive | Non - Independent |
| Mr. Utpal Sheth | Director | Non - Executive | Independent |
| Mr. Kranti Sinha | Director | Non - Executive | Independent |
| Mr. Anand Bathiya | Additional Director | Non - Executive | Independent |

Directorship / Committee Membership as on March 31, 2015 (including CINELINE):

| Sr. No | Name of the Director | No. of Directorships* | Board Committees** | Chairman ships of Board Committees** |
|--------|----------------------|-----------------------|--------------------|--------------------------------------|
| 1 | Mr. Rasesh Kanakia | 1 | 2 | Nil |
| 2 | Mr. Himanshu Kanakia | 1 | 1 | Nil |
| 3 | Mrs. Hiral Kanakia | 1 | Nil | Nil |
| 4 | Mr. Utpal Sheth | 5 | Nil | Nil |
| 5 | Mr. Kranti Sinha | 5 | 9 | 5 |
| 6 | Mr. Anand Bathiya | 1 | 1 | Nil |

*The Directorships excludes Private Limited Companies, Foreign Companies, Section 8 of the Companies Act, 2013 and Alternate Directorship.

** Chairmanship/Membership of Committees only includes Audit Committee and Stakeholder Relationship Committee in Indian Public Limited companies including Cinline India Limited. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairman of more than five such Committees.

Independent Directors:

The Non-executive Independent Directors fulfill the conditions of Independence specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder and meet with the requirements of Clause 49 of the Listing Agreement entered into with the Stock exchanges. A formal letter of appointment to the independent Director as provided in the Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the websites of the Company viz., www.cineline.co.in.

Board Meetings

Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company. The Board meetings are pre-scheduled and a tentative annual calendar of the Board meetings is circulated to the Director in advance to facilitate the Directors to plan their schedules. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at subsequent Board meeting.

The notice of each board meeting is given in writing to each director. The Agenda along with relevant notes and other material information are in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis budgets/targets.

In the financial year 2014-15, the Board met four times. The meetings were held on May 26, 2014, July 24, 2014, November 8, 2014 and February 5, 2015. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Agreement.

Attendance of the Directors at the Board Meeting and at the last Annual General Meeting (AGM).

| Sr. No. | Name of Director | No. of Board meetings held | No. of Board meetings attended | Attendance at Agm held on September 17, 2014 |
|---------|-----------------------------|----------------------------|--------------------------------|--|
| 1 | Mr. Rasesh Kanakia | 4 | 4 | Present |
| 2 | Mr. Himanshu Kanakia | 4 | 4 | Present |
| 3 | Mr. Kranti Sinha | 4 | 4 | Present |
| 4 | Mr. Utpal Sheth | 4 | 3 | Leave sought |
| 5 | #Mr. Shivaramakrishnan Iyer | 3 | 2 | Present |
| 6 | #Mr. Sanjay Sanghvi | 3 | 3 | Present |
| 7 | *Mrs. Hiral Kanakia | 1 | 1 | NA |
| 8 | *Mr. Anand Bathiya | 1 | 1 | NA |

*Mrs. Hiral Kanakia & Mr. Anand Bathiya have join the Board of the Company w.e.f. 05.02.2015.

#Mr. Sanjay Sanghavi & Mr. Shivaramakrishnan Iyer have resigned from the Board of the Company w.e.f. 05.02.2015

Information given to the Board:

The Company provides the information as set out in Clause 49 of the Listing Agreement to the Board and the

Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

Board Support:

The Company Secretary attends the Board/Committee meetings and advises on Compliances with applicable laws and governance.

Familiarisation Programme for Directors:

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director also explained in detail the Compliance required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmations taken with respect to the same. The Chairman and the Managing Director also has one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further the Company has put into place a system to familiarise the Independent Director about the Company, its business and the on-going events relating to the Company.

III. COMMITTEES OF THE BORAD

The Board of Directors has constituted Board Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed with approval of the Board and functions under their respective Charters. These Board Committees play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board for their noting.

The Board has currently the following Committees:

(A) AUDIT COMMITTEE

Composition:

The Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provision of Clause 49 of the Listing Agreement. All members of the Audit Committee are financially literate and bring expertise in the field of Finance, Taxation, Economics and Risk.

The Audit Committee presently comprises of four (4) members namely, Mr. Kranti Sinha- Chairman, Mr. Anand Bathiya, Mr. Utpal Sheth and Mr. Rasesh Kanakia of which first three are independent directors. 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 and Attendance:

The Audit Committee met four (4) times during the Financial Year 2014-15. The Company is in full compliance with provisions of Clause 49 of the Listing Agreement on gaps between any two Audit Committee meetings. The Committee met on May 26, 2014, July 24, 2014, November 8, 2014 and February 5, 2015. The necessary quorum was present for all meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company. The table below provides the attendance of the Audit Committee:

Attendance of each Member at the Audit Committee Meetings:

| 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 | 4 |
| Mr. Utpal Sheth | Member, Independent Director | 4 | 3 |
| *Mr. Sivaramakrishnan Iyer | Member, Independent Director | 3 | 2 |
| *Mr. Anand Bathiya | Member, Independent Director | 1 | 1 |
| *Mr. Shivaramakrishnan Iyer resigned and Mr. Anand Bathiya Joined as the Member of Audit Committee w.e.f. 05.02.2015 | | | |

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. Oversight 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 auditors and the fixation of the 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - 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. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors on any significant findings and follow up there on;
15. 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;

16. 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;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. 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;
20. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

C. Review of information by Audit Committee: The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

(B) NOMINATION AND REMUNERATION COMMITTEE

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing “Remuneration Committee” as the “Nomination and Remuneration Committee”.

Composition

The Nomination and Remuneration Committee comprises of three (3) Directors. Mr. Kranti Sinha, Non-Executive, Independent Director, is the Chairman of the Committee. The other members of the Nomination and Remuneration Committee include Mr. Utpal Sheth and Mr. Anand Bathiya. The Composition of Remuneration and Nomination Committee is pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Meeting and Attendance

The Nomination and Remuneration Committee met one time during the year on February 4, 2015. The necessary quorum was present for the meeting.

Terms of Reference

The Board has framed the Nomination and Remuneration Committee policy which ensures effective compliance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Board has clearly defined terms of reference for the Nomination and

Remuneration Committee, which are as follows:

- a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director;
- b) to recommend to the Board the appointment and removal of Senior Management;
- c) to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance;
- d) to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) to ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- g) to devise a policy on Board diversity;
- h) to develop a succession plan for the Board and to regularly review the plan.

NOMINATION AND REMUNERATION POLICY

In accordance with the provision of section 178 sub-section (3) of the Act, the Nomination and Remuneration Committee recommended the Remuneration Policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees which has approved and adopted by the Board and the same is annexed as Annexure 2 to the Director's Report.

Details of Remuneration to Directors during the financial year 2014-15:

| Name of the Director | Sitting Fees for Board & Committees Meeting (Amount in Rs.) | Salary & Perquisites (including PF, etc.) (Amount in Rs.) |
|--|--|--|
| Mr. Rasesh Kanakia | N.A. | 15,00,000 |
| Mr. Himanshu Kanakia | N.A. | 15,00,000 |
| Mrs. Hiral Kanakia | N.A. | N.A. |
| Non Executive Director | | |
| Mr. Sanjay Sanghvi, Non-Independent Director | N.A. | N.A. |
| Mr. Kranti Sinha, Independent Director | 100,000 | N.A. |
| Mr. Utpal Sheth, Independent Director | 70,000 | N.A. |
| Mr. Sivaramakrishnan Iyer, Independent Director | 50,000 | N.A. |
| Mr. Anand Bathiya, Independent Director | 20,000 | N.A. |

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing “**Investors' Grievance Committee**” as the “**Stakeholders' Relationship Committee**”.

Composition

This Committee comprises of Three Directors, Mr. Kranti Sinha, Non-Executive, Independent Director is the Chairman of this Committee.

Meeting

The Stakeholders' Relationship Committee met two (2) times during the Financial Year 2014-15. The Committee met on May 26, 2014 and November 8, 2014.

Attendance of each Member at the Stakeholders' Relationship Committee Meetings:

| 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 |

Terms of Reference: The terms of reference for the Committee are:

- transfer/transmission of shares as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- monitoring expeditious redressal of investors / stakeholders grievances;
- to oversee the performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization / rematerialisation of shares and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non receipt of annual reports, notices, non receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- to perform any other function, duty as stipulated by the Companies Act, Securities & Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend to all grievances of the

shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

Details of Shareholder's Complaints

The total numbers of complaints received and replied to the shareholders during the year ended March 31, 2015 werethree, as per details given below. There were no complaints outstanding as on March 31, 2015.

| Nature of Complaints | Received | Resolved |
|-------------------------------|----------|----------|
| Non-Receipt of Annual reports | Nil | Nil |
| Non-Receipt of Dividend | 2 | 2 |
| Miscellaneous | 1 | 1 |
| Total | 3 | 3 |

(D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted on May 26, 2014, which comprises of three (3) Directors, Mr. Kranti Sinha, Non-Executive, Independent Director, is the Chairman of the Committee. The other members of the CSR Committee include Mr. Rasesh Kanakia and Mr. Himanshu Kanakia. The Composition of CSR Committee is pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. As per Section 135 of the Companies Act, 2013 the Company was not required to undertake CSR activities for the Financial Year 2014 – 2015. As there was not CSR activity to be undertaken in terms of Section 135 of the Companies Act, 2013 for the Financial Year 2014 – 2015 no Committee meetings were held during the year. The Company formulated CSR Policy, which is uploaded on the website of the Company.

Terms of Reference:

The terms of reference of the Corporate Social Responsibility Committee broadly comprises:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

(E) INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on February 04, 2015, Inter alia, to discuss;

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present for this Meeting.

IV. GENERAL BODY MEETING:**ANNUAL GENERAL MEETING**

Location and time, where last three Annual General Meetings (AGM) held:

| Year | Venue/Location | Day & Date | Time |
|------|---|------------------------------|----------|
| 2014 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093 | Wednesday, 17 September 2014 | 10.00 AM |
| 2013 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093 | Thursday, 19 September 2013 | 10.00 AM |
| 2012 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093 | Thursday, 23 August 2012 | 10.00 AM |

Postal Ballot:

For the year ended March 31, 2015 there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

V. AFFIRMATIONS AND DISCLOSURES**1. Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement.

2. Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the

Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed under the note 27 of significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Clause 49, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz., www.cineline.co.in.

None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis or fair value.

3. Details of non-compliances by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements of the Listing Agreements entered into with Stock Exchanges as well as the regulations and guideline of SEBI. Consequently, there were no stricture or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

4. Whistle Blower Policy/ Vigil Mechanism Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against – victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The policy is displayed on the website of the Company viz., www.cineline.co.in.

5. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The Significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

6. Non-Mandatory requirements

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time-to-time.

7. Code of Business Conduct & Ethics

The Company has adopted Code of Conduct & Ethics ("the Code") which is applicable to the Board of Directors and Senior Management team (one level below the Board) of the Company. The Board of Directors and members of Senior Management team are required to affirm annual compliance of this Code. The Code requires Director and Employees to act honestly, fair, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the website of the Company viz., www.cineline.co.in.

8. Conflict of Interest

Each Director informs the Company on an annual basis about the Board and the Committees position he occupies in other companies including Chairmanship and notifies change during the year. Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The members of the Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

9. Insider Trading Code

The Company has adopted a Code of Conduct for prevention of Insider Trading ("the Code") in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the insider Trading Regulation of 1992 which ordain new actions steps by corporates and other market intermediaries for the purpose of prevention of Insider Trading. The Code is amended from time to time reflecting the changes brought in by SEBI in the Insider Trading Regulations. The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated employees who are expected to have access to the unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations.

10. Managing Director and CFO Certification

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

VI. MEANS OF COMMUNICATION TO SHAREHOLDERS:

- The unaudited quarterly/half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the date of the closure of the

financial year as per the requirement of the Listing Agreement with the Stock Exchanges.

- The approved financial results are forthwith sent to the Stock Exchanges and are published in one vernacular newspaper viz., "Nav Shakti" and one English newspaper viz., "Free Press Journal", within forty-eight hours of the approval thereof.
- The Company's financial results and official press releases are displayed on the Company's website www.cineline.co.in.
- Any presentation made to the institutional investors and analysts are also posted on the Company's website.
- The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.
- In line with the existing provisions of the Listing Agreement, the Company has created a separate email address viz., investor@cineline.co.in to receive complaints and grievances of the shareholders.

VII. GENERAL SHAREHOLDERS INFORMATION**1. Annual General Meeting for the Financial Year 2014-15:**

| | |
|-----------------------|--|
| Day & Date | Thursday, 10 th September, 2015 |
| Time | 10.00 AM |
| Venue | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri(East), Mumbai-400093 |

2. Tentative Calendar for Financial Year 2015-2016:-

| Sr. No. | The Financial year of the company ends on every March 31. | Tentative date |
|----------------|---|------------------------------|
| i) | Un-audited results for the quarter ended June 30, 2015 | Second week of August 2015 |
| ii) | Un-audited results for the quarter/half Year ending September 30, 2015 | Second week of November 2015 |
| iii) | Un-audited results for the quarter / nine months ending December 31, 2015 | Second week of February 2016 |
| iv) | Audited results for the year ending March 31 2016 | Last week of May 2016 |

3. Book Closure date:

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Thirteenth Annual General Meeting in terms of Listing Agreement from 4th September, 2015 to 10th September, 2015 (both days inclusive).

4. Listing in Stock Exchanges and Stock Codes:

The name of the stock exchanges at which the equity shares are listed and respective stock codes are as under:

| Name of the Stock Exchanges | Trading Symbol/Code |
|-----------------------------------|---------------------|
| The Bombay Stock Exchange (BSE) | CINELINE |
| The National Stock Exchange (NSE) | 532807 |

The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2015 - 2016.

5. Depositories Information:

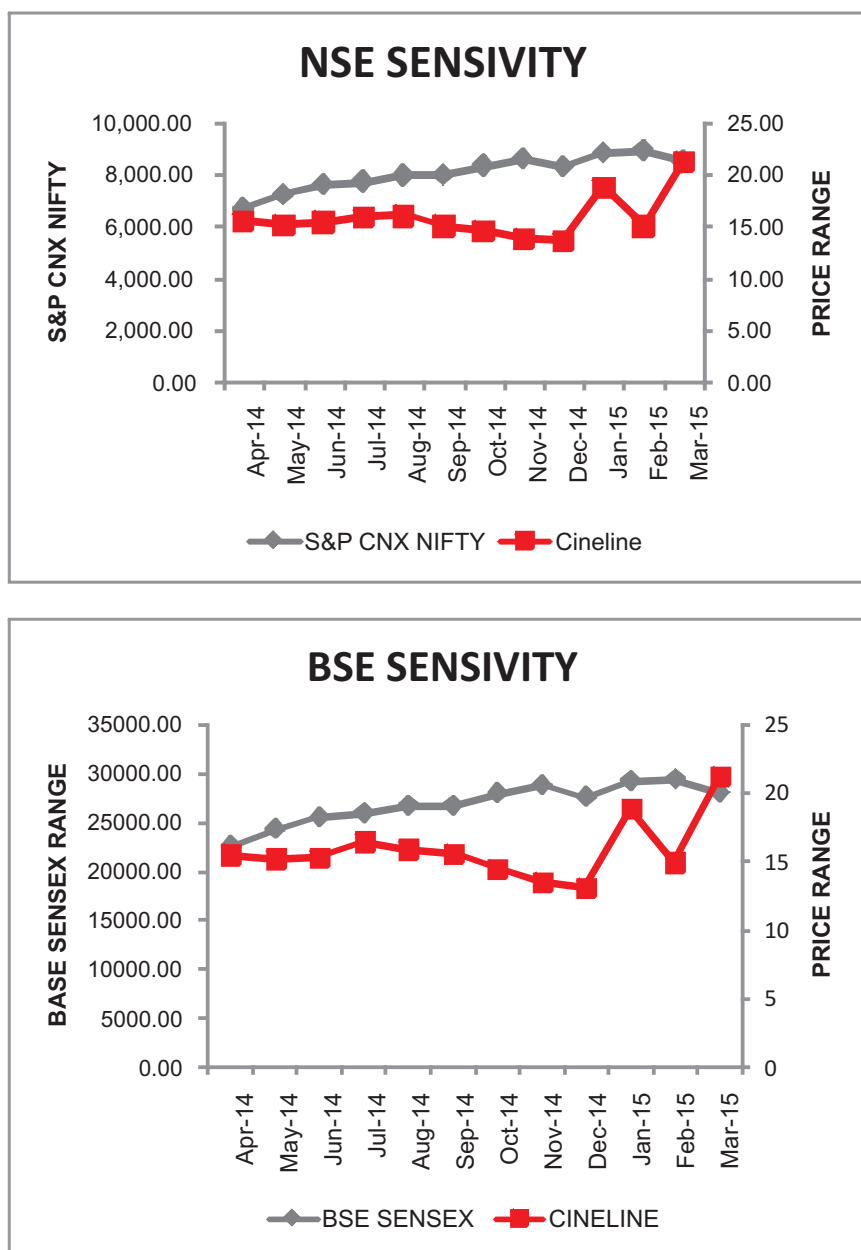
The ISIN number allotted to the Company for demats of shares is as under:

| Name of the Depository | ISIN Number |
|---|--------------|
| Central Depository Services (India) Ltd. (CDSL) | INE704H01022 |
| National Securities Depository Limited (NSDL) | INE704H01022 |

6. Share Price & Volume (Tables/Graphs):

| Month | BSE | | | Sensex | NSE | | | Nifty |
|---------------|--------------------------|-------------------------|-------------------------|----------|--------------------------|-------------------------|-------------------------|----------------|
| | Month's High (In Rs.) | Month's Low (In Rs.) | Volume (No. in Lacs) | | Month's High (In Rs.) | Month's Low (In Rs.) | Volume (No. in Lacs) | |
| Apr-14 | 15.40 | 11.70 | 23.63 | 22417.80 | 15.55 | 11.70 | 28.49 | 6,696.40 |
| May-14 | 15.13 | 10.00 | 26.70 | 24217.34 | 15.15 | 9.65 | 39.74 | 7,229.95 |
| Jun-14 | 15.20 | 12.55 | 19.95 | 25413.78 | 15.40 | 12.80 | 38.68 | 7,611.35 |
| Jul-14 | 16.40 | 12.30 | 47.79 | 25894.97 | 15.95 | 12.65 | 33.30 | 7,721.30 |
| Aug-14 | 15.83 | 12.00 | 27.48 | 26638.11 | 16.50 | 12.05 | 33.47 | 7,954.35 |
| Sep-14 | 15.50 | 12.10 | 21.37 | 26630.51 | 15.00 | 11.50 | 42.57 | 7,964.80 |
| Oct-14 | 14.40 | 11.70 | 5.06 | 27865.83 | 14.50 | 11.40 | 8.57 | 8,322.20 |
| Nov-14 | 13.47 | 10.80 | 11.70 | 28693.99 | 13.75 | 11.00 | 22.78 | 8,588.25 |
| Dec-14 | 13.05 | 10.61 | 6.69 | 27499.42 | 13.60 | 10.60 | 10.45 | 8,282.70 |
| Jan-15 | 18.75 | 11.20 | 132.45 | 29182.95 | 18.80 | 11.10 | 274.36 | 8,808.90 |
| Feb-15 | 14.89 | 13.12 | 12.51 | 29361.50 | 15.00 | 13.10 | 20.78 | 8,901.85 |
| Mar-15 | 21.09 | 13.10 | 225.64 | 27957.49 | 21.25 | 13.10 | 634.23 | 8,491.00 |
| Total: | | | 560.97 | | Total: | | | 1187.42 |

7. Stock Performance vis-à-vis Index (NSE & BSE)



8. Shareholding Pattern as on March 31, 2015:

| Sr. No. | Category | Holders | % | Value | % |
|----------------|--|---------------|-------------|--------------------|-------------|
| 1 | Clearing Member | 69 | 0.31% | 404,785 | 0.29% |
| 2 | Corporate Bodies (Promoter Co) | 2 | 0.01% | 1,400 | 0.00% |
| 3 | Nationalised Banks | 1 | 0.00% | 8,070 | 0.01% |
| 4 | Non Resident Indians (REPATRIABLE) | 205 | 0.92% | 566,990 | 0.40% |
| 5 | Non Resident Indians (NON REPATRIABLE) | 57 | 0.26% | 121,435 | 0.09% |
| 6 | Other Bodies Corporate | 219 | 0.98% | 15,693,740 | 11.21% |
| 7 | Promoters | 9 | 0.04% | 96,973,180 | 69.27% |
| 8 | Public | 21,741 | 97.48% | 26,230,400 | 18.74% |
| Total : | | 22,303 | 100% | 140,000,000 | 100% |

9. Distribution Schedule as of March 31, 2015:

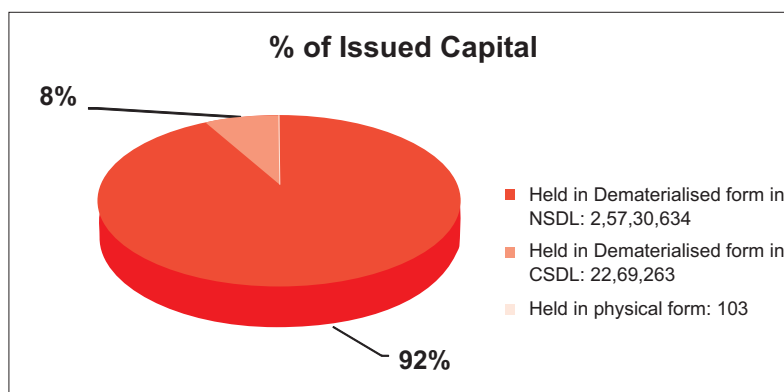
| Distribution | No. of Shareholders | Shares Amount (In Rs.) | % of Shareholding |
|----------------|---------------------|---------------------------|-------------------|
| Less than 2500 | 20995 | 84,55,930 | 6.04 |
| 2501-5000 | 647 | 26,81,915 | 1.92 |
| 5001-10000 | 322 | 24,93,990 | 1.78 |
| 10001-15000 | 97 | 12,22,905 | 0.87 |
| 15001-20000 | 56 | 9,99,330 | 0.71 |
| 20001-25000 | 54 | 12,79,730 | 0.91 |
| 25001-50000 | 62 | 23,04,680 | 1.65 |
| Above 50000 | 70 | 12,05,61,520 | 86.12 |
| Total | 22,303 | 14,00,00,000 | 100 |

10. Share Transfer System:

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a period of 30 days from the date of receipt thereof provided all documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a Practicing Company Secretary carries out audit of the System of transfer and a certificate to that effect is issued. On March, 2015, there were no unprocessed transfers pending.

11. Dematerialization of Shares and liquidity

99.99% of the Company's paid up Equity Share Capital is in dematerialized form as on March 31, 2015. The Company has entered into agreements with NSDL/CDSL whereby shareholders have an option to dematerialise their shares with either of the Depositories.

**12. Reconciliation of Share Capital Audit Report**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares held in dematerialised form (held in NSDL and CDSL) and total number of shares in physical form.

13. ECS Mandate

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

14. Address of correspondence

| Correspondence with the Company | Compliance Officer | Chief Financial Officer | Link Intime India Private Limited Registrar & Transfer Agent |
|---|--|---|---|
| Cinline India Limited 215 Atrium, 10th Floor, Opp. Divine School, J.B. Nagar, Andheri Kurla Road, Andheri- East, Mumbai- 4000 93 Phones: 022-6726 7777 Fax: 022-6693 7777 Email: investor@cinline.co.in Website: www.cinline.co.in | Mr. Jatin Shah Company Secretary Phones: 022-6726 7777 Fax: 022-6693 7777 Email: investor@cinline.co.in | Mr. Jitendra Mehta Phones: 022-6726 7777 Fax: 022-6693 7777 Email: investor@cinline.co.in | (Unit – Cinline India Limited) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078 Ph : 022 – 2596 0320 Fax: 022 – 2596 0329 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in |

For and on behalf of the Board of Directors

Place: Mumbai
Date: 27th May, 2015

Rasesh B. Kanakia
Chairman

ANNEXURE-C TO DIRECTORS' REPORT**Auditors' Certificate on compliance of conditions of Corporate Governance****To the Members of Cineline India Limited**

We have examined the compliance of the conditions of Corporate Governance by Cineline India Limited (the 'Company'), for the year ended 31 March 2015 as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

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

Firm Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782

Place : Mumbai
Date : 27 May 2015

MANAGING DIRECTOR & CFO CERTIFICATION

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of the Company hereby certify that to the best of our knowledge and belief:

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. significant changes in internal controls during the year covered by this report;
 - b. 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;
 - c. 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.

Himanshu Kanakia
Managing Director

Jitendra Mehta
Chief Financial Officer

Place : Mumbai

Date : 27 May, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Cineline India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cineline India Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from

being appointed as a director in terms of Section 164(2) of the Act;

- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- as detailed in Note 32 to the Financial Statements, the Company has disclosed the impact of pending litigations on its financial position;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 27 May 2015

Annexure to the Independent Auditors' Report of even date to the members of Cineline India Limited, on the financial statements for the year ended 31 March 2015

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:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

- The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
 - Owing to the nature of its business, the Company does not maintain any physical inventory. Accordingly, clause 3(iv) of the Order with respect to purchase of inventories 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 goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
 - The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
 - To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
 - Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, 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.
 - There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.

| Name of the statute | Nature of dues | Amount (Rs. in lacs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|----------------------|------------------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income tax | 29.06 | Previous year 2006-07 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income tax | 83.25 | Previous year 2007-08 | High Court |
| Income Tax Act, 1961 | Income tax | 77.35 | Previous year 2008-09 | High Court |
| Income Tax Act, 1961 | Income tax | 75.34 | Previous year 2009-10 | High Court |
| Income Tax Act, 1961 | Income tax | 2.27 | Previous year 2010-11 | High Court |

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.
- (viii) 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.
- (ix) 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.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.

- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) 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's Registration No.: 001076N/N500013

per Sudhir N. Pillai
 Partner
 Membership No.: 105782

Place: Mumbai
 Date: 27 May 2015

Balance Sheet as at 31 March 2015

(₹ in lacs)

| Particulars | Note No. | As at 31 March 2015 | As at 31 March 2014 |
|---|----------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Fund | | | |
| Share Capital | 4 | 1,400.00 | 1,400.00 |
| Reserves and Surplus | 5 | 6,374.26 | 5,979.32 |
| Non Current Liabilities | | | |
| Long Term Borrowings | 6 | 5,792.24 | 5,970.65 |
| Deferred Tax Liabilities (Net) | 7 | 653.40 | 417.48 |
| Other long term liabilities | 8 | 557.90 | 536.15 |
| Long Term Provisions | 9 | 11.40 | 8.37 |
| Current Liabilities | | | |
| Trade Payables | 33 | 41.67 | 53.09 |
| Other Current Liabilities | 10 | 432.59 | 287.27 |
| Short Term Provisions | 11 | 154.88 | 138.23 |
| Total | | 15,418.34 | 14,790.56 |
| ASSETS | | | |
| Non Current Assets | | | |
| Tangible Assets | 12 | 9,335.65 | 9,943.23 |
| Long Term Loans and Advances | 13 | 1,083.95 | 1,048.71 |
| Current Assets | | | |
| Trade Receivables | 14 | 193.09 | 331.19 |
| Cash and Bank Balances | 15 | 131.81 | 140.73 |
| Short Term Loans and Advances | 16 | 4,673.84 | 3,326.70 |
| Total | | 15,418.34 | 14,790.56 |
| Notes 1 to 35 form 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

Sudhir N. Pillai
Partner

Place : Mumbai
Date : 27 May, 2015

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman
DIN no.-00015857

Jitendra Mehta
Chief Financial Officer
Place : Mumbai
Date : 27 May, 2015

Himanshu B. Kanakia
Managing Director
DIN no.-00015908

Jatin Shah
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2015

(₹ in lacs)

| Particulars | Note No. | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|----------|-----------------------------|-----------------------------|
| REVENUE | | | |
| Revenue from Operations | 17 | 2,040.38 | 1,960.97 |
| Other Income | 18 | 619.36 | 310.01 |
| Total Revenue | | 2,659.74 | 2,270.98 |
| EXPENSES | | | |
| Operating Expenses | 19 | 89.54 | 78.73 |
| Employee Benefits Expense | 20 | 104.40 | 79.94 |
| Finance Costs | 21 | 777.90 | 661.09 |
| Depreciation Expense | 12 | 611.27 | 481.14 |
| Other Expenses | 22 | 468.23 | 508.05 |
| Prior period items | 23 | 32.41 | - |
| Total Expenses | | 2,083.75 | 1,808.95 |
| Profit before exceptional item and Tax | | 575.99 | 462.03 |
| Add: Exceptional item | 24 | 214.99 | - |
| Profit before Tax | | 790.98 | 462.03 |
| Tax Expense : | | | |
| Current Tax | | 159.50 | 93.40 |
| Deferred Tax | | 235.92 | 151.45 |
| Short provision for tax of earlier year | | 0.62 | - |
| MAT Credit Entitlement | | - | (93.40) |
| Profit after tax | | 394.94 | 310.58 |
| Earnings Per Equity Share | 29 | | |
| (1) Basic | | 1.41 | 1.11 |
| (2) Diluted | | 1.41 | 1.11 |

Notes 1 to 35 form 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

Sudhir N. Pillai
Partner

Place : Mumbai
Date : 27 May, 2015

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman
DIN no.-00015857

Jitendra Mehta
Chief Financial Officer
Place : Mumbai
Date : 27 May, 2015

Himanshu B. Kanakia
Managing Director
DIN no.-00015908

Jatin Shah
Company Secretary

Cash Flow Statement for the year ended 31 March 2015

| | (₹ in lacs) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2015 | Year ended 31 March 2014 |
| Cash Flow from Operating Activities | | |
| Profit before tax | 790.98 | 462.03 |
| <u>Adjustments for non cash transactions</u> | | |
| Depreciation expense | 611.27 | 481.14 |
| Bad debts | 0.65 | 0.68 |
| Provision for doubtful debts | 1.11 | - |
| Amortisation of Processing Fees | 5.55 | 31.00 |
| Sundry Balances written back | (1.21) | (55.39) |
| | 1,408.35 | 919.46 |
| Items considered separately | | |
| Interest Expense | 768.67 | 611.76 |
| Loan Processing Charges | - | 15.17 |
| Interest Income | (585.90) | (247.43) |
| | 182.77 | 379.50 |
| Operating Profit before Working Capital Changes | 1,591.12 | 1,298.96 |
| Adjustments for change in working capital | | |
| (Increase) / decrease in trade receivables | 136.34 | (153.04) |
| (Increase) / decrease in long term loans and advances | 5.57 | (46.26) |
| Increase in short term loans and advances | (1,352.69) | (3,260.35) |
| Increase / (decrease) in trade payables | (10.21) | 55.47 |
| Increase in long term provisions | 3.03 | 5.10 |
| Increase / (decrease) in other current liabilities | 146.80 | (322.28) |
| Increase in short term provisions | 16.65 | 72.21 |
| Increase in other long term liabilities | 21.75 | 21.92 |
| | (1,032.76) | (3,627.23) |
| Net Changes in Working Capital | (1,032.76) | (3,627.23) |
| Income Taxes Paid | 200.93 | 154.42 |
| Net Cash generated from / (used in) Operating Activities (A) | 357.43 | (2,482.69) |
| <u>Cash Flow from Investing Activities</u> | | |
| Purchase of Fixed Assets | (3.69) | (23.23) |
| Interest Received | 585.90 | 247.43 |
| Other bank balances | (17.90) | (3.12) |
| | 564.31 | 221.08 |
| Net Cash generated from Investing Activities (B) | 564.31 | 221.08 |
| <u>Cash Flow from Financing Activities</u> | | |
| Interest paid | (770.15) | (585.41) |
| Loan Processing Charges paid | - | (15.17) |
| Proceeds from long term borrowings | (178.41) | 2,988.16 |
| Repayment of short term borrowings | - | (155.00) |
| | (948.56) | 2,232.58 |
| Net Cash generated from / (used in) financing activities (C) | (948.56) | 2,232.58 |
| Net decrease in Cash and Cash Equivalents (A+B+C) | (26.82) | (29.03) |
| Cash and Cash Equivalents at the beginning of the year | 99.86 | 128.89 |
| Cash and Cash Equivalents at the end of the year | 73.04 | 99.86 |
| Net decrease as disclosed above | (26.82) | (29.03) |

Cash Flow Statement for the year ended 31 March 2015

(₹ in lacs)

| | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Notes to Cash flow statement | | |
| 1. Cash and cash equivalents at the year end comprise: | | |
| Cash on hand | 0.30 | 0.64 |
| Balances with banks in current accounts | 72.74 | 99.22 |
| | 73.04 | 99.86 |

2. The cash flow statement has been prepared under indirect method as set out in Accounting Standard 3 "Cash Flow Statement" as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

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

Sudhir N. Pillai
Partner

Place : Mumbai
Date : 27 May, 2015

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman
DIN no.-00015857

Himanshu B. Kanakia
Managing Director
DIN no.-00015908

Jitendra Mehta
Chief Financial Officer

Jatin Shah
Company Secretary

Place : Mumbai
Date : 27 May, 2015

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

Background of the Company

Cineline India Limited was incorporated on 22 May 2002. The Company is into the business of renting out premises owned by the Company and operating windmill.

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, 2013 (the "Act") and comply in all material aspects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

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 and common area maintenance 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) Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
- (ii) Depreciation is provided, pro rata for the period of use, on the straight line method (SLM) as per the useful life of the assets prescribed under Schedule II to the Companies Act, 2013.

c. Impairment of assets

In accordance with Accounting Standard 28 "Impairment of Assets" as specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014 as amended, 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.
- (ii) Conversion - Monetary assets and liabilities

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

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. Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

i. Taxes on income

Current tax

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

Minimum alternate tax

Minimum alternate tax (MAT) paid in accordance with the tax laws gives rise to future economic

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

Deferred tax

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

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It 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.

j. 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 2015

(₹ in lacs)

| | As at 31 March 2015 | As at 31 March 2014 |
|---|-------------------------------|------------------------|
| 4. SHARE CAPITAL | | |
| Authorised: | | |
| 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 |
| | 4,025.00 | 4,025.00 |
| Issued, Subscribed and Fully paid up: | | |
| Equity Shares | | |
| 28,000,000 (Previous Year 28,000,000) Equity Shares of Rs. 5 each | 1,400.00 | 1,400.00 |
| Total | 1,400.00 | 1,400.00 |
| 4 (a). RECONCILIATION OF SHARE CAPITAL | Amount (₹ in lacs) | Numbers |
| Equity Share Capital: | | |
| <u>As at 31 March 2015</u> | | |
| Balance at the beginning of the year | 1,400.00 | 28,000,000 |
| Add: Issued during the year | - | - |
| Total | 1,400.00 | 28,000,000 |
| <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 | - | - |
| Total | 1,400.00 | 28,000,000 |
| 4 (b). SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES | Numbers | % of Holding |
| <u>As at 31 March 2015:</u> | | |
| Himanshu B. Kanakia | 9,368,424 | 33.46 |
| Rasesh B. Kanakia | 9,368,524 | 33.46 |
| ICICI Prudential Life Insurance Company Limited | 1,860,422 | 6.64 |
| <u>As at 31 March 2014:</u> | | |
| Himanshu B. Kanakia | 9,368,424 | 33.46 |
| Rasesh B. Kanakia | 9,368,524 | 33.46 |
| ICICI Prudential Life Insurance Company Limited | 1,860,422 | 6.64 |

4 (c). 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 (d). 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 2015

| | | (₹ in lacs) | |
|---|-------|------------------------|------------------------|
| | | As at 31 March 2015 | As at 31 March 2014 |
| 5. RESERVES AND SURPLUS | | | |
| Capital Redemption Reserve | | | |
| Opening Balance | | 17.02 | 17.02 |
| Add: Additions during the year | | - | - |
| Closing Balance | | <u>17.02</u> | <u>17.02</u> |
| Securities Premium Reserve | | | |
| Opening Balance | | 3,564.46 | 3,564.46 |
| Add: Securities Premium credited | | - | - |
| Closing Balance | | <u>3,564.46</u> | <u>3,564.46</u> |
| General Reserve | | | |
| Opening Balance | | 55.10 | 55.10 |
| Add: Additions made during the year | | - | - |
| Closing Balance | | <u>55.10</u> | <u>55.10</u> |
| Surplus | | | |
| Opening Balance | | 2,342.74 | 2,032.16 |
| Add: Surplus as per Statement of Profit and Loss | | 394.94 | 310.58 |
| Closing Balance | | <u>2,737.68</u> | <u>2,342.74</u> |
| Total | | <u>6,374.26</u> | <u>5,979.32</u> |
| 6. LONG TERM BORROWINGS | | | |
| Term Loans from Banks (Refer Note 26) | | 5,788.00 | 5,965.00 |
| Vehicle Loans (Refer Note 26) | | 4.24 | 5.65 |
| Total | | <u>5,792.24</u> | <u>5,970.65</u> |
| Note: There is no default, continuing or otherwise, as at the Balance Sheet date, in repayment of any of the above loans. | | | |
| 7. DEFERRED TAX LIABILITIES (NET) | | | |
| Liability | | | |
| On timing difference between book depreciation and depreciation as per Income Tax Act, 1961. | | (665.42) | (674.89) |
| Total Deferred Tax Liability | (A) | <u>(665.42)</u> | <u>(674.89)</u> |
| Assets | | | |
| Provision for doubtful debts | | 0.80 | 3.02 |
| Gratuity | | 2.50 | 2.60 |
| Compensated Absences | | 1.35 | 0.40 |
| Depreciation loss | | - | 240.89 |
| Demerger expenses | | 7.00 | 10.50 |
| Lease equalisation reserve | | 0.37 | - |
| Total Deferred Tax Assets | (B) | <u>12.02</u> | <u>257.41</u> |
| Deferred tax liabilities | (A-B) | <u>(653.40)</u> | <u>(417.48)</u> |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

| | (₹ in lacs) | |
|---|------------------------|------------------------|
| | As at 31 March 2015 | As at 31 March 2014 |
| 8. OTHER LONG TERM LIABILITIES | | |
| Deposits received | 557.90 | 536.15 |
| Total | 557.90 | 536.15 |
| 9. LONG TERM PROVISIONS | | |
| Provision for Employee Benefits: | | |
| - Gratuity (Refer Note 25 (i)) | 7.55 | 7.26 |
| - Compensated Absences (Refer Note 25 (ii)) | 3.85 | 1.11 |
| Total | 11.40 | 8.37 |
| 10. OTHER CURRENT LIABILITIES | | |
| <u>Current Maturities of Long-term debt (Refer Note 26)</u> | | |
| - Term loan from Bank | 177.00 | 93.00 |
| - Vehicle Loan from bank | 1.41 | 1.27 |
| Interest accrued and not due on borrowings | 64.22 | 65.70 |
| Advances from customers | 9.48 | 0.97 |
| Lease equalisation reserve | 1.20 | - |
| Unclaimed Dividends | 6.14 | 6.51 |
| Application money received for allotment of securities and due for refund | - | 4.53 |
| Deposits Received | 47.39 | 46.33 |
| Other Payables | 7.63 | 3.43 |
| Statutory Dues | 106.78 | 65.53 |
| Bank overdraft | 11.34 | - |
| Total | 432.59 | 287.27 |
| 11. SHORT TERM PROVISIONS | | |
| <u>Provision for Employee Benefits</u> | | |
| - Salary and Reimbursements | 7.20 | 7.18 |
| - Gratuity (Refer Note 25 (i)) | 0.56 | 1.15 |
| - Compensated Absences (Refer Note 25 (ii)) | 0.49 | 0.19 |
| <u>Others</u> | | |
| - Expenses Payable | 144.13 | 127.21 |
| - Provision for Taxation (Net of Advance Tax) | 2.50 | 2.50 |
| Total | 154.88 | 138.23 |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015**12. TANGIBLE ASSETS (Refer Note 26)**

(Rs. in lacs)

| Particulars | Gross block (at cost) | | | Accumulated depreciation | | | | Net block | |
|---|-----------------------|---------------------------|----------------------|--------------------------|--------------------|-----------------|----------------------|---------------------|---------------------|
| | As at 1 April 2014 | Additions during the year | Deletion/ adjustment | As at 31 March 2015 | As at 1 April 2014 | During the year | Deletion/ adjustment | As at 31 March 2015 | As at 31 March 2014 |
| Freehold land | 1,971.68 | - | - | 1,971.68 | - | - | - | 1,971.68 | 1,971.68 |
| Theatre buildings | 3,720.35 | - | - | 3,720.35 | 1,631.20 | 122.90 | - | 1,966.25 | 2,089.15 |
| Mall building | 1,969.93 | - | - | 1,969.93 | 65.79 | 65.72 | - | 1,838.42 | 1,904.14 |
| Other buildings | 2,396.60 | - | - | 2,396.60 | 96.28 | 79.87 | - | 2,220.45 | 2,300.32 |
| Plant and equipments | 0.94 | - | - | 0.94 | 0.41 | 0.08 | - | 0.45 | 0.53 |
| Furniture fixtures and office equipments | | | | - | | | | | |
| Theatre furniture and fixtures | 1,189.84 | - | - | 1,189.84 | 678.26 | 255.58 | - | 933.84 | 511.58 |
| Other furniture, fixtures and office equipments | 160.77 | 3.32 | - | 164.09 | 91.70 | 17.44 | - | 54.95 | 69.07 |
| Computers | 2.50 | 0.37 | - | 2.87 | 0.97 | 0.80 | - | 1.10 | 1.53 |
| Vehicles | 22.44 | - | - | 22.44 | 1.79 | 2.97 | - | 17.68 | 20.65 |
| Wind energy generator | 1,536.70 | - | - | 1,536.70 | 462.12 | 65.91 | - | 1,008.67 | 1,074.58 |
| Total | 12,971.75 | 3.69 | - | 12,975.44 | 3,028.52 | 611.27 | - | 9,335.65 | 9,943.23 |
| Previous year | 12,948.52 | 23.23 | - | 12,971.75 | 2,547.38 | 481.14 | - | 9,943.23 | |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

| | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| (₹ in lacs) | | |
| 13. LONG TERM LOANS AND ADVANCES | | |
| Security Deposits (Unsecured, considered good) | 0.35 | 0.35 |
| Prepaid expenses | 52.69 | 58.26 |
| Advance Tax (Net of Provisions) | 586.81 | 546.00 |
| MAT Credit Entitlement | 444.10 | 444.10 |
| Total | 1,083.95 | 1,048.71 |
| 14. TRADE RECEIVABLES | | |
| Trade Receivables outstanding for a period less than six months from the date they are due for payment : | | |
| Unsecured, considered good* | 193.09 | 300.99 |
| | 193.09 | 300.99 |
| Trade Receivables outstanding for a period exceeding six months from the date they are due for payment : | | |
| Unsecured, considered good* | - | 30.20 |
| Unsecured, considered doubtful | 2.60 | 9.76 |
| | 2.60 | 39.96 |
| Less: Provision for doubtful debts | 2.60 | 9.76 |
| | - | 30.20 |
| Total | 193.09 | 331.19 |
| <u>*Includes dues from Company under the same management</u> | | |
| Centaur Mercantile Private Limited | 12.68 | 74.18 |
| RBK Education Solutions Private Limited | 3.37 | - |
| 15. CASH AND BANK BALANCES | | |
| Cash and Cash Equivalents | | |
| - Cash on hand | 0.30 | 0.64 |
| Balances with Banks | | |
| - in Current Accounts | 72.74 | 99.22 |
| | 73.04 | 99.86 |
| Other Bank Balances | | |
| - in Unclaimed Dividend Accounts | 6.14 | 6.51 |
| - in Share Application Money Refund Account | - | 4.53 |
| - in Fixed Deposit Accounts with maturity less than 12 months | 52.63 | 29.83 |
| | 58.77 | 40.87 |
| Total | 131.81 | 140.73 |
| 16. SHORT TERM LOANS AND ADVANCES | | |
| Capital advances (unsecured, considered good) | 0.68 | - |
| | 0.68 | - |
| Other Loans and Advances | | |
| - Unsecured, considered good | 4,532.99 | 3,265.89 |
| - Advances recoverable in cash or in kind, or for the value to be received | 140.17 | 60.81 |
| Total | 4,673.16 | 3,326.70 |
| | 4,673.84 | 3,326.70 |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

| | (₹ in lacs) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2015 | Year ended 31 March 2014 |
| 17. REVENUE FROM OPERATIONS | | |
| <u>Rental Income</u> | | |
| - Mall Rentals | 1,405.00 | 1,316.92 |
| - Rental Income ATS/BTS | 39.74 | 71.19 |
| - Common Area Maintenance | 161.55 | 146.04 |
| | 1,606.29 | 1,534.15 |
| <u>Advertisement Income</u> | 17.56 | 29.02 |
| Income from Car Parking | 89.22 | 121.08 |
| <u>Sale of Products</u> | | |
| - Sale of Power | 158.38 | 156.54 |
| - Other Operating Revenue | 168.93 | 120.18 |
| Total | 2,040.38 | 1,960.97 |
| 18. OTHER INCOME | | |
| Interest Income | 585.90 | 247.43 |
| Sundry balances written back | 1.21 | 55.39 |
| Refund of property tax | 30.46 | - |
| Miscellaneous Income | 1.79 | 7.19 |
| Total | 619.36 | 310.01 |
| 19. OPERATING EXPENSES | | |
| Power and Fuel | 86.25 | 76.29 |
| Other Operating Expenses | 3.29 | 2.44 |
| Total | 89.54 | 78.73 |
| 20. EMPLOYEE BENEFITS EXPENSES | | |
| Salaries and Bonus (including Directors' Remuneration) | 96.89 | 70.71 |
| Contribution to Provident and Other Defined Contribution Funds | 6.32 | 8.03 |
| Staff Welfare Expenses | 1.19 | 1.20 |
| Total | 104.40 | 79.94 |
| 21. FINANCE COSTS | | |
| Interest | | |
| - on term loans | 764.49 | 611.42 |
| - on vehicle loan | 0.65 | 0.34 |
| - on others | 3.53 | - |
| Finance charges | 9.23 | 49.33 |
| Total | 777.90 | 661.09 |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

| | (₹ in lacs) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2015 | Year ended 31 March 2014 |
| 22. OTHER EXPENSES | | |
| Rent (Refer Note 30) | 6.62 | - |
| Travelling and Conveyance | 6.53 | 4.02 |
| Communication Expenses | 2.96 | 7.99 |
| Insurance | 32.26 | 12.77 |
| Rates and Taxes | | |
| - Property Tax | 200.06 | 220.13 |
| - Others | 16.32 | 18.11 |
| | 216.38 | 238.24 |
| Legal and Professional Fees | 14.06 | 28.50 |
| Director's Sitting Fees | 2.50 | 2.00 |
| <u>Repairs and Maintenance</u> | | |
| - Building | 16.93 | 12.90 |
| - Common Area Maintenance | 13.63 | 53.53 |
| - Cleaning Charges | 15.48 | 16.96 |
| - Plant and Equipments | 3.37 | 2.01 |
| - Others | 72.08 | 60.38 |
| | 121.49 | 145.78 |
| Advertising and Publicity | 3.00 | 3.58 |
| Marketing and Sales Promotion | 5.44 | 4.58 |
| Auditors' Remuneration (Refer Note 31) | 3.81 | 3.61 |
| Security Charges | 24.66 | 36.82 |
| Bank Charges | 0.29 | 0.77 |
| Printing and Stationery | 6.16 | 8.95 |
| Bad debts | 0.65 | 0.68 |
| Provision for Doubtful debts | 1.11 | - |
| Miscellaneous Expenses | 20.31 | 9.76 |
| Total | 468.23 | 508.05 |
| 23. PRIOR PERIOD ITEMS | | |
| Prior period items consists of | | |
| Insurance | 21.11 | - |
| Service Tax Expense | 11.30 | - |
| Total | 32.41 | - |
| 24.EXCEPTIONAL ITEM | | |
| Insurance claim received | 214.99 | - |
| Total | 214.99 | - |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

25. 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.

| I. Assumption: | | 31 March 2015 | | 31 March 2014 | | |
|--|--|---------------|---------------|---------------|---------------|---------------|
| Discount Rate | | 7.99% | | 9.29% | | |
| Salary Escalation | | 10.00% | | 6.00% | | |
| Attrition rate | | 12.00% | | 12.00% | | |
| (₹ in lacs) | | | | | | |
| II. Table Showing Change in Benefit Obligation: | | 31 March 2015 | | 31 March 2014 | | |
| Liability at the beginning of the year | | 8.41 | | 2.61 | | |
| Interest Cost | | 0.78 | | 0.21 | | |
| Current Service Cost | | 1.31 | | 0.60 | | |
| Benefits paid directly by the employer | | (0.14) | | - | | |
| Actuarial losses on obligations - Due to change in financial assumptions | | 2.19 | | 4.99 | | |
| Actuarial gains on obligations - Due to experience | | (4.44) | | - | | |
| Liability at the end of the year | | 8.11 | | 8.41 | | |
| III. Amount Recognised in the Balance Sheet: | | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
| Liability at the end of the year | | (8.11) | (8.41) | (2.61) | (121.19) | (70.13) |
| Funded Status | | (8.11) | (8.41) | (2.61) | (121.19) | (70.13) |
| Amount Recognised in the Balance Sheet | | (8.11) | (8.41) | (2.61) | (121.19) | (70.13) |
| IV. Expenses Recognised in the Statement of Profit and Loss: | | 31 March 2015 | | 31 March 2014 | | |
| Current Service Cost | | 1.31 | | 0.60 | | |
| Interest Cost | | 0.78 | | 0.21 | | |
| Actuarial (gain) / loss | | (2.25) | | 4.99 | | |
| Expenses Recognised in Statement of Profit and Loss | | (0.16) | | 5.80 | | |
| V. Balance Sheet Reconciliation: | | 31 March 2015 | | 31 March 2014 | | |
| Opening Net Liability | | 8.41 | | 2.61 | | |
| Expenses as above | | (0.16) | | 5.80 | | |
| Benefits paid directly by the employer | | (0.14) | | - | | |
| Amount recognised in Balance Sheet | | 8.11 | | 8.41 | | |
| VI. Experience adjustment: | | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
| On plan liability (gain) / loss | | (4.44) | 5.51 | 0.12 | 18.67 | 1.96 |

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.

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

The following table set out the status of the compensated absences benefit obligation as required under Accounting Standard 15 "Employee benefits":

| | (₹ in lacs) | |
|--|---------------|---------------|
| Particulars | 31 March 2015 | 31 March 2014 |
| Liability at the end of the year | 4.34 | 1.30 |
| Amount recognised in the Balance Sheet | | |
| - Non Current | 3.85 | 1.11 |
| - Current | 0.49 | 0.19 |

26. Bank borrowings

A. Term loan taken from Axis bank is secured against:

- Personal guarantee of Mr. Rasesh B. Kanakia and Mr. Himanshu B. 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 PVR 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 vehicle loan from Axis bank is secured against Maruti Suzuki SX4 for which the loan was taken.

C. Terms of repayment

| Particulars | Rate of interest | Principal outstanding (₹ in lacs) | Number of installments outstanding (Monthly) | Last installment | Security pledged |
|--------------------|---------------------|--------------------------------------|--|------------------|-------------------|
| Term loan | Base rate plus 2.5% | 5,965.00 | 126 | September 2025 | Refer note 26 (A) |
| Vehicle loan | | | | | |
| Axis bank - Maruti | 10.40% | 5.65 | 42 | September 2018 | Refer note 26 (B) |

27. 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:

| Name of the related party | Relationship |
|---|---|
| Mr. Rasesh B. Kanakia | Director |
| Mr. Himanshu B. Kanakia | Director |
| Mr. Jatin Shah | Key management personnel |
| Mrs. Manisha Vora | Relative of director |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised |
| RBK Education Solutions Private Limited | Entities under common control or significant influence can be exercised |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

ii. Transactions during the year

(₹ in lacs)

| Particulars | Relationship | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|---|-----------------------------|-----------------------------|
| Advances given / payment made | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | - | 7,126.54 |
| Advances received / payment received | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | - | 6,971.54 |
| Expenses incurred on our behalf by | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | 0.16 | 0.15 |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 39.50 | 16.98 |
| Rent / Other operating revenue received | | | |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 322.59 | 134.62 |
| Rent income | | | |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 131.56 | 124.45 |
| Other operating revenue | | | |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 112.54 | 106.50 |
| Advertisement income | | | |
| RBK Education Solutions Private Limited | Entities under common control or significant influence can be exercised | 4.61 | - |
| CAM charges | | | |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 17.28 | - |
| Rental expenses | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | 5.55 | - |
| Interest income | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | - | 29.69 |
| Remuneration | | | |
| Mr. Rasesh B. Kanakia | Director | 15.00 | 6.25 |
| Mr. Himanshu B. Kanakia | Director | 15.00 | 6.25 |
| Mrs. Manisha Vora | Relative of director | 10.68 | 10.02 |
| Mr. Jatin Shah | Key management personnel | 8.22 | 5.34 |

iii. Balance outstanding as at year end

(₹ in lacs)

| Particulars | Relationship | As at 31 March 2015 | As at 31 March 2014 |
|---|---|------------------------|------------------------|
| Trade receivables | | | |
| Centaur Mercantile Private Limited | Entities under common control or significant influence can be exercised | 12.68 | 74.18 |
| RBK Education Solutions Private Limited | Entities under common control or significant influence can be exercised | 3.37 | - |
| Other payables | | | |
| Kanakia Spaces Private Limited | Entities under common control or significant influence can be exercised | 5.72 | - |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

28. 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 | |
|---|-----------------|-----------------|---------------|---------------|------------------|------------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| External sales (gross) | 1,883.79 | 1,811.62 | 158.38 | 156.54 | 2,042.17 | 1,968.16 |
| Total revenue | 1,883.79 | 1,811.62 | 158.38 | 156.54 | 2,042.17 | 1,968.16 |
| Segment results | 736.02 | 792.63 | 45.89 | 33.28 | 781.91 | 825.91 |
| Unallocated corporate income / (expenses) | | | | | 571.98 | 297.21 |
| Interest expense | | | | | (777.90) | (661.09) |
| Exceptional item | | | | | 214.99 | - |
| Profit before tax | | | | | 790.98 | 462.03 |
| Provision/deferred tax | | | | | (396.04) | (151.45) |
| Profit after tax | | | | | 394.94 | 310.58 |
| Other information | | | | | | |
| Segment assets | 8,629.53 | 9,185.36 | 1,034.69 | 1,154.41 | 9,664.22 | 10,339.77 |
| Unallocable corporate assets | | | | | 5,754.12 | 4,450.79 |
| Total assets | | | | | 15,418.34 | 14,790.56 |
| Segment liabilities | 923.83 | 832.91 | 0.56 | 13.56 | 924.39 | 846.47 |
| Unallocable corporate liabilities | | | | | 927.45 | 594.12 |
| Total liabilities | | | | | 1,851.84 | 1,440.59 |
| Capital employed | | | | | 13,566.50 | 13,349.97 |

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.

29. 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 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Profit available for equity shareholders (Rs. in lacs) | 394.94 | 310.58 |
| Weighted average number of shares | 280 | 280 |
| Earnings per share (Rs.) | | |
| - Basic | 1.41 | 1.11 |
| - Diluted | 1.41 | 1.11 |
| Face value per share (Rs.) | 5.00 | 5.00 |

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

30. Operating lease

The Company has leasing arrangement in respect of operating lease for premises and utilities. Operating lease rental charged to statement of profit and loss amount to Rs. 6.62 lacs (previous year nil)

(₹ in lacs)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Payable not later than 1 year | 22.24 | - |
| Payable later than 1 year not later than 5 years | 104.79 | - |
| Payable later than 5 years | - | - |
| Total | 127.03 | - |

31. Auditors' remuneration (excluding service tax)

(₹ in lacs)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|------------------------|-----------------------------|-----------------------------|
| Statutory audit | 3.50 | 3.50 |
| Out of pocket expenses | 0.31 | 0.11 |
| Total | 3.81 | 3.61 |

32. Contingent liabilities

(₹ in lacs)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--------------|-----------------------------|-----------------------------|
| Income tax | 29.06 | - |
| Total | 29.06 | - |

33. 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.

34. 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.

35. Previous year comparatives

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

For Walker Chandio & Co LLP

(Formerly known as Walker, Chandio & Co)
Chartered Accountants

Sudhir N. Pillai
Partner

Place : Mumbai
Date : 27 May, 2015

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Chairman
DIN no.-00015857

Jitendra Mehta
Chief Financial Officer

Place : Mumbai
Date : 27 May, 2015

Himanshu B. Kanakia
Managing Director
DIN no.-00015908

Jatin Shah
Company Secretary

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The logo for CINELINE, featuring the word in a bold, sans-serif font. The letters 'C', 'I', 'N', 'E', and 'L' are red, while 'I', 'N', 'E', and 'L' are black. The logo is set against a white rectangular background that is part of a larger graphic design consisting of red and orange geometric shapes.

CINELINE INDIA LIMITED

215 Atrium, 10th Floor, Opp. Divine School,
Andheri Kurla Road, Andheri- East, Mumbai - 400 093. India.
Tel No.: 022- 6726 6666 / 7777 | Fax No.: 022- 6693 7777
Website: www.cineline.co.in
Email: investor@cineline.co.in
CIN : L92142MH2002PLC135964