CINELINE

# Confident about Performance. Confident about Prospects.



CINELINE INDIA LIMITED

ANNUAL REPORT 2016-17

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In an emerging economy like India that is powering ahead as the fastest growing major economy in the world, it is clear that there will be tremendous PROSPECTS in the near, mid and long term.

These PROSPECTS will open up unprecedented opportunities for growth and expansion across industries and sectors.

To capitalise on these opportunities and transform them into results will require something that is more intrinsic and inherent, something that is inborn and inbuilt:

## CONFIDENCE

Because it is only with confidence that organisations will be able to take the giant leap of faith into the massive prospects on the horizon.

At CINELINE, our confidence comes from the strength and stability of proven solid performance. And it is our confident performance that will enable us to capitalise on the prospects in the future... with confidence.

At CINELINE, we are

**Confident about**
# Performance.
**Confident about**
# Prospects.



# Message from The Chairman



Dear Shareholders,

I am delighted to present the Annual Report for the year 2016-17 – a year that will surely stand out as one of the more eventful years in recent times. The events that dominated headlines during the year happened on the global stage as well as in India. Globally, the UK's decision to exit the EU, popularly referred to as BREXIT, as well as the election of the Republican candidate as the President of the United States of America, created ripples whose effect will be felt for years to come in the socio-economic and geo-political spaces. In India, the unexpected move by the government to demonetise currency by banning ₹ 500 and ₹ 1,000 notes sent shockwaves, affecting every industry and every sector.

However, in a bold move forward, the government successfully passed the Goods and Services Tax (GST) Bill in the Parliament. GST is the single-most important tax reform in the history of the country, and is widely expected to level the playing field by creating a one-nation, one-tax unified market. Of course, there are the initial teething problems, but in the long-run, I believe it will be a catalyst in unlocking the true potential of the country.

While these are macro events, the real-estate also witnessed two key events that will have a far-reaching impact on the industry. The Real Estate Regulation Act (RERA) and the positive changes in Real Estate Investment Trust (REIT) rules both augur well for the industry.

RERA proposes to usher in a new era of transparency and accountability, outlining deliverables for the developers and promoters. Also, it lays down strict framework of rules to protect the interest of the buyers, including a clear structure of penalty in case of delays or non-compliance of any form on part of the developer. RERA approvals from the state RERA authorities is made compulsory, ensuring a massive shift in protection in favour of the buyers. The positive effects of RERA are already quite visible with buyers now experiencing a boost in confidence, which, in turn, is expected to translate into higher demand in the coming years.

With changes in the REIT rules, financing in real-estate projects has been made easier. The lowering of minimum project-size is

**The Company owns 9 Theatres, all of which are leased on a long-term basis to PVR Cinemas. This ensures an assured and uninterrupted cash-flow in the form of rental income for the Company.**

**₹ 3,310.74 lacs**
**Total Revenue For the Year 2016-17**

**₹ 2,580.87 lacs**
**EBITDA For the Year 2016-17**

also expected to attract more international funds to invest in the real-estate space in India.

It is against this backdrop that I would now like to update you about the financial performance of the Company:

- Total Revenues for the year was ₹ 3,310.74 lacs compared to ₹ 3,134.12 lacs, an increase of 5.64%
- EBITDA for the year stood at ₹ 2,580.87 lacs against ₹ 2,375.73 lacs, up by 8.63%
- Rental income for the year was ₹ 1,846.74 lacs against ₹ 1,817.46 lacs, rising by 1.61%

What underpins this CONFIDENT PERFORMANCE of the Company is its real-estate assets and its long-term strategy. The Company owns 9 Theatres, all of which are leased on a long-term basis to PVR Cinemas. This ensures an assured and uninterrupted cash-flow in the form of rental income for the Company. In addition, the Company also owns Eternity Mall at Nagpur. It is one of the most successful retail destination in Nagpur due to its location as well as its well-thought tenant mix. The mall has 100% occupancy with some of the leading national and international brands present in the mall. The Company has also invested in the commercial property – Kanakia Wall Street in Andheri, Mumbai. We continue with our renewable energy business with two windmills at Viswada in Gujarat and Revangaon in Maharashtra. The total capacity of these two windmills is 2.2 MWA.

While the Company remains CONFIDENT ABOUT PERFORMANCE, what excites us today is the massive opportunity set to unfold on the horizon. As India powers ahead as the fastest growing major economy in the world and with a determined focus of the government on key sectors like manufacture, infrastructure and housing, we firmly believe that the future holds immense prospects for growth, and it is this opportunity on the horizon that is making us CONFIDENT ABOUT PROSPECTS. I remain positive and confident about the outlook for the Company.

I thank you for your sustained trust and faith in the Company, and assure you we will continue to focus on creating long-term value for all our stakeholders.

Yours sincerely,

Rasesh Kanakia
Chairman
(DIN : 00015857)



# Events and Activities



Diwali Celebration




Ganesh Utsav



Christmas Celebration



## Independence Day

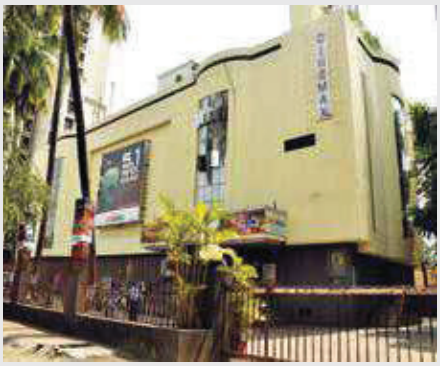


## Navratri




## Janmashtami Celebration

# Properties




Goregaon (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 2016-17

in ₹ Lacs (except per share data)

| For the year ended 31st March | 2016-17 | 2015-16 |
|---|---|---|
| Total Income | 3,310.74 | 3,134.12 |
| Expenditure | 729.88 | 758.39 |
| EBITDA | 2,580.87 | 2,375.73 |
| Depreciation | 357.44 | 611.67 |
| Interest & Financial Charges | 792.00 | 1,006.26 |
| Exceptional Items | 0.00 | 0.00 |
| Profit Before Tax (PBT) | 1,431.42 | 757.80 |
| Tax Expense | 375.36 | 181.21 |
| Profit After Tax (PAT) | 1,056.06 | 576.59 |
| Share Capital | 1,400.00 | 1,400.00 |
| Reserves and Surplus | 8,008.32 | 6,950.85 |
| Total Debt (including Current Maturity) | 13,267.67 | 12,612.23 |
| Gross Block | 13,056.74 | 12,976.28 |
| Net Block | 8,447.84 | 8,724.82 |
| Current Assets | 8,416.39 | 7,094.69 |
| Current Liabilities | 781.45 | 998.55 |
| Cash & Cash Equivalents | 123.63 | 142.76 |
| No. of Equity Shares | 28000000 | 28000000 |
| Earnings Per Share (In ₹) - Basic & Diluted | 3.77 | 2.06 |

# Corporate Information

## Board of Directors

Mr. Rasesh B. Kanakia
Chairman

Mr. Himanshu B. Kanakia
Managing Director

Mrs. Hiral Kanakia
Director

Mr. Kranti Sinha
Independent Director

Mr. Utpal Sheth
Independent Director

Mr. Anand Bathiya
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, Chandiok & 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-101, 247 Park,
L.B.S. Marg, Vikhroli (W),
Mumbai – 400 083.

## 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

## Bankers

Central Bank of India Ltd.



# DIRECTORS' REPORT

To,
**The Members of**
**Cineline India Limited**

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts and Auditors Report of the Company for the Year ended March 31, 2017.

## 1. FINANCIAL RESULTS:

| Particulars | March 31, 2017 (Rs. in Lacs) | March 31, 2016 (Rs. in Lacs) |
|---|---|---|
| Gross Income | 3310.74 | 3134.12 |
| Profit before Interest, Depreciation and tax | 2580.87 | 2375.73 |
| Interest & Financial Charges | 792.00 | 1006.26 |
| Depreciation/ Amortisation | 357.44 | 611.67 |
| Profit/(loss) before tax | 1431.42 | 757.8 |
| Provision for Tax (including Deferred) | 375.36 | 181.21 |
| Profit/(loss) after Tax | 1056.06 | 576.59 |

### OPERATIONAL REVIEW:

Gross revenues increased to Rs. 3310.74 Lacs, a growth of around 5.64% against Rs. 3134.12 Lacs in the previous year. Profit before interest, depreciation and taxation stood at Rs. 2580.87 Lacs. After providing for depreciation and taxation of Rs. 357.44 Lacs and Rs. 375.36 Lacs respectively, the net profit of the Company for the year under review were placed at Rs. 1056.06 Lacs as against Rs. 576.59 Lacs in the previous year.

## 2. DIVIDEND:

The Board has recommended payment of dividend at Rs. 0.50/- (Rupees Fifty Paise Only) per equity share of face value of Rs. 5 each for the financial year 2016-17. The dividend, if approved by the members at the Annual General Meeting ("AGM"), will result in a cash outflow of Rs. 168.66/- Lacs including dividend distribution tax.

## 3. TRANSFER TO RESERVES:

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

## 4. SHARE CAPITAL:

The paid up equity share capital as on March 31, 2017 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.

## 5. FINANCE:

Cash and cash equivalents as at March 31, 2017 were Rs. 123.63 Lacs. 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, 2017.

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

## 6. 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, 2017 forms part of this report as **Annexure 1**.

## 7. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary, Joint Venture or Associate Companies.

## 8. 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.

## 9. 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.

## 10. 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.

## 11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### 11.1 Directors:

Your Company has Six (6) directors consisting of Whole Time Director, Managing Director, Executive Director and Three (3) Independent Directors as on 31.03.2017.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Hiral Kanakia, Whole-time Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

During the year under review, there is no change in the Board of Directors of the Company.

### 11.2 Key Managerial Personnel:

The following are the Key Managerial Personnel of the Company for the year under review:

| 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 |

During the year under review, there was no appointment or cessation of any Key Managerial Personnel of the Company.

## 12. DECLARATION GIVEN BY INDEPENDENT DIRECTOR:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 13. MEETINGS:

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

During the year Four (4) Board Meetings and Four (4) 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 and the SEBI Listing Regulations, 2015.

## 14. DIRECTOR'S RESPONSIBILITY STATEMENT:

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

a. In the preparation of the annual accounts for the year ended 31-03-2017, the applicable accounting standards have been followed.

b. 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.

c. 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.

d. The Directors have prepared the annual accounts on a going concern basis.

e. 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.

f. 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.

## 15. COMPOSITION OF AUDIT COMMITTEE:

The Board has constituted the Audit Committee which comprises of Mr. Kranti Sinha, Independent Director as Chairman and Mr. Rasesh Kanakia, Executive Director, Mr. 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.

## 16. PERFORMANCE EVALUATION OF THE BOARD:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 based on the recommendation of the Nomination & Remuneration Committee.

Further, The Securities and Exchange Board of India ('SEBI')vide circular no.SEBI/HO/CFD/CMD/CIR/P/2017 /004 dated January 05, 2017 had come up with a "Guidance Note on Board Evaluation". The Board Evaluation framework of the Company is align with this Guidance Note.

**17. 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. Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/ her role, function, duties and responsibilities as a director. The details of such familiarization programmes and conditions of their appointment are displayed on the website of the Company (www.cineline.co.in).

**18. 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 Internal controls was reviewed by designated firm and based on their evaluation, it was concluded that the Company's internal controls are adequate and were operating effectively as of March 31, 2017. 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.

**19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given any loans, guarantees or provided any security or made 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, security or investments covered under the provisions of section 186 are not applicable to the Company.

**20. 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. All such Related Party Transactions are placed before the Audit Committee and the Board for their prior approvals. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the company on a materiality of related party transactions.

Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013, in the prescribed form AOC-2, and are appended as **Annexure 2** to this report.

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).

**21. 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 3**.

**22. 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

**23. RISK MANAGEMENT:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the company has adequate risk management mechanism and is periodically reviewed by the Board. At present the company has not identified any element of risk which may threaten the existence of the company.

**24. 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 and link for the same is www.cinelineindia.co.in The Report on 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 is annexed as **Annexure 4** and forms an integral part of this Report.

**25. 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.

**26. CORPORATE GOVERNANCE:**

The Company is committed to maintain the highest standards of the Corporate Governance. The detailed report on Corporate Governance as stipulated under Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms **Annexure-B** to this report together with a Certificate from the Statutory Auditors of the Company confirming compliance is annexed as **Annexure-C** to this report.

**27. CHIEF FINANCIAL OFFICER CERTIFICATION:**

Chief Financial Officer Certification as required under Regulation 17 (8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 has been obtained.

**28. AUDITORS:**

**28.1 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.

**28.2 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 Auditor to conduct the secretarial audit of the Company for the Financial Year 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Secretarial Audit Report is included as **Annexure 5** and forms an integral part of this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**29. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS MADE, IF ANY:**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors on the Financial Statements of the Company in their report for the financial year ended 31st March, 2017.

**30. 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.

## 31. 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.

## 32. HUMAN CAPITAL AND PARTICULARS OF EMPLOYEES:

Your Company had 25 employees as of March 31, 2017. 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 of 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 6** and forms part of this Report.

## 33. 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.

## 34. PREVENTION OF INSIDER TRADING:

The Board of Directors has adopted the Insider Trading Policy in accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading is available on the Company's website www.cineline.co.in.

## 35. ACKNOWLEDGEMENTS:

Your Board takes this opportunity to thank our, clients, 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**

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

**Date : May 23, 2017**
**Place: Mumbai**

**Annexure 1 to Board's Report**
**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
**As on the financial year ended on 31st March, 2017**
[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<br>Non-Government Company |
| 5 | Address of the Registered office & contact details | 215-Atrium, 10th Floor, Opp. Divine School,<br>J. B. Nagar, Andheri Kurla Road,<br>Andheri- East, Mumbai-400093<br>Phone: 022-6726 6666<br>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<br>(Unit – Cineline India Limited)<br>C-101, 247 Park LBS Marg,<br>Vikhroli – West, Mumbai – 400 083<br>Ph : 022 – 4918 6000<br>Fax: 022 – 4918 6060 |

## 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 | 92.43% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % ofshareseld | ApplicableSection |
|---|---|---|---|---|---|
| 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 end of the year [As on 31-March-2016] | | | | No. of Shares held at the end of the year [As on 31-March-2017] | | | | % 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 | Nil |
| c) State Govt(s) | Nil | 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 | Nil |
| f) Any other | Nil | 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) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) 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 | 1,614 | Nil | 1,614 | 0.0058 | Nil | Nil | Nil | Nil | (0.0058) |
| b) Banks/ FI | Nil | Nil | Nil | Nil | 14,859 | Nil | 14,859 | 0.0531 | 0.0531 |
| 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 |
| f ) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) FIIs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 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):-** | **1,614** | **Nil** | **1,614** | **0.0058** | **14,859** | **Nil** | **14,859** | **0.0531** | **0.0473** |
| **2. Central Government / State Government(s) / President of India** | | | | | | | | | |
| **Sub-total (B)(2):-** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **3. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 3,106,295 | Nil | 3,106,295 | 11.0939 | 2,907,607 | Nil | 2,907,607 | 10.3843 | (0.7096) |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 2 lakh | 4,114,343 | 152 | 4,114,495 | 14.6941 | 4,231,392 | 152 | 4,231,544 | 15.1127 | 0.4186 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh | 962,949 | Nil | 962,949 | 3.4391 | 906,784 | Nil | 906784.00 | 3.2385 | (0.2006) |
| c) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Hindu Undivided Family | 210,710 | Nil | 210,710 | 0.7525 | 188,740 | Nil | 188,740 | 0.6741 | (0.08) |
| Clearing Members | 76074 | Nil | 76,074 | 0.2717 | 95,693 | Nil | 95,693 | 0.3418 | 0.0701 |
| Non Resident Indians (REPAT) | 120,733 | Nil | 120,733 | 0.4312 | 196,470 | Nil | 196,470 | 0.7017 | 0.2705 |
| Non Resident Indians (NON REPAT) | 12,214 | Nil | 12,214 | 0.0436 | 63,387 | Nil | 63,387 | 0.2264 | 0.1828 |
| Trusts | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Sub-total (B)(3):-** | **8,603,318** | **152** | **8,603,470** | **30.7261** | **8,590,073** | **152** | **8,590,225** | **30.6788** | **(0.0473)** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)** | **8,604,932** | **152** | **8,605,084** | **30.7319** | **8,604,932** | **152** | **8,605,084** | **30.7319** | **0.0000** |
| **C. Non -Promoters & Non-Public Shareholders** | | | | | | | | | |
| Custodian/DR Holder | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Total Non-Promoter- Non Public Shareholding (C) = (C)(1)+(C)(2)** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Grand Total (A+B+C)** | **27,999,848** | **152** | **28,000,000** | **100** | **27,999,848** | **152** | **28,000,000** | **100** | **Nil** |

**(ii) Shareholding of Promoter**

| S. No. | Shareholder's Name | Shareholding at the beginning of the year as on 01.04.2016 | | | Shareholding at the end of the year as on 31.03.2017 | | | % 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 | Nil | Nil |
| 2 | Mr. Himanshu Kanakia | 9,368,424 | 33.4587 | 74.7191 | 9,368,424 | 33.4587 | Nil | 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** | **Nil** | **Nil** |

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

| S. No. | Particulars | Shareholding at the beginning of the year as on 01.04.2016 | | 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 (01-04-2016) | | Increase/ (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2016 to 31-03-2017) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares | | | No. of shares | % of total shares |
| 1 | ICICI Prudential Life Insurance Company Limited | 1,860,422 | 6.64 | (111,000.00) | Decrease in shareholding during the year pursuant to sale in open market | 1,749,422 | 6.25 |
| 2 | River Sharesstake Private Limited | 210,950 | 0.75 | - | - | 210,950 | 0.75 |
| 3 | Revolutionary Shares and Securities Private Limited | 210,950 | 0.75 | - | - | 210,950 | 0.75 |
| 4 | Ulhas Vallabhji Gala | 210,724 | 0.75 | - | - | 210,724 | 0.75 |
| 5 | Y T Entertainment Limited | 144,940 | 0.52 | (500.00) | Decrease in share holding during the year pursuant to sale in open market | 144,440 | 0.52 |
| 6 | Arun Buxi | 70,000 | 0.25 | 55,000.00 | Increase in share holding during the year pursuant to purchase in open market | 125,000 | 0.45 |
| 7 | Sushil Narendra Shah | 158,400 | 0.57 | (37,800.00) | Decrease in share holding during the year pursuant to sale in open market | 120,600 | 0.43 |
| 8 | Varun Buxi | 50,000 | 0.18 | 50,000.00 | Increase in share holding during the year pursuant to purchase in open market | 100,000 | 0.36 |
| 9 | Renoun Shares and Securities Private Limited | 100,000 | 0.36 | - | - | 100,000 | 0.36 |
| 10 | Lincoln Coelho | 60,100 | 0.21 | 39,900.00 | Increase in share holding during the year pursuant to purchase in open market | 100,000 | 0.36 |

**Note: Top 10 shareholders of the Company as on 31.03.2017 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 (01-04-2016) | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | **Mr. Rasesh KanakiaChairman, Whole Time Director** | | | | |
| | At the beginning of the year | 9,368,524 | 33.46% | - | - |
| | Date wise Increase / Decrease in Director share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus /sweat equity, etc.) | - | - | Nil | Nil |
| | At the end of the year | 9,368,524 | 33.46% | 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 | Nil |
| | Date wise Increase / Decrease in Director share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus /sweat equity, etc.) | - | - | Nil | Nil |
| | At the end of the year | 9,368,424 | 33.46% | 9,368,424 | 33.46% |
| 3 | **Mrs. Hiral Kanakia Executive Director** | | | | |
| | At the beginning of the year | 328,844 | 1.17% | - | - |
| | Date wise Increase / Decrease in Director share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus /sweat equity, etc.) | - | - | Nil | Nil |
| | At the end of the year | 328,844 | 1.17% | 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 Director 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 Director 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 Independent Director** | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Director 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 | 5,000 | 0.02 | - | - |
| | Decrease in share holding during the year pursuant to sale in open market | - | - | (5,000.00) | -0.02% |
| | At the end of the year | - | 0.00% | - | 0.00% |
| 8 | **Mr. Jatin Shah-Company Secretary** | | | | |
| | At the beginning of the year | 2 | 0.00% | - | - |
| | Date wise Increase / Decrease in KMP share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus /sweat equity, etc.) | - | - | 2 | 0.00% |
| | At the end of the year | - | 0.00% | - | 0.00% |

## V. INDEBTEDNESS

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

**(Amt. In Rs.)**

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 1,261,223,644 | - | - | 1,261,223,644 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 10,228,631 | - | - | 10,228,631 |
| **Total (i+ii+iii)** | **1,271,452,275** | **-** | **-** | **1,271,452,275** |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | 87,500,000 | - | - | 87,500,000 |
| * Reduction | 21,956,485 | - | - | 21,956,485 |
| Net Change | **65,543,515** | **-** | **-** | **65,543,515** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 1,326,767,159 | - | - | 1,326,767,159 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 12,072,956 | - | - | 12,072,956 |
| **Total (i+ii+iii)** | **1,338,840,115** | **-** | **-** | **1,338,840,115** |

## 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 | 15.00 | 45.00 |
| | (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** | **15.00** | **45.00** |
| | Ceiling as per the Act | | | | **147.87** |

**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. Anand Bathiya | |
| 1 | Independent Directors | | | | |
| (a) | Fee for attending board/ committee meetings | 0.95 | 0.45 | 0.85 | 2.25 |
| (b) | Commission | Nil | Nil | Nil | Nil |
| (c ) | Others, please specify | Nil | Nil | Nil | Nil |
| | **Total (1)** | **0.95** | **0.45** | **0.85** | **2.25** |
| 2 | Other Non-Executive Directors | | | | |
| (a) | Fee for attending board committee meetings | Nil | Nil | Nil | Nil |
| (b) | Commission | Nil | Nil | Nil | Nil |
| (c ) | Others, please specify | Nil | Nil | Nil | Nil |
| | **Total (2)** | **Nil** | **Nil** | **Nil** | **Nil** |
| | **Total (B)=(1+2)** | **0.95** | **0.45** | **0.85** | **2.25** |
| | **Total Managerial Remuneration (A+B)** | | | | **47.25** |
| | Overall Ceiling as per the Act | | | | **162.65** |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD** **(Rs. In Lakhs)**

| S. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount |
|---|---|---|---|---|
| | **Name** | **Mr. Jitendra Mehta** | **Mr. Jatin Shah** | |
| | **Designation** | **CFO** | **CS** | |
| 1 | Gross salary | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | 9.74 | 9.74 |
| (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** | **9.74** | **9.74** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| S. No. | Type | Section of the Companies Act | Brief Description | 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**
**Form No. AOC-2**
**(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contracts or arrangement or transactions entered into during the year ended 31st March 2017, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

   The details of material contract or arrangement or transactions at arm's length basis for the year ended 31st March 2017, are as follows:

| Sr. No | Particulars | Details |
|---|---|---|
| a) | Name(s) of the related party and nature of relationship | Kanakia Spaces Realty Private Limited |
| b) | Nature of contracts/arrangements/transactions | Service tax paid on investment made in the commercial Property Known as "Kanakia Wall Street" situated at Village Chakala, Andheri – Kurla Road, Andheri (East), Mumbai – 400093, being developed by Kanakia Spaces Realty Private Limited |
| c) | Duration of the contracts / arrangements/transactions | One Time |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Service Tax paid on advance payment of Rs. 58 crores being part investment in the aforesaid commercial property. |
| e) | Date(s) of approval by the Board | 30-03-2016 |
| f) | Amount paid as advances, if any | Rs. 1.94 Crores towards service tax |

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

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

**Date : May 23, 2017**
**Place : Mumbai**

**Annexure 3 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 provisions of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

(iv) 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 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

© 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 SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

## 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 be treated as 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 of Directors**

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

**Date : May 23, 2017**
**Place : Mumbai**

**Annexure 4 to Boards Report**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**
**For The Financial Year Ended on March 31, 2017**
(Pursuant to section 135 of the Companies Act, 2013 and Rule No. 9 of the Companies (Accounts) Rules, 2014)

| | | |
|---|---|---|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link www.cineline.co.in to the CSR Policy and projects and programs. | The Board of Directors (Board) adopted the CSR Policy(Policy) on 26th May, 2014 which is available on the Company's website. The Company's CSR is in alignment with the Companies focus initiatives – Education, Health, Art, Culture, etc. Besides, it also undertakes interventions in the areas of sports, environment and ethnicity all aimed at improving the quality of life of the communities. |
| 2. | The Composition of the CSR Committee | 1. Mr. Kranti Sinha(Chairman-CSR Committee)<br>2. Mr. Rasesh Kanakia, (Member)<br>3. Mr. Himanshu Kanakia, (Member) |
| 3. | Average net profit of the Company (India –Standalone) for last three financial years. | Rs. 6,70,64,080/- |
| 4. | Prescribed CSR Expenditure to be spent (two percent of the amount as in item 3 above). | Rs. 13,41,282/- |
| 5. | Details of CSR spent during the financial year:<br>a) Total amount spent for the financial year;<br>b) Amount unspent, if any;<br>c) Manner in which the amount spent during the financial year: | <br>Rs. 51,00,000/-<br>Nil<br>The details are as under: |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| **Sr No.** | **CSR project or activity identified** | **Sector in which the project is covered** | **Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken.** | **Amount outlay (budget) project or programs wise(Rs. in Lakhs)** | **Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (Rs. in Lakhs)** | **Cumulative expenditure up to the reporting period (Rs. in Lakhs)** | **Amount spent:Direct or through implementation agency** |
| 1. | **Indian Institute of Management Ahmedabad** | Promoting Education | Ahmedabad, Gujarat | Rs. 13.50 Lacs | Rs. 13.50 Lacs | Rs. 13.50 Lacs | Through Indian Institute of Management Ahmedabad |
| 2. | **Project "Life"** | Promoting Education & Health Care | Saurashtra, Gujarat | Rs. 2.50 Lacs | Rs. 2.50 Lacs | Rs. 2.50 Lacs | Through Saurashtra Medical & Education Charitable Trust |
| 3 | **Housing for children suffering from chronic diseases presently focusing on cancer.** | Promoting Home for orphans & Health Care | Mumbai, Maharastra | Rs. 5.00 Lacs | Rs. 5.00 Lacs | Rs. 5.00 Lacs | Through St. Jude India Childcare Centers |
| 4 | **Education to Children** | Promoting Education | Sindhudurg, Maharastra | Rs. 30.00 Lacs | Rs. 30.00 Lacs | Rs. 30.00 Lacs | Through Sindhudurg Shikshan Prasarak Mandal |
| | **Total** | | | **Rs. 51.00 Lacs** | **Rs. 51.00 Lacs** | **Rs. 51.00 Lacs** | |

6. In the case company has failed to spend the two per cent of the average net profit of the last three financial year or any part thereof, the company shall provide the reason for not spending the amount in its board report. : Not Applicable

7. The Company confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Kranti Sinha**
**Chairman- CSR Committee**
**(Din: 0001643)**

**Rasesh Kanakia**
**Member- CSR Committee**
**(Din: 00015857)**

**Date : May 23, 2017**
**Place: Mumbai**

**Annexure 5 to Boards Report**
**SECRETARIAL AUDIT REPORT**
**Form No. MR-3**
**For The Financial Year Ended on March 31, 2017**
(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, 2017, 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, 2017 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, 2015;
  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not relevant / applicable during the year under review)
  (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 during the year under review)
  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not relevant / applicable during the year under review)
  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Since the company is in service industry there are no laws that are specifically applicable to the company.

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 (BSE) and National Stock Exchange of India Limited (NSE) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;

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. There was no change in the composition of the Board of Directors that took place during the period under review.
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 period under review the Company has sought approval of members through postal ballot notice dated 7th April, 2016 for the following purposes:

a. To enhance the borrowing limits of the Company upto Rs. 300 Crores.
b. To Create charge on the movable and immovable assets of the Company, both present and future, upto Rs. 300 Crores.
c. Approval of Related Party Transactions with Kanakia Spaces Realty Private Limited to enter into agreement for buying of property by the Company of Rs. 144.66 Crores plus taxes as applicable on such terms and conditions as may be mutually agreed between the Company and Kanakia Spaces Realty Private Limited.

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

**Dharmesh Zaveri**
**(Proprietor)**

**FCS. No.: 5418**
**CP No.: 4363**
**Date : May 23, 2017**
**Place : Mumbai**

**Annexure 6 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, 2017:

| Sr. No. | Director | Remuneration (Rs. In lacs) | Median Remuneration (Rs. In lacs) | Ratio |
|---|---|---|---|---|
| 1 | Mr. Rasesh Kanakia, Chairman | 15 | 1.49 | 10.09 |
| 2 | Mr. Himanshu Kanakia, Managing Director | 15 | 1.49 | 10.09 |
| 3 | Mrs. Hiral Kanakia, Whole-time Director | 15 | 1.49 | 10.09 |
| 4 | Mr. Kranti Sinha, Independent Director | Nil | Nil | Nil |
| 5 | Mr. Utpal Sheth, Independent Director | Nil | Nil | Nil |
| 6 | Mr. Anand Bathiya, Independent Director | Nil | Nil | Nil |

(Sitting Fees paid to the Independent Directors have not been considered as remuneration.)

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 | NA |
| 5 | Mr. Utpal Sheth | NA |
| 6 | Mr. Anand Bathiya | NA |

| Sr. No. | Company Secretary & CFO | % increase |
|---|---|---|
| 1 | Mr. Jatin Shah, Company Secretary | 8% |
| 2 | Mr. Jitendra Mehta, CFO | NA |

3. Percentage increase in median remuneration of employees in the financial year: 7.86%

4. The number of permanent employees on the rolls of the company as on 31 March, 2017: 25

5. 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. 2016-17 was 11.58% whereas there is no change in the remuneration of executive directors. However, there is 8% increase in the managerial remuneration of KMP for the same financial year.

6. 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.

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

**Top 10 employees in terms of remuneration drawn**

| Sr. No. | Name | Designation | Qualification | Date of Birth | Date of Joining | Remuneration Received (Rs.) | Experience (In years) | Particulars of last employment held - Designation & Organisation |
|---|---|---|---|---|---|---|---|---|
| 1 | Rasesh Kanakia | Chairman | OPM from Harvard Business School | 14.09.1961 | 22.05.2002 | 1500000 | 33 | NA |
| 2 | Himanshu Kanakia | Managing Director | Engineer | 01.01.1964 | 22.05.2002 | 1500000 | 30 | NA |
| 3 | Hiral Kanakia | Executive Director | Bachelor in Arts | 29.08.1970 | 01.04.2015 | 1500000 | 22 | NA |
| 4 | Yasesh Navnitrai Desai | General Manager - Operations | Diploma in Chemical Engineering | 26.01.1968 | 5.01.2015 | 1121533 | 16 | AVP - Operations PVR Cinemas |
| 5 | Ashish Barai | General Manager - Mall | MBA in Marketing & Finanace, DBM, BSC. | 05.05.1977 | 21.04.2007 | 938118 | 18 | Store Manager, Big Bazaar, Future Group, |
| 6 | Jatin Shah | CS & Legal Head | B.Com, CS and Post Graduate Degree in Law | 23.01.1979 | 27.05.2013 | 947337 | 15 | Company Secretary - Hinduja Group Company |
| 7 | Manisha Vora | Senior General Manager - Finance & Accounts | B.A. and Computer Software | 11.07.59 | 11.01.2013 | 798481 | 19 | NA |
| 8 | Nikhil Ashvin Mehta | Manager - Accounts & Audit | MBA in Finance | 05.08.1984 | 20.05.2015 | 494822 | 15 | Accounts Manager - Décor Exclusive Granites Pvt. Ltd. |
| 9 | Parasnath Jaiswal | Duty Manager - Mall | ITI Diploma | 03.08.1975 | 07.07.2007 | 438413 | 15 | Executice Maintenance- Big Bazaar, Future Group |
| 10 | Pradeep Roy | Executive- Mall | B.Com | 09.05.1984 | 07.01.2013 | 255950 | 9 | Account Executive - Global Eng, Butibori |

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

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

**Date : May 23, 2017**
**Place: Mumbai**

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC SCENARIO

### Global economy

In 2016, the growing conservatism and changing geopolitical equations across the globe posed a series challenge to the globalisation. Changing outsourcing policies, the disintegration of trade-blocks and growing resistance to job-related immigration rattled businesses around the world. Amidst such difficult times, the global economy grew at 3.2% as per the estimates of International Monetary Fund (IMF). In 2015, the world economy grew at 3.4%.

At 4.3% the growth in emerging markets too remained stagnant. Global uncertainties remained high, and unpredictability revolving around election outcomes and policy decision making remained elevated. Nonetheless, monetary policy in the US evolved on a predictable path as the Federal Reserve continued its efforts to achieve policy normalisation. As a result, despite the political uncertainty and lower economic growth, FDI inflows in the North American region were strong.

**FDI Inflows**

| Region | Amount (USD billion) | | | |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017# |
| Europe | 272 | 566 | 533 | 560 |
| North America | 231 | 390 | 425 | 360 |
| Africa | 71 | 61 | 59 | 65 |
| Asia | 460 | 524 | 443 | 515 |
| Latin America | 170 | 165 | 142 | 130 |

#Estimated

(Source: World investment report 2017: United Nations Conference On Trade And Development)

On the back of cyclical upswing, recovery in global trade-volumes, satisfactory performance of stock markets and improved macroeconomic outlook, FDI flows are expected to rebound moderately in 2017. In the list of top prospective FDI destinations, India stood 3rd, only behind US and China. IMF estimates global growth to accelerate to 3.5% in 2017 and 3.6% in 2018. However, inward-looking growth policies, dissimilar, regional growth, and non-economic factors such as rising geopolitical tensions among other can potentially derail the growth momentum.

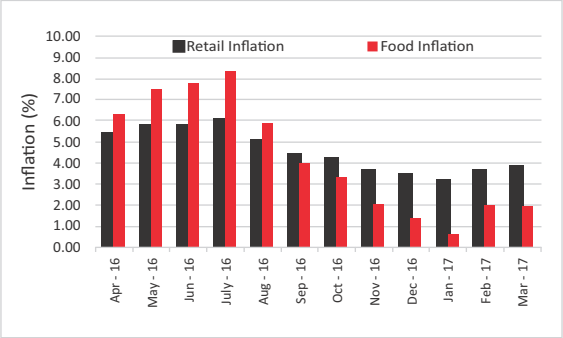
### Indian economy

As per the provisional estimates, India's GDP expanded at 7.1% in FY 2016-17. Normal monsoon in most parts of the country pushed agricultural growth to 4.9% in FY 2016-17. This has been a massive improvement considering 0.7% expansion experienced in FY 2015-16 on account of deficient rainfall. On the other hand, mining, manufacturing and construction activities recorded a sharp deceleration in FY 2016-17 vis-à-vis growth numbers reported in FY 2015-16. (Source:Ministry of Statistics & Programme Implementation)

Through the demonetisation move, the government cancelled high-value currency notes in Q3,FY2016-17 dampened the growth momentum. Nonetheless, demonetisation is likely to have many long-term positive effects on Indian economy. It's been an important step taken to improve tax compliance and curb the creation and circulation of black money in the country.

Credit growth of the banking industry shrank to a six-decade low of 5.1% in FY 2016-17 vis-à-vis 10.7% registered in FY 2015-16. Deposit growth remained robust 11.8% over review period.

**Moderation in inflation…**




(Source: MOSPI)

For FY 2016-17, RBI had set the inflation target of 5.0%, against which the retail inflation averaged at 4.5% thereby remaining in the comfort zone of the Central Bank. Food inflation averaged 4.3%. The fall in food inflation, especially in H2, FY 2016-17 can be attributed to a better performance of the farm sector and the price erosion experienced in select food categories such as fruits, vegetables and other edibles during demonetisation.

The borrowing cost has been declining structurally in India. Despite RBI changing the monetary policy orientation from accommodative to neutral, the lending rates have remained flat, in the wake of stable deposit growth and lack of demand from corporate.

The private sector capex cycle has been going through a protracted lull phase. Excess capacity in many industries and weaker than expected demand is proving to be detrimental to the recovery. Going forward the situation at the grassroots level is likely to improve on account of improving political stability, higher budgetary allocations to infrastructure sectors, the GST rollout and other structural reforms introduced by the government in the recent past. IMF expects Indian economy to

grow at 7.2% in 2017 and at 7.7% in 2018 which is in line with RBI's 7.3% growth forecast for FY 2017-18.

**INDUSTRY OVERVIEW**

Indian real estate sector is on the cusp of a complete transformation that ushers in an era of greater transparency, higher investments, end-user orientation and a higher degree of competition.

With the implementation of RERA—Real Estate (Regulation and Development) Act, 2016 and Benami Transactions (Prohibition) Amended Act, 2016, India achieved significant policy breakthroughs in FY 2016-17. Demonetisation-a move that shook the nation-changed the dynamics of real estate market significantly. Moreover, the implementation of Goods and Services Tax (GST) promises to change the business models of many players in the real estate sector.

Demonetisation severely affected the luxury as well as the plotted development markets (both primary and secondary), as deals therein involve high cash component. As per the estimates of Liases Foras,the market size in these segments is likely to shrink in the range of 7.0% and 22.0%.

Liases Foras predicts the profitability of the real estate market participants to ascend significantly post demonetisation, on account of diminishing speculative demand and a sizable reduction in land and approval costs.

**Profitability of developers may jump**

| | Breakup of financials | |
|---|---|---|
| | Pre-demonetisation | Post-Demonetisation |
| Financial Cost | 10% | 8% |
| Approval Cost | 20% | 10% |
| Construction Cost | 25% | 25% |
| Land Cost | 35% | 25% |
| Profit Margin | 10% | 32% |

(Source: Liases Foras)

**Residential Real Estate**

As per the assessment of Knight Frank, the residential real estate market witnessed a sharp fall of 46% in sales and 23% in new launches post demonetisation. Nonetheless, buying activities picked up towards the end of FY 2016-17. The muted pace of new launches post demonetisation helped the real estate players cut back the inventory levels. Despite that, NCR, Mumbai and Bengaluru remained the top 3 markets in terms of volumes of unsold units, as revealed by the Jones Lang LaSalle.

Government initiatives such as 'Housing For All' are likely to drive the performance of affordable housing segment. Government incentives, favourable policies and facilities of cheaper credit bode well for the sector.

**Retail Real Estate**

Demonetisation struck a mighty blow to India's household consumption in Q3, FY 2016-17. Smaller towns where the prevalence of cash transaction is high were the worst hits. Retailers in some Tier-2 cities witnessed upto 25% fall in sales during demonetisation. However, the effects proved to be transitory as the demand revived with the improving supply of new currency. As a result, all 3 segments of the retail industry—Apparel, Food and Beverages (F&B), and Entertainment and Cinema witnessed a steady performance over the review period. Malls, high-street shoppes and food outlets in metro cities such as Mumbai and Delhi saw greater footfalls.

According to Jones Lang LaSalle, retail space in India's prime cities was 75.8 million Square feet at the end of Q3, FY 2016-17. Closure of nearly 14 malls due to lacklustre consumer response and relatively slower activity on the supply-front improved the absorption rate of quality vacant places. The market also saw a growing trend in the refurbishment of malls into office spaces. Office-Retail Complex (ORCs) which is relatively a new concept in India has been gaining popularity with retailers as well as developers. Lower rents as compared to those charged by premium malls and reasonably higher footfall on weekends makes them a real bargain for retailers. From the tenancy diversification perspective, these formats offer better value-propositions to developers. Occupancy retention is a key to gain from the future rental hikes.

**Office Market**

The concept of co-working has been gaining popularity of late, especially in Bengaluru, Pune and NCR region. India has been attracting investments from the global leaders in the co-working space. The demand for such offices is likely to firm up in future. As per the estimates of Knight Frank, start-ups and SMEs (Small and Medium Enterprises) prefer co-working spaces as they save around 15% to 20% costs. Plug-and-play nature of these offices offers smaller organisations efficiency and flexibility to optimise the use of resources.

The emergence of the Real Estate Investment Trusts (REITs) may open up significant value-unlocking opportunities for the developers, especially in office and retail segments. As per the estimates of Knight Frank, top 7 cities have'REIT-able'space of 537 million square feet and 75 million square feet respectively in office and retail segments. Warehousing segment has 1,127 million square feet of REIT-able area at all-India level. Structural changes in the real estate sector and the booming economy may help India attract higher investments in future.

**BUSINESS OVERVIEW**

Cineline India Limited, a part of Kanakia Group,is one of the most renowned and trusted real estate player in Mumbai. The

Company is engaged in renting out retailing, parking and advertising spaces in high-street malls. It also conducts several exhibitions and organises various events at the mall premises. At present, the Company owns 9 theatres, of which 7 are located in and around Mumbai while one each at Nashik and Nagpur.The Company has leased out theatres at these locations through long term contracts to the PVR Cinemas. Such arrangements offer a significant revenue visibility to the Company. Moreover, it also owns a mall known as "Eternity Mall" in the prime area of Variety Square in Nagpur which is entirely leased out with 100% occupancy to leading Indian and International retail brands. The revenue is further boosted by income generated from carparking, maintenance and advertising from the Eternity Mall.

As a part of Company's de-risking strategy, it has diversified into renewable energy sector as well. In this space, it operates through two windmills located at Viswada (Gujarat)and Revangaon (Maharashtra). They respectively have the power generation capacity of 0.6 MWA and 1.6 MWA. The Company earns additional revenues by selling the power generated from these windmills.

**REVIEW OF FINANCIAL PERFORMANCE**

In FY 2016-17, the revenue of the Company increased to Rs 3310.74 Lacs from Rs. 3134.12 Lacs in FY 2015-16. Revenues from operations accounted for 92.70% of total revenues. Over the review period, EBITDA improved by 8.63% to Rs. 2580.86 Lacs from Rs. 2375.73 Lacs recorded in FY 2015-16. The Company recorded 83.16% rise in PAT which stood at Rs. 1056.06 Lacs as against Rs. 576.69Lacs recorded in FY 2015-16.

Segmental revenue

| | 2016-17 | 2015-16 | % increase |
|---|---|---|---|
| Retail space | 2073.34 | 2037.20 | 1.77% |
| Windmill | 169.81 | 166.08 | 2.25% |

**OPPORTUNITIES AND OUTLOOK**

As the concept of REITs will propagate further in India, demand for high yielding retail and office properties will rise. Relatively low construction activities in the mall space over last two years will help improve the absorption rates.

Since India is expected to reclaim its position as the fastest growing economy among major economies of the world, FDI flow is likely to remain robust. Moreover, the structural reforms introduced by the government would facilitate the higher growth in the real estate sector. Demonetisation and implementation of GST will improve the transparency in the property deals which will eventually lead to a better price discovery.

Government's thrust on some of its flagship programmes such as 'Start Up India', 'Make In India', 'Housing For All' and 'Smart City Mission' among others, will create tremendous growth opportunities for the real estate industry. The government has made a higher budgetary allocation to the tune of 3.96 lakh crore for the development of infrastructure. Out of this, Rs 64,000 would be allocated to build national highways and coastal roads. Moreover, emphasis on improving the intra-city connectivity would open up significant opportunities for the sector.

Structurally low-interest rates, lower inflation and improving economic prospects would push discretionary household incomes higher. This will eventually translate into higher spending on leisure and entertainment, improving the footfalls in malls. The growing instances of mall refurbishment would help lower the vacancy.

The Company is likely to benefit from these larger trends. Its properties are located in prominent areas which will offer it an added advantage.

**RISKS AND CONCERNS**

Typical risks associated with the real estate sector such as high working capital requirement, longer gestation period and cyclicity of the business are not relevant to Cineline. The Company is in the business of leasing out retail spaces through long term contracts. Such arrangements generate steady cash flows for the Company. Although revenue stagnation can be a risk, Company's presence in the prime localities leaves a window open for enjoying the escalation in rent when contracts fall due for the renewal.Besides, government's focus on promoting renewable energy leaves enough room for Company's windmill business.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

The Company has laid down employee centric policies since employees are its biggest assets. Apart from rendering a conducive and safe work environment, Company's human resources policies ensure employees remain motivated and satisfied. Simple yet well-defined Code of Conduct provides comprehensive guidelines that employees must adhere to while interacting with the stakeholders of the Company. Strict safety policies significantly lower the risk of work-related accidents (major or minor) across all our projectsites. The Company pays fair and just compensation to contract labourers, which is in line with industry standards. The Company consistently encourages its employees to develop new skills and master the existing ones. For this purpose, it organises workshops, seminars and training programmes which are conducted by internal and external experts. The Company maintained cordial relations with the employees during the year. As on March 31, 2017, the Company has a total of 25 employees.

**INTERNAL CONTROL SYSTEMS**

The Company has established comprehensive internal control systems that are commensurate with the size and industry in which it operates. Its well-documented and clear framework ensures that all processes, procedures and policies comply

with various statutes and laws. It covers different aspects of governance, compliance, control, audit and reporting. Strict control and rigorous monitoring is ensured at all levels to safeguard assets, detect & prevent fraud & errors and ensure optimum utilisation of resources. The senior management regularly monitors all aspects of operations and accounts. All functions and processes are periodically audited by various internal and external auditors. Any deviation is immediately flagged-off, and necessary corrective actions are taken.

**CAUTIONARY STATEMENT**

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

# CORPORATE GOVERNANCE



The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

## I. COMPANY'S PHILOSPHY 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. Communicate externally, in a truthful manner, about how the Company is run internally.
4. Have a simple and transparent corporate structure driven solely by business needs.

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

## 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 2017 representing the optimum combination of professionalism, knowledge and experience. Of these six members, three of them are non independent directors out of which one is a woman director 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 | Whole -time Director | Executive | Non – Independent |
| Mr. Utpal Sheth | Director | Non - Executive | Independent |
| Mr. Kranti Sinha | Director | Non - Executive | Independent |
| Mr. Anand Bathiya | Director | Non - Executive | Independent |

### Directorship / Committee Membership as on March 31, 2017 (including CINELINE):

| Sr. No. | Name of the Director | No. of Directorships * | Board Committees** | Chairmanship 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 | 6 | 2 | Nil |
| 5 | Mr. Kranti Sinha | 5 | 10 | 4 |
| 6 | Mr. Anand Bathiya | 1 | 1 | Nil |

*The Directorships excludes Private Limited Companies, Foreign Companies, Companies registered under 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 Cineline 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 there under and meet with the requirements of Regulation 16(1)(b) of the Listing Regulation. A formal letter of appointment to the independent Director as provided in the Companies Act, 2013 and the Listing Regulation has been issued and disclosed on the websites of the Company viz., www.cineline.co.in

**Personal Shareholding of Non- Executive Directors, in the Company as on March 31, 2017 is as follows:**

| Name of Director | No of equity shares of Rs. 5/- each, held |
|---|---|
| Mr. Kranti Sinha | Nil |
| Mr. Utpal Sheth | Nil |
| Mr. Anand Bathiya | Nil |

**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 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 sent in advance to Directors 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 2016-17, the Board met Four times. The meetings were held on May 30, 2016, August 9, 2016, November 8, 2016 and February 9, 2017. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulation.

**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 22, 2016 |
|---|---|---|---|---|
| 1 | Mr. Rasesh Kanakia | 4 | 3 | Present |
| 2 | Mr. Himanshu Kanakia | 4 | 4 | Present |
| 3 | Mr. Kranti Sinha | 4 | 4 | Present |
| 4 | Mr. Utpal Sheth | 4 | 2 | Absent |
| 5 | Mrs. Hiral Kanakia | 4 | 2 | Present |
| 6 | Mr. Anand Bathiya | 4 | 4 | Absent |

**Information given to the Board:**

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulation 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.

**Post Meeting Mechanism:**

The important decisions taken at the Board/Board Committee meetings are communicated to the concerned departments/ divisions.

**Board Support:**

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

**Familiarization 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, Listing Regulation 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. The details of such programme are available on the weblink www.cineline.co.in

**Disclosure of relationship between Directors inter-se:**

Mr. Himanshu Kanakia is the younger brother of Mr. Rasesh Kanakia being the Chairman of the Company

and Mrs. Hiral Kanakia is wife of Mr. Himanshu Kanakia who is the Managing Director of the Company.

## III. COMMITTEES OF THE BOARD

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 Regulation 18 of the Listing Regulation. 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 2016-17. The maximum gap between two meetings was not more than 120 days. The Committee met on May 30, 2016, August 9, 2016, November 8, 2016 and February 9, 2017. 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 | 3 |
| Mr. Utpal Sheth | Member, Independent Director | 4 | 2 |
| Mr. Anand Bathiya | Member, Independent Director | 4 | 4 |

**Terms of References:** The terms of reference / powers of the Audit Committee are as under:

**A. Powers of the Committee:** The Committee is 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 inforce or as per Listing Agreement.

**B. Role 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.
6. statement of deviations:
   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).
   (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

## (B) 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 Regulation 19 of the Listing Regulation.

### Meeting and Attendance

No meeting of the Nomination and Remuneration Committee was held during the year under review.

### 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 Regulation 19 of the Listing Regulation. The Board has clearly defined terms of reference for the Nomination and Remuneration Committee, which are as follows:

a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
c) devising a policy on diversity of board of directors;
d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

**Performance evaluation criteria for independent directors:**

Each Independent Director's performance was evaluated by Schedule IV of the Companies Act, 2013 having regard to the following criteria of evaluation viz. (i) preparedness, (ii) participation, (iii) value addition, (iv) focus on governance and (v) communication.

The Non-Executive Directors of the Company comprises of Independent Directors and are paid sitting fees for the time devoted to the Company. Apart from the sitting fees, there is no other material pecuniary relationship or transactions by the Company with the Directors. The performance criteria for payment of remuneration are stated in the Remuneration Policy as specified in Annexure 3 to the Directors' Report.

Other service contracts, notice period and severance fees, among others – None

## (C) REMUNERATION OF DIRECTORS

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

Criteria of making payments to non-executive directors are disclosed in Annexure 3 to the Directors' Report and also available on the weblink www.cineline.co.in

**Details of Remuneration to Directors during the financial year 2016-17:**

| 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. | 15,00,000 |
| **Non Executive Director** | | |
| Mr. Kranti Sinha, Independent Director | 95000 | N.A. |
| Mr. Utpal Sheth, Independent Director | 45000 | N.A. |
| Mr. Anand Bathiya, Independent Director | 85000 | N.A. |

The Non-Executive Directors are paid remuneration in accordance with the prevalent practice in the industry and commensurate with their experience, time devoted to the Company and also taking into account profits of the Company and is specified in detail in Annexure 1 to the Director's Report.

Apart from the above remuneration, there is no other material pecuniary relationship or transactions by the Company with the Directors.

## (D) STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulation, the Stakeholder Relationship 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 2016-17. The Committee met on May 30, 2016 and November 8, 2016.

**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 | 1 |
| Mr. Himanshu Kanakia | Member, Executive Director | 2 | 2 |

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

a) transfer/transmission of shares as may be issued by the Company from time to time;
b) issue of duplicate share certificates for shares and other securities reported lost, defaced or destroyed, as per the laid down procedure;
c) monitoring expeditious redressal of investors /

stakeholders grievances;

d) 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
e) to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
f) to monitor dematerialization / rematerialisation of shares and all matters incidental or related thereto;
g) 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;
h) 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.

Mr. Jatin Shah, Company Secretary of the Company is the Compliance Officer of the Company and also acts as Secretary to the Committee. 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. Their addresses of correspondences are specified herein below.

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.

During the year under review no investor grievances were received.

## (E) 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 required to spend Rs. 13,41,282/- for the Financial Year 2016 – 2017.The Company has 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:

a. 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;
b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
c. To monitor the CSR policy of the Company from time to time;
d. 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.

The CSR Committee meeting was held on time i.e on 30th May, 2016 during the Financial Year 2016-17. All members of the Committee were present except Mr. Rasesh Kanakia to whom leave of absence was granted.

## (F) INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on February 09, 2017 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.

The necessary quorum was present at the meeting.

## III. GENERAL BODY MEETING:

### ANNUAL GENERAL MEETING

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

| Year | Venue/Location | Day and Date | Time |
|---|---|---|---|
| 2016 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai-400093 | Thursday , 22nd September, 2016 | 10.30 AM |
| 2015 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai-400093 | Thursday , 10th September, 2015 | 10.00 AM |
| 2014 | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East), Mumbai-400093 | Wednesday, 17 September 2014 | 10.00 AM |

No Special resolution was passed in the above three

Annual General Meetings.

**Postal Ballot:**

For the year the Company had approached the shareholders through postal ballot in the month of April, 2016.The Board in its meeting held on March 30, 2016 has approved notice pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, (hereinafter referred to as 'the Act'), if any, read together with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereto for the time being in force) (hereinafter referred to as 'the Rules') and Clause 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations, that the resolution appended below were proposed to be passed by way of Postal Ballot / e-voting.

The business of the postal ballot shall, in addition to physical voting, was also transacted through electronic voting system. Accordingly, the Company in compliance with Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, provided to its Members (whether holding shares in physical or in dematerialized form) the facility to exercise their right to vote on the matters included in the notice of the postal ballot by electronic means i.e. through e-voting services provided by Central Depository Services (India) Limited. The e-voting period commenced on 7th April, 2016, at 9.00 a.m. and ended on 6th May, 2016 at 5.00 p.m.

The Board of Directors had appointed Shri. Dharmesh M. Zaveri, of D. M. Zaveri & Co., Practicing Company Secretaries, as the Scrutinizer for conducting Postal Ballot. The Scrutinizer has carried out the scrutiny of all Postal Ballot forms and Electronic votes received up to the last date of receipt i.e. 6th May, 2016 till 5:00 p.m. and submitted his report on 7th May, 2016, to the Chairman.

Based on the Scrutinizers report dated 7th May, 2016, the Chairman had declared the results of Postal Ballot on 9th May, 2016, as under:

| Sr. No. | Particulars of the Resolutions | Consolidated (e-voting and voting through Postal Ballot Forms) | | | | |
|---|---|---|---|---|---|---|
| | | No. of Votes polled | No. of Votes in favour | No. of Votes against | % of Votes in favour | % of Votes against |
| 1 | To enhance the borrowing limit of the Company upto Rs. 300 Crores over and above the paid up capital of the Company and its free reserves. | 20061519 | 20060089 | 1430 | 99.9929 | 0.0071 |
| 2 | To approve creation of charge on assets of the Company in respect of borrowings. | 20061518 | 20060288 | 1230 | 99.9939 | 0.0061 |
| 3 | To authorize the Board of Directors of the Company to enter into contracts or arrangement with Kanakia Spaces Realty Private Limited, being related party pursuant to Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. | 675602 | 674402 | 1200 | 99.8224 | 0.1776 |

## V. AFFIRMATIONS AND DISCLOSURES

### 1. Compliances with Governance Framework

The Company is in compliance with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### 2. Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations 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 giving 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 Regulation 23(1) of the Listing Regulation, 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 Regulations 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 Regulation 22 of the Listing Regulation, 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. Mandatory / Non-Mandatory requirements**

The Company has complied with the mandatory requirements of the Corporate Governance of the Listing Regulations and also followed non mandatory requirements relating to financial statements with unmodified audit opinion/without qualification.

**7. Code of Conduct**

In compliance with Regulation 26(3) of the Listing Regulation and the Companies Act, 2013, the Company has framed and adopted Code of Conduct and 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.

The Board of Directors and members of Senior Management team have affirmed compliance to the Code as on March 31, 2017. A declaration to this effect, signed by the Managing Director and CFO is annexed separately to this report.

**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 an Insider Trading Policy in accordance with requirements of SEBI (prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading is available on the Company's website

www.cineline.co.in.

**10. CFO certification**

As required by Regulation 17 (8) of the Listing Regulation read with Part B of Schedule II, the Certificate from Chief Financial Officer has been obtained.

## VI. MEANS OF COMMUNICATION TO SHAREHOLDERS:

1. 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 Regulations with the Stock Exchanges.

2. 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.

3. The Company's financial results and official press releases are displayed on the Company's website www.cineline.co.in

4. Any presentation made to the institutional investors and analysts are also posted on the Company's website.

5. 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 had complied with filling submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.

6. In line with the existing provisions of the Listing Regulations, 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 2016-17:**

| | | |
|---|---|---|
| Day & Date | : | Tuesday, 19th September, 2017 |
| Time | : | 10:30 A.M. |
| Venue | : | Cinemax Theatre, Eagle's Flight, Behind Gurunanak Petrol Pump, Andheri Kurla Road, Andheri (East). Mumbai-400093 |

**2. Tentative Calendar for Financial Year 2017-2018:-**

| Sr. No. | The Financial year of the company ends on every March 31. | Tentative date |
|---|---|---|
| i) | Un-audited results for the quarter ended 30 June, 2017 | Second Week of September 2017 |
| ii) | Un-audited results for the quarter/half year ending September 30, 2017 | Second Week of December 2017 |
| iii) | Un-audited results for the quarter/nine months ending December 31, 2017 | Second Week of February 2017 |
| iv) | Audited results for the year ending March 31, 2018 | Last week of May 2018 |

**3. 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)**<br>1st Floor, New Trading Ring,<br>PJ Towers, Dalal Street,<br>Fort, Mumbai - 400 001 | 532807 |
| **The National Stock Exchange (NSE)**<br>Exchange Plaza, 5th Floor,<br>Plot No. C/1, G Block,<br>Bandra Kurla Complex,<br>Bandra (East), Mumbai - 400051 | CINELINE |

*The Company has paid Annual Listing Fees for all the above Stock Exchanges for the financial year 2017-2018.*

**4. Depositories Information:**

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

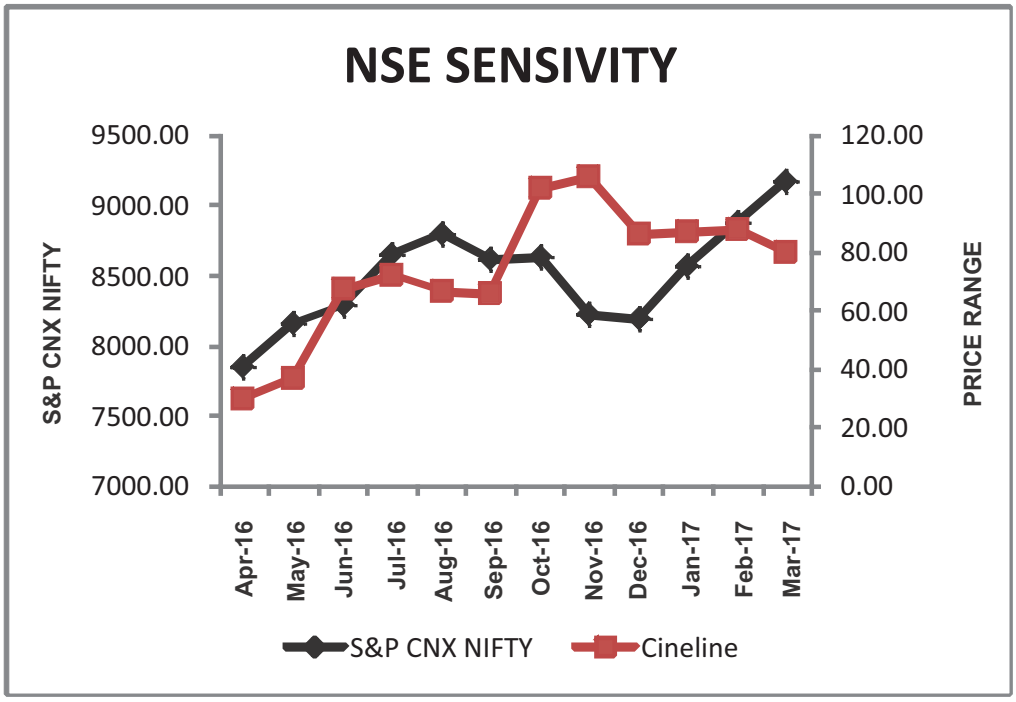
| Name of the Depository | ISIN Number |
|---|---|
| Central Depository Services (India) Ltd. (CDSL) | INE704H01022 |
| National Securities Depository Limited (NSDL) | INE704H01022 |

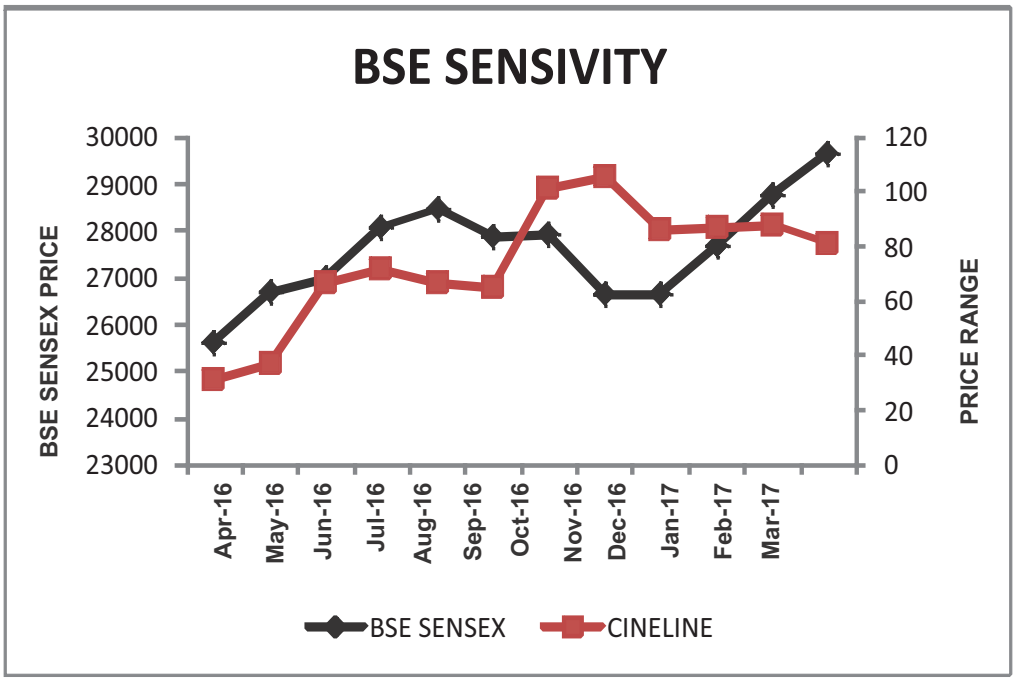
*The Company has depository connectivity with NSDL and CDSL and has paid Annual Custody Fees for the financial year 2017-2018.*

.5. **Share Price & Volume (Tables / Graphs):**

| Month | BSE | | | | NSE | | | |
|---|---|---|---|---|---|---|---|---|
| | Month's High (In Rs.) | Month's Low (In Rs.) | Volume (No. in Lacs) | Sensex | Month's High (In Rs.) | Month's Low (In Rs.) | Volume (No. in Lacs) | Nifty |
| Apr-16 | 30.80 | 21.75 | 114.69 | 25606.62 | 30.40 | 21.90 | 303.59 | 7849.80 |
| May-16 | 36.90 | 26.15 | 212.86 | 26667.96 | 36.70 | 26.55 | 498.25 | 8160.10 |
| Jun- 16 | 66.90 | 33.60 | 919.38 | 26999.72 | 67.05 | 33.65 | 1794.92 | 8287.75 |
| Jul- 16 | 71.55 | 52.30 | 605.11 | 28051.86 | 71.55 | 52.15 | 1877.82 | 8638.50 |
| Aug- 16 | 66.55 | 50.50 | 437.29 | 28452.17 | 66.65 | 50.00 | 1581.17 | 8786.20 |
| Sep- 16 | 65.20 | 54.00 | 212.70 | 27865.96 | 65.65 | 53.25 | 761.91 | 8611.15 |
| Oct- 16 | 101.45 | 60.60 | 1005.44 | 27930.21 | 101.40 | 61.30 | 3575.00 | 8625.70 |
| Nov-16 | 105.60 | 58.00 | 1666.93 | 26652.81 | 105.95 | 57.10 | 6189.24 | 8224.50 |
| Dec-16 | 86.00 | 76.10 | 274.80 | 26626.46 | 86.00 | 75.65 | 1275.16 | 8185.80 |
| Jan-17 | 87.00 | 77.05 | 134.03 | 27655.96 | 86.85 | 76.20 | 830.11 | 8561.30 |
| Feb-17 | 87.30 | 75.75 | 138.20 | 28743.32 | 87.50 | 75.15 | 725.67 | 8879.60 |
| Mar-17 | 81.25 | 70.00 | 110.71 | 29620.50 | 79.95 | 70.45 | 570.41 | 9173.75 |
| | | **Total:** | **5832.14** | | | **Total:** | **19983.25** | |

6. **Stock Performance vis-à-vis Index (NSE & BSE) as on 31.03.2017:**






**7. Shareholding Pattern as on March 31, 2017:**

| Sr. No. | Category | Holders | % | No. of Shares | % |
|---|---|---|---|---|---|
| 1 | Corporate Bodies (Promoter Co) | 2 | 0.01% | 280 | 0.00% |
| 2 | Clearing Member | 122 | 0.55% | 95,693 | 0.34% |
| 3 | Other Bodies Corporate | 206 | 0.92% | 2,907,607 | 10.38% |
| 4 | Financial Institutions | 1 | 0.00% | 4,423 | 0.02% |
| 5 | Hindu Undivided Family (HUF) | 922 | 4.13% | 188,740 | 0.67% |
| 6 | Nationalised Banks | 2 | 0.01% | 2,617 | 0.01% |
| 7 | Non- Nationalised Bank | 1 | 0.00% | 7,819 | 0.03% |
| 8 | Non Resident Indians (REPATRIABLE) | 245 | 1.10% | 196,470 | 0.70% |
| 9 | Non Resident Indians (NON REPATRIABLE) | 100 | 0.45% | 63,387 | 0.23% |
| 10 | Public | 20,690 | 92.78% | 5,138,328 | 18.35% |
| 11 | Promoters | 9 | 0.04% | 19,394,636 | 69.27% |
| | **Total :** | **22,300** | **100%** | **28,000,000** | **100%** |

**8. Distribution Schedule as of March 31, 2017:**

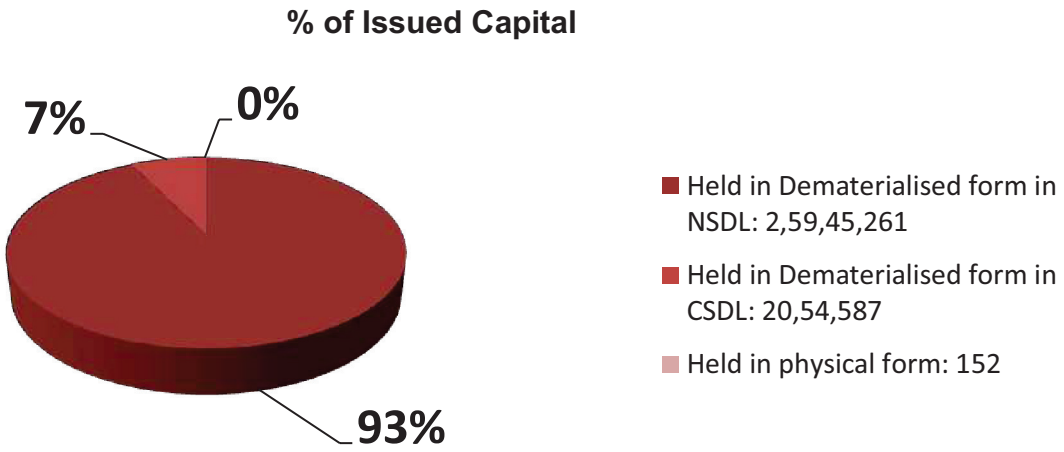
| Distribution | No. of Shareholders | No of Shares | % of Shareholding |
|---|---|---|---|
| 1-500 | 20659 | 1867778 | 6.6706 |
| 501 -1000 | 859 | 705668 | 2.5202 |
| 1001-2000 | 422 | 643987 | 2.3000 |
| 2001-3000 | 126 | 328512 | 1.1733 |
| 3001-4000 | 60 | 216281 | 0.7724 |
| 4001-5000 | 53 | 249531 | 0.8912 |
| 5001-10000 | 61 | 452942 | 1.6177 |
| Above 10000 | 60 | 23535301 | 84.0546 |
| Total | 22300 | 28000000 | 100 |

**9. 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, 2017, there were no unprocessed transfers pending.

**10. Dematerialization of Shares and liquidity**

99.99% of the Company's paid up Equity Share Capital is in dematerialized form as on March 31, 2017. The Company has entered into agreements with NSDL/CDSL whereby shareholders have an option to dematerialise their shares with either of the Depositories.




**11. 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 confirm 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.

**12. 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.

## 13. Address of correspondence

| Correspondence with the Company | Compliance Officer | Chief Financial Officer | Link Intime India Private Limited Registrar & Transfer Agent |
|---|---|---|---|
| Cineline India Limited<br>215 Atrium, 10th Floor,<br>Opp. Divine School, J.B. Nagar,<br>Andheri Kurla Road,<br>Andheri- East, Mumbai- 4000 93<br>Phones:022-6726 7777<br>Fax: 022-6693 7777<br>Email: investor@cineline.co.in<br>Website: www.cineline.co.in | Mr. Jatin Shah<br>Company Secretary<br>Phones: 022-6726 7777<br>Fax: 022-6693 7777<br>Email:investor@cineline.co.in | Mr. Jitendra Mehta<br>Phones: 022-6726 7777<br>Fax: 022-6693 7777<br>Email:investor@cineline.co.in | (Unit – Cineline India Limited)<br>C-101, 247 Park, LBS Marg,<br>Vikhroli (W), Mumbai-400 083<br>Ph : 022 – 4918 6000<br>Fax: 022 – 4918 6060<br>Email:mumbai@linkintime.co.in<br>Website: www.linkintime.co.in |

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

**Place : Mumbai**
**Date : May 23, 2017**

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

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**DECLARATION**
**Declaration regarding Affirmation of Code of Business Conduct and Ethics**

In terms of the requirement of Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with Code of Conduct for the year ended 31st March, 2017.

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

**Place : Mumbai**
**Date : May 23, 2017**

**Rasesh Kanakia**
**Chairman**
**(DIN: 00015857)**

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**ANNEXURE-C TO DIRECTORS' REPORT**

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of Cineline India Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 23 January 2017.

2. We have examined the compliance of conditions of corporate governance by Cineline India Limited ('the Company') for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**Management's Responsibility**

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March, 2017.

   We 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.

**Restriction on use**

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

**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 : 23 May 2017

# INDEPENDENT AUDITOR'S 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 2017, the Statement of Profit and Loss and 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 prescribed 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 these 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. 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 audit opinion on these 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 2017, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. Further to our comments in Annexure I, 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 prescribed 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 May 2017 as per Annexure II expressed an unmodified opinion;

g. 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigation which would impact its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. the Company, as detailed in Note 25 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For **Walker Chandiok & Co LLP**
**Chartered Accountants**
Firm's Registration No.: 001076N/N500013

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

Place: Mumbai
Date : 23 May 2017

**Annexure I to the Independent Auditor's Report of even date to the members of Cineline India Limited, on the financial statements for the year ended 31 March, 2017.**

**Annexure I**

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, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in two 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.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, 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.

(vi) 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 services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-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 to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

| Name of the statute | Nature of dues | Amount (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax | 29.06 | Financial year 2006-07 | Commissioner of Income Tax (Appeals) |

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Place: Mumbai
Date: 23 May 2017

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**Annexure II to the Independent Auditor's Report of even date to the members of Cineline India Limited, on the financial statements for the year ended 31 March 2017**

**Annexure II**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Cineline India Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India

(ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Place : Mumbai
Date : 23 May 2017

# Balance Sheet as at 31 March 2017

(₹.in lacs)

| | Note No. | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Shareholders' fund** | | | |
| Share capital | 4 | 1,400.00 | 1,400.00 |
| Reserves and surplus | 5 | 8,008.32 | 6,950.85 |
| **Non current liabilities** | | | |
| Long term borrowings | 6 | 12,908.94 | 12,392.67 |
| Deferred tax liability (net) | 7 | 620.84 | 669.38 |
| Other long term liabilities | 8 | 641.43 | 613.20 |
| Long term provisions | 9 | 21.46 | 17.06 |
| **Current liabilities** | | | |
| Trade payables | | | |
| total outstanding dues of micro and small enterprises | 35 | - | - |
| total outstanding dues of creditors other than micro and small enterprises | | 53.78 | 89.44 |
| Other current liabilities | 10 | 637.88 | 732.56 |
| Short term provisions | 11 | 89.79 | 176.55 |
| **Total** | | **24,382.44** | **23,041.71** |
| **Assets** | | | |
| **Non current assets** | | | |
| Tangible assets | 12 | 8,447.84 | 8,724.82 |
| Capital work-in-progress | | - | 73.74 |
| Long term loans and advances | 13 | 7,518.21 | 7,148.46 |
| **Current assets** | | | |
| Trade receivables | 14 | 254.79 | 272.32 |
| Cash and bank balances | 15 | 123.63 | 142.76 |
| Short term loans and advances | 16 | 6,492.85 | 5,862.20 |
| Other current assets | 17 | 1,545.12 | 817.41 |
| **Total** | | **24,382.44** | **23,041.71** |

Notes 1 to 38 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**
Chartered Accountants

**Sudhir N. Pillai**
**Partner**

Place : Mumbai
Date : 23 May, 2017

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

**Rasesh Kanakia**
Chairman
DIN: 00015857

**Himanshu Kanakia**
Managing Director
DIN: 00015908

**Jitendra Mehta**
Chief Financial Officer

**Jatin Shah**
Company Secretary

Place : Mumbai
Date : 23 May, 2017

# Statement of profit and loss for the year ended 31 March 2017

(₹.in lacs)

| | Note No. | Year Ended 31 March 2017 | Year Ended 31 March 2016 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 18 | 2,243.15 | 2,203.28 |
| Other income | 19 | 1,067.59 | 930.84 |
| **Total revenue** | | **3,310.74** | **3,134.12** |
| **Expenses** | | | |
| Operating expenses | 20 | 407.00 | 452.78 |
| Employee benefit expenses | 21 | 141.94 | 131.41 |
| Finance costs | 22 | 792.00 | 1,006.26 |
| Depreciation expense | 12 | 357.44 | 611.67 |
| Other expenses | 23 | 180.94 | 174.20 |
| **Total expenses** | | **1,879.32** | **2,376.32** |
| **Profit before tax** | | **1,431.42** | **757.80** |
| **Tax expense** | | | |
| Current tax | | 305.52 | 163.69 |
| MAT credit entitlement of earlier year | | - | (126.67) |
| MAT credit reversal | | 115.28 | 99.15 |
| Deferred tax | | (48.54) | 15.98 |
| Short provision for tax of earlier year | | 3.10 | 29.06 |
| **Profit after tax** | | **1,056.06** | **576.59** |
| **Earnings per equity share** | **29** | | |
| (1) Basic | | 3.77 | 2.06 |
| (2) Diluted | | 3.77 | 2.06 |

Notes 1 to 38 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**
Chartered Accountants

**Sudhir N. Pillai**
**Partner**

Place : Mumbai
Date : 23 May, 2017

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

**Rasesh Kanakia**
Chairman
DIN: 00015857

**Himanshu Kanakia**
Managing Director
DIN: 00015908

**Jitendra Mehta**
Chief Financial Officer

**Jatin Shah**
Company Secretary

Place : Mumbai
Date : 23 May, 2017

# Cash Flow Statement for the year ended 31 March 2017

(₹.in lacs)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before tax | | 1,431.42 | 757.80 |
| **Adjustments for non cash transactions** | | | |
| Depreciation expense | | 357.44 | 611.67 |
| Bad debts | | 0.04 | 2.57 |
| Provision for doubtful debts | | - | 0.05 |
| Amortisation of processing fees | | - | 58.25 |
| Sundry balances written back | | (22.95) | (70.57) |
| Provisions no longer required written back | | (42.53) | (1.73) |
| | | **1,723.42** | **1,358.04** |
| **Items considered separately** | | | |
| Interest expense | | 789.00 | 782.35 |
| Loan processing charges | | - | 130.53 |
| Other finance charges | | 2.83 | - |
| Interest income | | (978.82) | (856.63) |
| | | (186.99) | 56.25 |
| **Operating cash flow before working capital changes** | | **1,536.43** | **1,414.29** |
| **Adjustments for change in working capital** | | | |
| (Increase) / decrease in trade receivables | | 20.14 | (81.85) |
| Increase in long term loans and advances | | (0.20) | (11.22) |
| Increase in short term loans and advances and other current assets | | (554.35) | (2,028.28) |
| Increase / (decrease) in trade payables | | (35.66) | 29.01 |
| Increase in long term provisions | | 4.40 | 5.66 |
| Increase / (decrease) in other current liabilities | | (252.29) | 120.80 |
| Increase / (decrease) in short term provisions | | (56.76) | 177.39 |
| Increase in other long term liabilities | | 28.23 | 55.30 |
| **Cash used in operations** | | **(846.49)** | **(1,733.19)** |
| Income taxes paid | | **(74.37)** | **234.77** |
| **Net cash generated from / (used in) operating activities** | **(A)** | **764.31** | **(553.67)** |
| **Cash flow from investing activities** | | | |
| Purchase of fixed assets (including capital advances and capital work-in-progress) | | (200.99) | (5,906.90) |
| Interest received | | 174.81 | 856.63 |
| Fixed deposits matured during the year | | 36.61 | 20.31 |
| **Net cash generated from / (used in) investing activities** | **(B)** | **10.43** | **(5,029.96)** |
| Cash flow from financing activities | | | |
| Interest paid | | (1,411.28) | (805.81) |
| Loan processing charges paid | | - | (220.88) |
| Other finance charges | | (2.83) | - |
| Excess provision of dividend for 2008-09 | | 1.41 | - |
| Proceeds from long term borrowings | | 655.44 | 6,641.58 |
| **Net cash generated from / (used in) financing activities** | **(C)** | **(757.26)** | **5,614.89** |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | **17.48** | **31.26** |
| Cash and cash equivalents at the beginning of the year | | 104.30 | 73.04 |
| Cash and cash equivalents at the end of the year | | 121.78 | 104.30 |
| **Net increase as disclosed above** | | **17.48** | **31.26** |

# Cash Flow Statement for the year ended 31 March 2017

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Notes to cash flow statement** | | |
| 1. Cash and cash equivalents at the year end comprise: | | |
| Cash on hand | 0.84 | 0.43 |
| Balances with banks in current accounts | 120.94 | 103.87 |
| | **121.78** | **104.30** |

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**
Chartered Accountants

**Sudhir N. Pillai**
**Partner**

Place : Mumbai
Date : 23 May, 2017

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

**Rasesh Kanakia**
Chairman
DIN: 00015857

**Himanshu Kanakia**
Managing Director
DIN: 00015908

**Jitendra Mehta**
Chief Financial Officer

**Jatin Shah**
Company Secretary

Place : Mumbai
Date : 23 May, 2017

# SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

**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 windmills.

**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). The accounting policies applied by the Company are consistent with those used in previous year.

All assets and liabilities have been classified as current or non current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

**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. Tangible assets and depreciation**

(i) Tangible assets are stated at cost less accumulated depreciation, 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. Capital work-in-progress**

Cost of fixed assets not ready for their intended use before such date is disclosed under Capital work-in-progress.

**d. 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 gratuity benefit scheme is a unfunded defined benefit plan. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods recognised as a liability at the present

value of the defined benefit obligations at the balance sheet date based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. Actuarial gains or losses on such valuation are recognised immediately in the statement of profit and loss for the year.

(iv) Liability for compensated absences is provided for on the basis of actuarial valuation at year end, made by an independent actuary as per Accounting Standard 15 "Employee Benefits" as specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

**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. 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.

**g. 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.

**h. 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.

**I. Provisions and contingencies**

Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations or present obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosure is made.

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **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 EQUITY SHARE CAPITAL** | **Amount (₹.in lacks)** | **Number** |
|---|---|---|
| **Equity share capital** | | |
| As at 31 March 2017 | | |
| 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** |
| As at 31 March 2016 | | |
| 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). EQUITY SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES** | **Numbers** | **% of holding** |
|---|---|---|
| **As at 31 March 2017** | | |
| Himanshu B. Kanakia | 9,368,424 | 33.46 |
| Rasesh B. Kanakia | 9,368,524 | 33.46 |
| ICICI Prudential Life Insurance Company Limited | 1,749,422 | 6.25 |
| **As at 31 March 2016** | | |
| 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.

**4 (e). Details of shares allotted as fully paid up by way of bonus issues and bought back during last five years to be given for each class of shares**

The Company has not issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2017.

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **5. RESERVES AND SURPLUS** | | |
| Capital redemption reserve | | |
| Opening balance | 17.02 | 17.02 |
| Add: Additions made during the year | - | - |
| Closing balance | **17.02** | **17.02** |
| **Securities premium reserve** | | |
| Opening balance | 3,564.46 | 3,564.46 |
| Add: Securities premium credited | - | - |
| Closing balance | **3,564.46** | **3,564.46** |
| **General reserve** | | |
| Opening balance | 55.10 | 55.10 |
| Add: Additions made during the year | - | - |
| Closing balance | **55.10** | **55.10** |
| **Surplus** | | |
| Opening balance | 3,314.27 | 2,737.68 |
| Add: Surplus as per statement of profit and loss | 1,056.06 | 576.59 |
| Add: Excess provision of dividend for 2008-09 | 1.41 | - |
| Closing balance | **4,371.74** | **3,314.27** |
| **Total** | **8,008.32** | **6,950.85** |
| **6. Long term borrowings** | | |
| Term loan from bank (refer note 26) | 12,908.00 | 12,390.00 |
| Vehicle loan from bank (refer note 26) | 0.94 | 2.67 |
| **Total** | **12,908.94** | **12,392.67** |
| **7. Deferred tax liability (net)** | | |
| **Liability** | | |
| On timing difference between book depreciation and depreciation as per Income Tax Act, 1961 | 630.01 | 682.45 |
| **Total deferred tax liability (A)** | **630.01** | **682.45** |
| **Assets** | | |
| Provision for doubtful debts | - | 0.87 |
| Gratuity | 4.57 | 3.79 |
| Compensated absences | 2.44 | 2.60 |
| Bonus | - | 0.27 |
| Demerger expenses | - | 3.74 |
| Lease equalisation reserve | 2.16 | 1.80 |
| **Total deferred tax assets (B)** | **9.17** | **13.07** |
| **Deferred tax liability (A-B)** | **620.84** | **669.38** |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **8. Other long term liabilities** | | |
| Deposits received | 641.43 | 613.20 |
| **Total** | **641.43** | **613.20** |
| **9. Long term provisions** | | |
| **Provision for Employee Benefits** | | |
| Gratuity (refer note 24(I)) | 14.97 | 10.74 |
| Compensated absences (refer note 24(ii)) | 6.49 | 6.32 |
| **Total** | **21.46** | **17.06** |
| **10. Other current liabilities** | | |
| Current maturities of long term debt (refer note 26) | | |
| - Term loan from bank | 357.00 | 218.00 |
| - Vehicle loan from bank | 1.73 | 1.56 |
| Interest accrued and not due on borrowings | 120.73 | 102.29 |
| Advances from customers | 41.89 | 33.14 |
| Lease equalisation reserve | 7.48 | 5.45 |
| Unclaimed dividends | 1.85 | 4.42 |
| Deposits received | 32.66 | 55.63 |
| Other payables | 15.46 | 183.67 |
| Statutory dues | 45.12 | 95.26 |
| Book overdraft | 13.96 | 18.52 |
| Capital creditors | - | 14.62 |
| **Total** | **637.88** | **732.56** |
| **11. Short term provisions** | | |
| Provision for employee benefits | | |
| - Salary and reimbursements | 8.98 | 9.14 |
| - Gratuity (refer note 24(I)) | 0.88 | 0.72 |
| - Compensated absences (refer note 24(ii)) | 1.94 | 1.52 |
| Others | | |
| - Expenses payable | 16.11 | 136.11 |
| - Provision for taxation (net of advance tax) | 61.88 | 29.06 |
| **Total** | **89.79** | **176.55** |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

### 12. Tangible assets (refer note 26)

(₹.in lacs)

| Gross block | Freehold lands | Theatre Buildings | Mall building | Other buildings | Plant and equipments | Theatre furniture and fixtures | Other furniture, fixtures and office equipments | Computers | Vehicles | Wind energy generator | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 April 2015 | 1,971.68 | 3,720.35 | 1,969.93 | 2,396.60 | 0.94 | 1,189.84 | 164.09 | 2.87 | 22.44 | 1,536.70 | 12,975.44 |
| Additions | - | - | - | - | 0.68 | - | - | 0.16 | - | - | 0.84 |
| Balance as at 31 March 2016 | 1,971.68 | 3,720.35 | 1,969.93 | 2,396.60 | 1.62 | 1,189.84 | 164.09 | 3.03 | 22.44 | 1,536.70 | 12,976.28 |
| Additions | - | - | 75.66 | - | 4.80 | - | - | - | - | - | 80.46 |
| **Balance as at 31 March 2017** | **1,971.68** | **3,720.35** | **2,045.59** | **2,396.60** | **6.42** | **1,189.84** | **164.09** | **3.03** | **22.44** | **1,536.70** | **13,056.74** |
| Accumulated depreciation | | | | | | | | | | | |
| Balance as at 1 April 2015 | - | 1,754.10 | 131.51 | 176.15 | 0.49 | 933.84 | 109.14 | 1.77 | 4.76 | 528.03 | 3,639.79 |
| Depreciation | - | 122.90 | 65.72 | 79.87 | 0.13 | 255.58 | 17.74 | 0.85 | 2.97 | 65.91 | 611.67 |
| Balance as at 31 March 2016 | - | 1,877.00 | 197.23 | 256.02 | 0.62 | 1,189.42 | 126.88 | 2.62 | 7.73 | 593.94 | 4,251.46 |
| Depreciation | - | 122.90 | 67.53 | 79.87 | 0.40 | 0.08 | 17.74 | 0.33 | 2.68 | 65.91 | 357.44 |
| **Balance as at 31 March 2017** | **-** | **1,999.90** | **264.76** | **335.89** | **1.02** | **1,189.50** | **144.62** | **2.95** | **10.41** | **659.85** | **4,608.90** |
| Net block | | | | | | | | | | | |
| Balance as at 31 March 2016 | 1,971.68 | 1,843.35 | 1,772.70 | 2,140.58 | 1.00 | 0.42 | 37.21 | 0.41 | 14.71 | 942.76 | 8,724.82 |
| **Balance as at 31 March 2017** | **1,971.68** | **1,720.45** | **1,780.83** | **2,060.71** | **5.40** | **0.34** | **19.47** | **0.08** | **12.03** | **876.85** | **8,447.84** |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **13. Long term loans and advances (unsecured, considered good)** | | |
| Capital advances (refer note 34)* | 6,844.89 | 6,009.88 |
| Security deposits** | 11.77 | 11.57 |
| Advance tax (net of provisions) | 305.21 | 655.39 |
| MAT credit entitlement | 356.34 | 471.62 |
| **Total** | **7,518.21** | **7,148.46** |
| * Includes amounts due by "Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)" | 6,052.30 | 5,858.00 |
| ** Includes amounts due by "Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)" | 10.85 | 10.85 |
| **14. Trade receivables** | | |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| Unsecured, considered good* | 226.42 | 237.97 |
| | **226.42** | **237.97** |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good* | 28.37 | 34.35 |
| Unsecured, considered doubtful | - | 2.65 |
| | 28.37 | 37.00 |
| Less: Provision for doubtful debts | - | 2.65 |
| | **28.37** | **34.35** |
| **Total** | **254.79** | **272.32** |
| * Includes dues from Company under the same management | | |
| RBK Education Solutions Private Limited | - | 0.07 |
| Babubhai Kanakia Foundation | 0.51 | 0.23 |
| **15. Cash and bank balances** | | |
| **Cash and cash equivalents** | | |
| Cash on hand (refer note 25) | 0.84 | 0.43 |
| **Balances with banks** | | |
| - in current accounts | 120.94 | 103.87 |
| | 121.78 | 104.30 |
| **Other bank balances** | | |
| - in unclaimed dividend accounts | 1.85 | 4.44 |
| - in fixed deposits accounts with maturity less than 12 months | - | 34.02 |
| | 1.85 | 38.46 |
| **Total** | **123.63** | **142.76** |
| **16. Short term loans and advances** | | |
| **Other loans and advances** (unsecured, considered good) | | |
| Advances recoverable in cash or in kind, or for the value to be received | 25.44 | 24.10 |
| Balances with government authority | 23.05 | 8.73 |
| Other advances (refer note 36) | 6,444.36 | 5,829.37 |
| **Total** | **6,492.85** | **5,862.20** |

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **17. Other Current Assets** | | |
| Interest receivable | 1,522.50 | 718.49 |
| Rental income receivable | 22.62 | 98.92 |
| **Total** | **1,545.12** | **817.41** |
| **18. Revenue from operations** | | |
| **Rental income** | | |
| - Space rentals | 1,575.60 | 1,561.78 |
| - Rental income ATS/BTS | 107.46 | 97.13 |
| - Common area maintenance | 163.68 | 158.55 |
| | **1,846.74** | **1,817.46** |
| Advertisement income | 30.86 | 24.83 |
| Income from car parking | 122.20 | 107.61 |
| Sale of power | 169.81 | 166.08 |
| Other operating revenue | 73.54 | 87.30 |
| | **396.41** | **385.82** |
| **Total** | **2,243.15** | **2,203.28** |
| **19. Other income** | | |
| Interest income | 978.82 | 856.63 |
| Sundry balances written back | 22.95 | 70.57 |
| Provisions no longer required written back | 42.53 | 1.73 |
| Miscellaneous income | 23.29 | 1.91 |
| **Total** | **1,067.59** | **930.84** |
| **20. Operating expenses** | | |
| Power and fuel | 41.75 | 51.36 |
| **Rates and taxes** | | |
| - Property tax | 163.60 | 196.09 |
| - Others | 19.91 | 19.90 |
| | **183.51** | **215.99** |
| **Repairs and maintenance** | | |
| - Building | 3.21 | 22.03 |
| - Common area maintenance | 19.97 | 19.80 |
| - Cleaning charges | 21.94 | 18.73 |
| - Plant and equipments | 6.28 | 8.50 |
| - Others | 75.95 | 63.01 |
| | **127.35** | **132.07** |
| Security charges | 43.84 | 45.02 |
| Other operating expenses | 10.55 | 8.34 |
| **Total** | **407.00** | **452.78** |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

(₹.in lacs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **21. Employee benefit expenses** | | |
| Salaries and bonus (including directors' remuneration) | 130.24 | 118.81 |
| Contribution to provident and other defined contribution funds | 9.55 | 11.20 |
| Staff welfare expenses | 2.15 | 1.40 |
| **Total** | **141.94** | **131.41** |
| **22. Finance costs** | | |
| Interest | | |
| - on term loan | 788.64 | 781.83 |
| - on vehicle loan | 0.36 | 0.52 |
| Finance charges | 3.00 | 223.91 |
| **Total** | **792.00** | **1,006.26** |
| **23. Other expenses** | | |
| Rent (refer note 30) | 26.59 | 26.49 |
| Travelling and conveyance | 5.46 | 5.05 |
| Communication expenses | 6.60 | 2.46 |
| Insurance | 7.65 | 7.19 |
| Legal and professional fees | 9.61 | 24.47 |
| Directors' sitting fees | 2.40 | 3.05 |
| Advertising and publicity | 3.13 | 2.86 |
| Marketing and sales promotion | 3.23 | 2.83 |
| Auditor's remuneration (refer note 31) | 8.34 | 8.59 |
| Bank charges | 0.30 | 0.09 |
| Printing and stationery | 8.06 | 5.68 |
| Bad debts | 0.04 | 2.57 |
| Provision for doubtful debts | - | 0.05 |
| Contribution towards corporate social responsibility (refer note 33) | 51.00 | 28.50 |
| Donation | 7.66 | 26.00 |
| Miscellaneous expenses | 40.87 | 28.32 |
| **Total** | **180.94** | **174.20** |

**24. Disclosures pursuant to Accounting Standard 15 "Employee Benefits"**

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

The following table sets 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 2017 | 31 March 2016 |
|---|---|---|
| Discount rate | 7.10% | 7.80% |
| Salary escalation | 11.00% | 10.00% |
| Attrition rate | 12.00% | 12.00% |

(₹.in lacs)

| II. Table showing change in benefit obligation | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Liability at the beginning of the year | 11.46 | 8.11 |
| Interest cost | 0.89 | 0.65 |
| Current service cost | 2.77 | 1.41 |
| Actuarial loss on obligations | 0.73 | 1.29 |
| Liability at the end of the year | **15.85** | **11.46** |

(₹.in lacs)

| III. Amount recognised in the balance sheet | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 |
|---|---|---|---|---|---|
| Defined benefit obligation | (15.85) | (11.46) | (8.11) | (8.41) | (2.61) |
| Deficit | **(15.85)** | **(11.46)** | **(8.11)** | **(8.41)** | **(2.61)** |

(₹.in lacs)

| IV. Expenses recognised in the statement of profit and loss | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Current service cost | 2.77 | 1.41 |
| Interest cost | 0.89 | 0.65 |
| Actuarial loss | 0.73 | 1.29 |
| Expenses recognised in statement of profit and loss | **4.39** | **3.35** |

(₹.in lacs)

| V. Balance sheet reconciliation | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Opening net liability | 11.46 | 8.11 |
| Expenses as above | 4.39 | 3.35 |
| Amount recognised in balance sheet | **15.85** | **11.46** |

(₹.in lacs)

| VI. Experience adjustment | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 |
|---|---|---|---|---|---|
| On plan liability (gain) / loss | (0.70) | 1.16 | (4.44) | 5.51 | 0.12 |

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

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

(ii) The Company has a defined benefit compensated absences plan. It is payable to all the eligible employees at the rate of daily salary subject to a maximum of forty two days.

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

(₹.in lacs)

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Liability at the end of the year | 8.43 | 7.84 |
| Amount recognised in the balance sheet | | |
| - Non current | 6.49 | 6.32 |
| - Current | 1.94 | 1.52 |

**25. Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016**

(₹.in lacs)

| Particular | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08 November 2016 | 0.16 | 0.71 | 0.87 |
| Add: Permitted receipts | - | 19.63 | 19.63 |
| Less: Permitted payments | - | (1.22) | (1.22) |
| Less: Amount deposited in banks | (0.16) | (17.86) | (18.02) |
| Closing cash in hand as on 30 December 2016 | - | 1.26 | 1.26 |

**26. Bank borrowings**

**A. Term loan taken from Central bank of India is secured against:**

I) First and exclusive charge / hypothecation of all rental receivables arising out of leasing of following properties:
   1) All rental receivables arising out of leasing of following properties:
      a) Theatre buildings
      b) Boomerang property
      c) Commercial spaces to multiple brands at Eternity mall, Nagpur
   2) All income / receivables from sale of power from two windmills

II) First and exclusive charge on all project's movable tangible and intangible assets including all stocks, work-in-progress, receivables, inventories, goodwill, patents, trade licenses, permits and all other intellectual property rights and all plant, machinery and equipment employed in the project.

III) First and exclusive charge over all the project contracts and insurance policies/proceeds under the insurance contract in relation to the project.

IV) First and exclusive charge by way of assignment of the escrow account, into which, inter alia, all the project operating cash flows, treasury income, revenue / receivables of the Company would be deposited.

V) First and exclusive charge by way of over all the rights, title, interest, benefits, claims and demands whatsoever of the Company in each of the project documents, duly acknowledge and consented to by the relevant counter parties or lessees to such project document, including the rights to receive any liquidated damages.

VI) Personal / corporate guarantee of Rasesh B. Kanakia and Himanshu B. Kanakia.

**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 (Rs. in lacs) | Number of installments outstanding(monthly) | Last installment | Security pledged |
|---|---|---|---|---|---|
| Term loan | Base rate plus 1% | 13,265 | 131 | February 2028 | Refer note 26 (A) |
| Vehicle loan | 10.40% | 2.67 | 18 | 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 |
|---|---|
| Rasesh B. Kanakia | Director |
| Himanshu B. Kanakia | Director |
| Hiral H. Kanakia | Director |
| Jitendra Mehta | Key management personnel |
| Jatin Shah | Key management personnel |
| Manisha Vora | Relative of director |
| Kanakia Spaces Private Limited* | Entities under common control or significant influence can be exercised |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised |
| Sarang Property Developers 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 |
| Babubhai Kanakia Foundation | Entities under common control or significant influence can be exercised |

*Space rental division of Kanakia Spaces Private Limited has been demerged and taken over by Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)

**(ii) Transactions during the year**

(₹.in lacs)

| Particulars | Relationship | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|---|
| **Capital advance given** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | 194.30 | 5,858.00 |
| **Security deposit given** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 10.85 |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

**(ii) Transactions during the year (Contd....)**

(₹.in lacs)

| Particulars | Relationship | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|---|
| **Expenses incurred on our behalf by** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 15.78 |
| Sarang Property Developers Private Limited | Entities under common control or significant influence can be exercised | 14.38 | 5.85 |
| **Rental income / other operating revenue received** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 63.42 |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 10.74 |
| **Other operating revenue** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 40.00 |
| **Advertisement income** | | | |
| Babubhai Kanakia Foundation | Entities under common control or significant influence can be exercised | 2.40 | 1.16 |
| **Common area maintenance charges** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 20.29 |
| Sarang Property Developers Private Limited | Entities under common control or significant influence can be exercised | 14.44 | - |
| **Rent expense** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | 24.46 | 22.54 |
| **Reimbursement of expenses** | | | |
| Manisha Vora | Relative of director | 4.38 | 3.76 |
| **Remuneration** | | | |
| Rasesh B. Kanakia | Director | 15.00 | 15.00 |
| Himanshu B. Kanakia | Director | 15.00 | 15.00 |
| Hiral H. Kanakia | Director | 15.00 | 15.00 |
| Manisha Vora | Relative of director | 8.65 | 8.03 |
| Jatin Shah | Key management personnel | 9.74 | 8.80 |

**(iii) Balance outstanding as at year end**

(₹.in lacs)

| Particulars | Relationship | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|---|
| **Trade receivables** | | | |
| RBK Education Solutions Private Limited | Entities under common control or significant influence can be exercised | - | 0.07 |
| Babubhai Kanakia Foundation | Entities under common control or significant influence can be exercised | 0.51 | 0.23 |
| **Capital advance** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | 6,052.30 | 5,858.00 |
| **Security deposit** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | 10.85 | 10.85 |
| **Other payables** | | | |
| Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited)* | Entities under common control or significant influence can be exercised | - | 1.40 |
| Sarang Property Developers Private Limited | Entities under common control or significant influence can be exercised | 2.92 | 2.92 |
| Kanakia Spaces Private Limited* | Entities under common control or significant influence can be exercised | - | 1.89 |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

### 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 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| External sales (gross) | 2,073.34 | 2,037.20 | 169.81 | 166.08 | 2,243.15 | 2,203.28 |
| **Total revenue** | **2,073.34** | **2,037.20** | **169.81** | **166.08** | **2,243.15** | **2,203.28** |
| Segment results | 1,201.18 | 875.82 | 50.95 | 50.12 | 1,252.13 | 925.94 |
| Unallocated corporate income / (expenses) | | | | | (7.53) | (18.51) |
| Interest income | | | | | 978.82 | 856.63 |
| Finance costs | | | | | (792.00) | (1,006.26) |
| Exceptional item | | | | | - | - |
| **Profit before tax** | | | | | **1,431.42** | **757.80** |
| Tax expense | | | | | (375.36) | (181.21) |
| **Profit after tax** | | | | | **1,056.06** | **576.59** |
| Other information | | | | | | |
| Segment assets | 14,648.95 | 14,185.50 | 946.65 | 1,027.06 | **15,595.60** | **15,212.56** |
| Unallocable corporate assets | | | | | 8,786.84 | 7,829.15 |
| Total assets | | | | | **24,382.44** | **23,041.71** |
| Segment liabilities | 864.02 | 1,221.50 | 0.23 | 0.33 | 864.25 | 1,221.83 |
| Unallocable corporate liabilities | | | | | 14,109.87 | 13,469.03 |
| Total liabilities | | | | | **14,974.12** | **14,690.86** |
| Capital employed | | | | | 22,317.26 | 20,743.52 |
| Capital expenditure | 80.46 | 74.58 | - | - | 80.46 | 74.58 |
| Depreciation expense | 291.53 | 545.76 | 65.91 | 65.91 | 357.44 | 611.67 |
| Non cash expense other than depreciation | 0.04 | 2.62 | - | - | 0.04 | 2.62 |

**Secondary segment information**

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



# SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

## 29. Earnings per share

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:

(₹.in lacs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| Profit available for equity shareholders (Rs. in lacs) | 1,056.06 | 576.59 |
| Weighted average number of shares (in lacs) | 280.00 | 280.00 |
| Earnings per share (Rs.) | | |
| - Basic | 3.77 | 2.06 |
| - Diluted | 3.77 | 2.06 |
| Face value per share (Rs.) | 5.00 | 5.00 |

## 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. 26.59 lacs (previous year Rs. 26.49 lacs).

(₹.in lacs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| Payable not later than 1 year | 27.01 | 24.46 |
| Payable later than 1 year not later than 5 years | 53.82 | 80.33 |
| Payable later than 5 years | 0.50 | - |
| **Total** | **81.33** | **104.79** |

## 31. Auditor's remuneration (excluding service tax)

(₹.in lacs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| Statutory audit | 8.00 | 8.00 |
| Other services | - | 0.30 |
| Out of pocket expenses | 0.34 | 0.29 |
| **Total** | **8.34** | **8.59** |

## 32. Capital commitment

(₹.in lacs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 8,000.00 | 8,000.00 |
| **Total** | **8,000.00** | **8,000.00** |

## SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

**33. Corporate social responsibility activities**

The Company has formed a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. The Company was required to spend Rs. 13.41 lacs as per Section 135(5) of Companies Act, 2013. The Company has spent Rs. 51.00 lacs on the activities mentioned in Schedule VII to the Companies Act, 2013.

Amount spent during the year:

(₹.in lacs)

| Particulars | Paid in cash | Yet to be paid in cash | Total |
|---|---|---|---|
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 51.00 | - | 51.00 |

**34.** The Company has entered into a transaction with Kanakia Spaces Realty Private Limited (formerly known as Centaur Mercantile Private Limited) for purchase of commercial premises in Kanakia Wall Street project. The same was approved by the board in its meeting held on 30 March 2016 and approved by the shareholders by means of postal ballot on 9 May 2016. The Company has paid earnest deposits of Rs. 6,052.30 lacs including applicable taxes (previous year Rs. 5,858.00 lacs) and has capitalised borrowing cost as per Accounting Standard 16 “Borrowing costs” amounting Rs. 640.71 lacs (Previous Year Rs. 151.88 lacs.)

**35.** Based on the information available with the Company, there are no dues outstanding in respect of micro and small enterprises at the balance sheet date. Further, no interest during the year has been paid or payable in respect thereof. The above disclosures has been determined to the extent such parties have been identified on the basis of information available with the Company.

**36.** Disclosure required under Section 186(4) of the Companies Act, 2013

(₹.in lacs)

| Name of the loanee | Rate of interest | Due date | Secured / unsecured | Amount given during the year(Rupees) | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|---|---|---|
| Evergreen Financial Services* | 12% | Repayable on demand | Unsecured | 2,101.75 | 6,444.36 | 5,829.37 |

*The Company has given the advance to Evergreen Financial Services for meeting their business requirements.

**37.** The Board of Directors has recommended a dividend of Rs 0.50 per share, i.e., 10% of face value of Rs 5 each, the payment of which shall be made subject to approval of shareholders in general meeting.

**38. Previous year comparatives**

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

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

**Sudhir N. Pillai**
**Partner**

Place : Mumbai
Date : 23 May, 2017

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

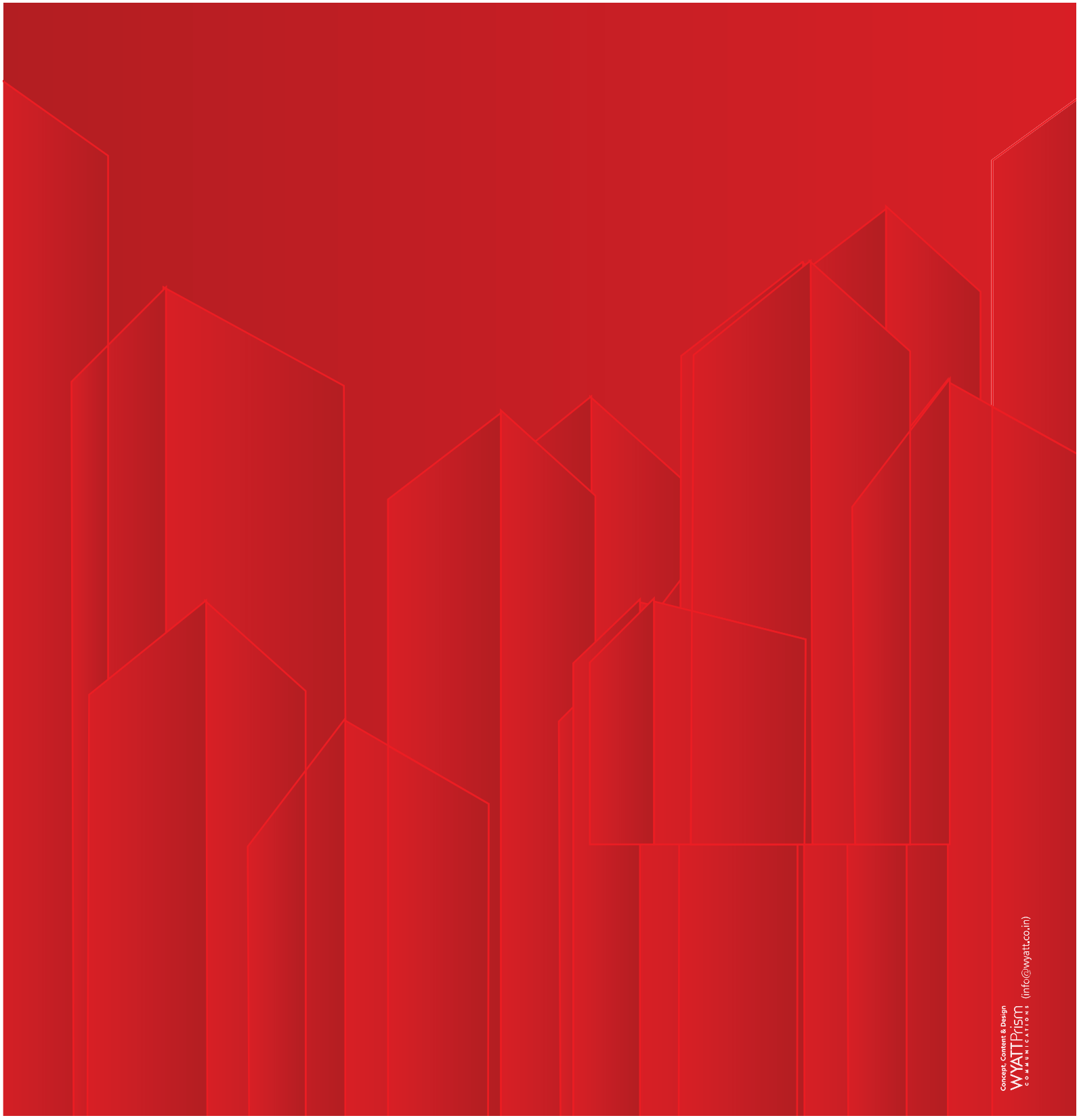
**Rasesh Kanakia**
Chairman
DIN: 00015857

**Himanshu Kanakia**
Managing Director
DIN: 00015908

**Jitendra Mehta**
Chief Financial Officer

**Jatin Shah**
Company Secretary

Place : Mumbai
Date : 23 May, 2017



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# CINELINE

## CINELINE INDIA LIMITED

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