

# CINE LINE

## CINELINE INDIA LIMITED

215 Atrium, 10<sup>th</sup> Floor, Opp. Divine School, J.B. Nagar, Andheri Kurla Road, Andheri (E), Mumbai-400093.  
Tel No.: 022 6726 6666 Fax No.: 022 6693 7777, Email Id: investor@cineline.co.in, Website: www.cineline.co.in

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To,  
The Members

### NOTICE OF POSTAL BALLOT

#### **Pursuant to Section 192A (2) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011**

**Notice** is hereby given pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 or such other rule as may be notified under section 180(1)(c) of the Companies Act, 2003 (hereinafter referred to as the "Rules"), for the consent of the Members of Cineline India Limited (hereinafter referred to as the "Company") to the resolutions mentioned below, which is proposed to be passed by Postal Ballot. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 (the "**Companies Act 2013**") read with Section 192A of the Companies Act 1956, pertaining to the said resolution setting out the material facts and reasons thereof is annexed hereto for your consideration. The Postal Ballot Form is also annexed to this Notice for the purpose of exercising the votes in respect of the following resolution.

The Company has appointed Mr. Dharmesh Zaveri, Practicing Company Secretary, Mumbai as a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. You are requested to read carefully the instructions printed overleaf of the Postal Ballot Form and return the said form duly completed in all respects, in the enclosed self addressed, postage pre-paid envelope, so as to reach the Scrutinizer on or before the close of working hours on Wednesday, 15<sup>th</sup> day of January 2014.

The Scrutinizer will submit his report to the Chairman / Director after completion of the scrutiny and the results of the voting by Postal Ballot will be announced by the Chairman / Director or by any such other person as may be authorized by the Chairman on Thursday, 16<sup>th</sup> day of January 2014 at 3:00 p.m. at the Registered Office of the Company.

The Result of the Postal Ballot will be posted on the Company's website: [www.cineline.co.in](http://www.cineline.co.in) besides communicating to the Stock Exchanges where the Equity Shares of the Company are listed. The result of the Postal Ballot will also be informed in the ensuing Corporate Governance Report of the Company.

The Members may please note that the voting of the resolutions as contained in this Notice will be made through Postal Ballot only and the Company has not appointed any agency for electronic voting in this regard.

1. To consider and, if thought fit, to give assent or dissent to the following resolution as a **Special Resolution**:

#### **Revision in remuneration of Mr. Rasesh B. Kanakia, Chairman and Executive Director**

**"RESOLVED THAT** in modification to the earlier resolutions passed in this regard and as per recommendation of the Remuneration Committee, pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act") (including any statutory modification(s), enactment(s) or re-enactment (s) thereof for the time being in force), and subject to the approval of the Central Government, if any, approval of the members, be and is hereby accorded for the revision of basic salary of Mr. Rasesh B. Kanakia, Chairman & Executive Director of the Company w.e.f. 1<sup>st</sup> November, 2013 for the remaining period of his tenure i.e. upto April 30, 2016 as set out in the Memorandum placed in the Explanatory Statement annexed hereto with the other existing terms for his appointment and remuneration remaining unaltered.

**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year during the remaining tenure of Mr Rasesh B. Kanakia, Chairman & Executive Director, he shall be paid the remuneration and perks as set out in the explanatory statement referred to above as the Minimum Remuneration subject to approval of the Central Government.

**RESOLVED FURTHER THAT** to save and except as aforesaid, the special resolution dated 27<sup>th</sup> September, 2011 shall remain in full force and effect.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.”

2. To consider and, if thought fit, to give assent or dissent to the following resolution as a **Special Resolution** :

**Revision in remuneration of Mr. Himanshu B. Kanakia, Managing Director**

“**RESOLVED THAT** in modification to the earlier resolutions passed in this regard and as per recommendation of the Remuneration Committee, pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act") (including any statutory modification(s), enactment(s) or re-enactment (s) thereof for the time being in force), and subject to the approval of the Central Government, if any, approval of the members, be and is hereby accorded for the revision of basic salary of Mr. Himanshu B. Kanakia, Managing Director of the Company w.e.f. 1<sup>st</sup> November, 2013 for the remaining period of his tenure i.e. upto April 30, 2016 as set out in the Memorandum placed in the Explanatory Statement annexed hereto with the other existing terms for his appointment and remuneration remaining unaltered.

**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year during the remaining tenure of Mr Himanshu B. Kanakia, Managing Director, he shall be paid the remuneration and perks as set out in the explanatory statement referred to above as the Minimum Remuneration subject to approval of the Central Government.

**RESOLVED FURTHER THAT** to save and except as aforesaid, the special resolution dated 27<sup>th</sup> September, 2011 shall remain in full force and effect.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.

3. To consider and, if thought fit, to give assent or dissent to the following resolution as a **Special Resolution**:

**Authority to borrow money in excess of specified limit**

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment to or re-enactment thereof) (herein after referred to as the 'Act'), rules made thereunder and of the Articles of Association of the Company and subject to necessary approvals required, if any, in this regard from appropriate authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the 'Board' which term shall be deemed to include any Committee which the Board may have constituted or herein after constitute to exercise its powers including the powers conferred by this resolution) to borrow, from time to time, such sum or sums of monies as they may deem requisite for the purpose of the business of the Company which together with the monies already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate amount so borrowed at any point of time shall not exceed ₹100 crore (Rupees One Hundred Crore);

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board and/or its duly constituted committee be and are hereby authorized to finalise, settle and execute such documents/ deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid.”

4. To consider and, if thought fit, to give assent or dissent to the following resolution as a **Special Resolution**:

**Creation of charge on the movable and immovable assets of the Company, both present and future, in respect of borrowings in terms of resolution No (3) above**

**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment to or re-enactment thereof) (herein after referred to as the 'Act'), rules made thereunder and subject to necessary approvals required, if any, in this regard from appropriate authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as 'the Board' which term shall be deemed to include any Committee thereof) for creation, from time to time, of such hypothecations, charges, mortgages and/ or other securities, in addition to the mortgages, charges, liens, hypothecation and/or other securities already created by the Company on such terms and conditions, as the Board at its sole discretion may deem fit, on the Company's assets and properties, both present and future, whether movable or immovable, including the whole or substantially the whole of the Company's undertaking or undertakings, in favour of

the Banks/Financial Institutions/ Debenture trustees/other lenders as may be agreed to by the Board, for the purpose of securing the repayment of any loans/financial assistance/working capital facilities (whether in rupees or in foreign currency), debentures or bonds or other instruments issued to the public and/or on private placement basis and/or in any other manner provided that the total borrowings under Section 180(1)(c) of the Act shall not to exceed ₹100 crore (Rupees One Hundred Crore) at any point of time together with the interest, additional interest, compound interest, liquidated damages, all other cost, charges, expenses including any increase as a result of devaluation / revaluation / fluctuation in the rate of foreign exchange and all other monies payable by the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such actions as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.”

**Registered Office:**  
Cinemax Properties Limited  
215 Atrium, 10<sup>th</sup> Floor,  
Opp. Divine School,  
J.B. Nagar, Andheri Kurla Road,  
Andheri (E), Mumbai-400093

BY Order of the Board  
For **Cineline India Limited**

Sd/-  
**Jatin Shah**  
Company Secretary

Date: 9<sup>th</sup> December 2013

**NOTES:**

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 read with Section 192A of the Companies Act 1956 in respect of the business specified above is annexed hereto.
2. The Board of Directors has appointed Mr. Dharmesh Zaveri, Practicing Company Secretary, Mumbai as the Scrutinizer for conducting the Postal Ballot voting process in accordance with the law and in a fair and transparent manner.
3. Members are requested to carefully read the instructions printed in the attached Postal Ballot Form. The Postal Ballot Form, duly completed and signed should be returned in the enclosed pre-paid self addressed envelope directly to the Scrutinizer so as to reach the Scrutinizer on or before the close of working hours 5:30 p.m. on 15<sup>th</sup> January, 2014. Any Postal Ballot Form received after close of working hours on 15<sup>th</sup> January, 2014 shall be treated as if the reply from the Members has not been received.
4. Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.
5. The Scrutinizer will submit the report to the Chairman / Director of the Company after completion of scrutiny of the Postal Ballot Forms.
6. The Result of the Postal Ballot will be announced by the Chairman on 16<sup>th</sup> January, 2014 at the Registered Office of the Company at 215 Atrium, 10<sup>th</sup> Floor, Opp. Divine Child School, Andheri Kurla Road, Andheri (East), Mumbai – 400 069. The Result will also be published in the newspapers and will be posted on the website of the Company [www.cineline.co.in](http://www.cineline.co.in)
7. The Special Resolutions mentioned above shall be declared as passed if the number of votes cast in its favour is not less than three times the number of votes cast, if any, against the said Resolution.
8. In the event of the draft resolution assented by the requisite majority of the Members of the Company through Postal Ballot process, the date of declaration of results shall be deemed to be the date of passing of the said resolution.

## EXPLANATORY STATEMENT

### Pursuant to Section 102 of the Companies Act, 2013

#### Item No 1

The members of the Company had at the 9<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2011 re-appointed Mr. Rasesh B. Kanakia as Chairman & Executive Director of the Company (designated as Chairman and Executive Director) for a period of five years with effect from 1<sup>st</sup> May, 2011, and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

Keeping in consideration the demerger of cinema business of the Company, the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 22<sup>nd</sup> October, 2013 have, subject to necessary approvals if any, approved remuneration payable to Mr Rasesh B. Kanakia as Chairman & Executive Director, by way of revision of salary upto two lac per month, during his remaining tenure effective from 1<sup>st</sup> November 2013, on the following terms and conditions;

#### I. Remuneration

##### 1. Salary:

Upto ₹2,00,000/- (Rupees two lac only) per month in the range of ₹1,25,000/- to ₹2,00,000/- with an annual increment as may be decided by the Board/Remuneration Committee effective 1st April each year.

##### 2. Allowances and Perquisites:

###### 1) Housing:

- a) Leased residential accommodation having rent upto 60% of the Salary. If no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance at the rate of 60% of Salary as per the rules of the Company.
- b) Actual expenses pertaining to maintenance of accommodation, gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
- c) The Company shall provide such furniture, furnishing domestic help and security guards at his residence as may be required.

###### 2) Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and abroad for self and spouse. The total costs including for travel to and from and stay in the foreign country of the patient, an attendant and medical supervision, if required, shall be borne by the Company.

3) **Medical Insurance:** As may be decided by the Board/Remuneration Committee.

4) **Leave Travel Assistance:** As per the rules of the Company.

5) **Provident Fund, Gratuity:** Company's contribution to the Provident Fund and payment of gratuity shall be as per the rules of the Company.

6) **Club Memberships:** Subscription or reimbursement of membership fees (including admission and life membership) for two clubs in India and/or abroad.

7) **Leave/Leave Encashment:** As per the rules of the Company.

8) **Personal Accident Insurance:** As may be decided by the Board/Remuneration Committee.

9) Benefits, if any, assigned under Keyman Insurance Policy.

10) **Other Allowances:** As may be decided by the Board/Remuneration Committee from time to time, subject to the provisions of the Companies Act, 1956 and Schedule XIII thereto.

#### Explanation:

Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

**3. Commission/Performance Bonus:**

An amount as may be decided by the Board of Directors, on the recommendations of the Remuneration Committee, from year to year.

**4. Amenities:**

- 1) Conveyance facilities: The Company shall provide car with chauffeur.
- 2) Communication facilities: The Company shall provide telephone, cellular phone, telefax, internet and other communication facilities at the Managing Director's residence.
- 3) Mr Rasesh B. Kanakia shall be entitled to the expenses actually incurred on traveling and board and lodging for self and also for spouse and attendant, if required, accompanying him during domestic and overseas business trips.

**Explanation:**

The amenities shall not be included for the purposes of computation of the Chairman's remuneration as aforesaid.

**II. Overall Remuneration:**

The Board of Directors (on the recommendations of the Remuneration Committee) is authorized to revise, amend, alter and vary the terms and conditions relating to the appointment and remuneration payable to the Mr Rasesh B. Kanakia in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 and Schedule XIII and any modification(s) thereto and as may be agreed between the Board and Mr Rasesh B. Kanakia, without any further reference to the shareholders in general meeting, provided that the total remuneration shall not exceed 5% of the net profit for each of the financial years as computed in the manner provided in Sections 198 and 349 of the Companies Act, 1956.

This may also be considered and treated as Abstract and Memorandum of Interest under Section 302 of the Act.

The Board commends the passing of Special Resolution at Item No.1 of the Notice. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing a Resolution by Postal Ballot) Rules, 2011.

None of the Directors of the Company or Key Managerial Persons or their relatives, except Mr Rasesh B. Kanakia and Mr Himanshu B. Kanakia, who are related to each other, is either directly or indirectly concerned or interested in this resolution.

**Item No 2**

The members of the Company had at the 9th Annual General Meeting held on 27<sup>th</sup> September, 2011 re-appointed Mr. Himanshu B. Kanakia, Managing Director of the Company (designated as Managing Director) for a period of five years with effect from 1<sup>st</sup> May, 2011, and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

Keeping in consideration the demerger of cinema business of the Company,, the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 22<sup>nd</sup> October, 2013 have, subject to necessary approvals if any, approved remuneration payable to Mr. Himanshu B. Kanakia, Managing Director, by way of revision of salary upto two lac per month, during his remaining tenure effective from 1<sup>st</sup> November 2013 , on the following terms and conditions;

**I. Remuneration**

**1. Salary:**

Upto ₹2,00,000/- (Rupees two lac only) per month in the range of ₹1,25,000/- to ₹2,00,000/- with an annual increment as may be decided by the Board/Remuneration Committee effective 1st April each year.

**2. Allowances and Perquisites:**

**1) Housing:**

- a) Leased residential accommodation having rent upto 60% of the Salary. If no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance at the rate of 60% of Salary as per the rules of the Company.

- b) Actual expenses pertaining to maintenance of accommodation, gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
  - c) The Company shall provide such furniture, furnishing domestic help and security guards at his residence as may be required.
- 2) **Medical Reimbursement:**  
Reimbursement of actual medical expenses incurred in India and abroad for self and spouse. The total costs including for travel to and from and stay in the foreign country of the patient, an attendant and medical supervision, if required, shall be borne by the Company.
  - 3) **Medical Insurance:** As may be decided by the Board/Remuneration Committee.
  - 4) **Leave Travel Assistance:** As per the rules of the Company.
  - 5) **Provident Fund, Gratuity:** Company's contribution to the Provident Fund and payment of gratuity shall be as per the rules of the Company.
  - 6) **Club Memberships:** Subscription or reimbursement of membership fees (including admission and life membership) for two clubs in India and/or abroad.
  - 7) **Leave/Leave Encashment:** As per the rules of the Company.
  - 8) **Personal Accident Insurance:** As may be decided by the Board/Remuneration Committee.
  - 9) Benefits, if any, assigned under Keyman Insurance Policy.
  - 10) **Other Allowances:** As may be decided by the Board/Remuneration Committee from time to time, subject to the provisions of the Companies Act, 1956 and Schedule XIII thereto.

**Explanation:**

Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

**3. Commission/Performance Bonus:**

An amount as may be decided by the Board of Directors, on the recommendations of the Remuneration Committee, from year to year.

**4. Amenities:**

- 1) **Conveyance facilities:** The Company shall provide car with chauffeur.
- 2) **Communication facilities:** The Company shall provide telephone, cellular phone, telefax, internet and other communication facilities at the Managing Director's residence.
- 3) Mr. Himanshu B. Kanakia, Managing Director shall be entitled to the expenses actually incurred on traveling and board and lodging for self and also for spouse and attendant, if required, accompanying him during domestic and overseas business trips.

**Explanation:**

The amenities shall not be included for the purposes of computation of the Managing Director's remuneration as aforesaid.

**II. Overall Remuneration:**

The Board of Directors (on the recommendations of the Remuneration Committee) is authorized to revise, amend, alter and vary the terms and conditions relating to the appointment and remuneration payable to the Mr Himanshu B. Kanakia in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 and Schedule XIII and any modification(s) thereto and as may be agreed between the Board and Mr Himanshu B. Kanakia, without any further reference to the shareholders in general meeting, provided that the total remuneration shall not exceed 5% of the net profit for each of the financial years as computed in the manner provided in Sections 198 and 349 of the Companies Act, 1956.

This may also be considered and treated as Abstract and Memorandum of Interest under Section 302 of the Act.

The Board commends the passing of Special Resolution at Item No.2 of the Notice. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing a Resolution by Postal Ballot) Rules, 2011.

None of the Directors of the Company or Key Managerial Persons or their relatives, except Mr Himanshu B. Kanakia and Mr Rasesh B. Kanakia, who are related to each other, is either directly or indirectly concerned or interested in this resolution.

#### **Item No 3 & 4**

In accordance with the provisions of Section 180(1)(c) of the Companies Act, 2013 ('Act'), the Board of Directors of the Company without consent of the members, cannot borrow money(ies) where the money to be borrowed, together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in ordinary course of business) is in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say reserves not set apart for any specific purpose.

Keeping in consideration the demerger of cinema business of the Company and in anticipation of the future business requirements, the Board of Directors of the Company (herein after referred to as 'the Board') may need to resort to further borrowings from time to time, by way of loans/financial assistance from various banks/financial institutions and other lenders, both national and international, issue of debentures/bonds or other debt instruments. A fresh resolution is proposed authorising the Board to borrow money(ies) for the business of the Company within an revised limit not exceeding ₹100 crore (Rupees One Hundred Crore) (excluding the temporary loans obtained/to be obtained by the Company's bankers in ordinary course of business). The revision in borrowing limits would also facilitate the Board to have better negotiating capacity vis-a-vis the financing of Banks and/or restructure the borrowing limits on the terms and conditions advantageous to the Company.

The borrowings of the Company are in general required to be secured by creating suitable mortgage or charge on all or any of the movable/immovable properties of the Company in such form, manner and ranking as may be determined by the Board, from time to time, in consultation with the lender(s). The mortgage and/or charge by the Company on its movable/immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Banks/Lenders/Trustee, with a power to take over the mortgaged property of the Company in the event of default by the Company may be regarded as disposal of the Company's said mortgaged properties within the meaning of Section 180(1)(a) of the Companies Act, 2013. A fresh resolution is being proposed for authorizing the Board for creating security on the movable/immovable assets of the Company, both present and future, by way of charge ranking pari-passu or otherwise in favour of the lending Bank(s), Institution(s) and any other lender(s) upto an amount not exceeding ₹100 crore (Rupees One Hundred Crore).

The proposed Resolution under Section 180(1)(c) is interconnected with the Resolution under Section 180(1)(a) of the Companies Act, 1956, the Board thought it appropriate to transact the resolution under Section 180(1)(c) through Postal Ballot.

The Board of Directors accordingly recommended the Resolution set out at Item No. 3 & 4 of the Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing a resolution by Postal Ballot) Rules, 2011.

None of the Directors or Key Managerial Persons or their relatives are deemed concerned or interested in the aforesaid resolution.

**Registered Office:**  
Cinemax Properties Limited  
215 Atrium, 10<sup>th</sup> Floor,  
Opp. Divine School,  
J.B. Nagar, Andheri Kurla Road,  
Andheri (E), Mumbai-400093

BY Order of the Board  
For **Cineline India Limited**

Sd/-  
**Jatin Shah**  
Company Secretary

Date: 9<sup>th</sup> December 2013