



ANNUAL REPORT 2013 - 14

SPREADING OUR WINGS



Board of Directors

| | |
|----------------------------|--------------------------------|
| Mr. Ajay Bijli | Chairman cum Managing Director |
| Mr. Sanjeev Kumar | Joint Managing Director |
| Mr. Vicha Poolvaraluk | Director |
| Ms. Renuka Ramnath | Director |
| Mr. Ravinder Singh Thakran | Director |
| Mr. Vikram Bakshi | Director |
| Mr. Sanjai Vohra | Director |
| Mr. Amit Burman | Director |
| Mr. Sanjay Khanna | Director |
| Mr. Sanjay Kapoor | Director |
| Mr. Narayan Ramachandran | Alternate Director |

Company Secretary

Mr. N.C. Gupta

Auditors

S.R. Batliboi & Co. LLP
Chartered Accountants,
Firm's Registration No.: 301003E
Gurgaon

Main Bankers

DBS Bank Limited
HDFC Bank Limited
Axis Bank Limited
ICICI Bank Limited

Registered Office

61, Basant Lok, Vasant Vihar, New Delhi - 110057

Corporate Office

Block A, 4th Floor, Building No. 9, DLF Cyber City, Phase-III,
Gurgaon - 122002, Haryana, India

Registrar & Share Transfer Agents

Karvy Computershare Private Limited,
17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Tel.: +91-40-2342 0815-828 Fax: +91-40-2342 0814
www.kcpl.karvy.com

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Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended March 31, 2014.

Financial Highlights

| | (Rs. In Crores) | |
|--|-----------------|---------------|
| | 2013-14 | 2012-13 |
| Income from Operations | 1270.59 | 670.23 |
| Other Income | 6.32 | 5.03 |
| Total | 1276.91 | 675.26 |
| Less: Total Expenditure | 1070.52 | 565.98 |
| Earnings before interest, tax and depreciation amortization (EBIDTA) | 206.39 | 109.28 |
| Add: Exceptional Item | 8.05 | 3.33 |
| EBIDTA (Inclusive of Exceptional Items) | 214.44 | 112.61 |
| Less : Depreciation & Amortization Expenses | 78.79 | 42.95 |
| Finance Cost | 76.88 | 25.46 |
| Profit before Tax | 58.77 | 44.20 |
| Total Tax expenses/(Credit) | 0.90 | (10.65) |
| Net Profit after Tax | 57.87 | 54.85 |
| Earnings per equity share | | |
| Basic | 14.16 | 18.42 |
| Diluted | 14.13 | 18.40 |
| Balance as per last financial statement | 89.86 | 40.47 |
| Transferred from subsidiary companies pursuant to the scheme of Amalgamation | 63.89 | - |
| Profit available for appropriation | 211.63 | 95.32 |
| Appropriations | | |
| Proposed dividend on Equity Shares | 10.28 | 3.97 |
| Tax on proposed equity Dividend | 1.78 | 0.64 |
| Transfer to Debenture Redemption Reserve | 1.09 | 0.85 |
| Transfer to General Reserve on Dividend declared | 5.79 | - |
| Net surplus in the statement of Profit and Loss | 192.69 | 89.86 |

Financial Review:

During the Financial year ended March 31, 2014, your Company has achieved new heights in terms of operating income and profitability. Post merger of Cinemax India Limited along with its five wholly owned subsidiary companies and Cine Hospitality Private Limited with your Company effective from 1st April 2013, the Company achieved increased income of Rs. 1277 Crores as against Rs. 675 Crores recorded in the previous year. Operating Profits before interest, depreciation and tax increased to Rs. 214.45 Crores as against Rs. 112.60 Crores in the previous year.

Consistency across operations and ongoing expansion through organic and inorganic means has improved PVR's position as the market leader in Film exhibition.

Kindly refer to Management Discussion & Analysis Report covered under Corporate Governance which forms part of this report for a detailed financial review.

Dividend

Your Directors have recommended a Final dividend of Rs. 2.50/- (Rupee Two and fifty paise) per Equity Share for the financial year ended March 31, 2014 for your approval. The dividend outgo will amount to Rs. 10.28 Crores (exclusive of Dividend Distribution Tax of Rs. 1.78 Crores).

Operation Review

Kindly refer to Management Discussion & Analysis Report covered under Corporate Governance which forms part of this report.

Subsidiaries

As on March 31, 2014 the Company had two subsidiary companies namely PVR Pictures Limited (PVR Pictures) a wholly owned subsidiary company and PVR Leisure Limited. In PVR Leisure Ltd your Company holds 53.68% in the equity share capital.

Approval of the Composite Scheme of Amalgamation

Your Directors are pleased to inform you that Hon'ble High Court of Delhi vide Order dated 12th February, 2014, approved the Composite Scheme of Amalgamation entailing merger of Cinemax India Limited, its five wholly owned subsidiaries namely Vista Entertainment Limited, Nikmo Entertainment Limited, Growel Entertainment Limited, Cinemax Motion Pictures Limited and Odeon Shrine Multiplex Limited along with Cine Hospitality Private Limited a wholly owned subsidiary of PVR Limited. The aforesaid merger is effective from 1st April 2013. Pursuant to the Composite Scheme of Amalgamation, four (4) Equity fully paid up Shares were issued of PVR Limited against every seven (7) equity shares of Rs. 5/- fully paid up to members of the erstwhile Cinemax India Limited on the Record Date. Accordingly the Company allotted 10,90, 283 equity shares to the shareholders of

erstwhile Cinemax India Limited which have been listed for trading on BSE Ltd and National Stock Exchange of India Ltd.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the Financial Year 2013-14.

Particulars under Section 212 of the Companies Act, 1956

The Ministry of Corporate Affairs, Government of India has granted a general exemption from attaching the audited accounts of the subsidiaries in the Consolidated Accounts of the Company vide General Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India.

Accordingly, your Company has provided consolidated accounts for financial year 2013-14 without detailed audited accounts of its subsidiaries.

Corporate Governance

The Company is committed to uphold the highest standards of corporate governance and believes that the business relationship can be strengthened through corporate fairness, transparency and accountability. Your Company complies with all the mandatory provisions of Clause 49 of the Listing Agreement.

A report on Corporate Governance with a certificate from a practicing Company Secretary is enclosed and forms part of the Annual Report. A certificate from Chairman cum Managing Director and Chief Financial Officer of the Company, confirming the correctness of the financial statements, adequacy of the internal control measures as enumerated in Clause 49 of the listing agreement is enclosed.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement, is presented in a separate section forming an integral part of this Annual Report.

Directors

Mr. Manish Chandra, Director of the Company who was appointed as an Additional Director of the Company on 27th September 2013 resigned from the Board effective from 31st January, 2014. The Board places on records, its deep appreciation of the valuable contribution made by Mr. Manish Chandra during his short tenure with the Company.

Mr. Sanjay Kapoor was appointed as Additional Director and Mr. Narayan Ramachandran was appointed as an Alternate Director to Mr. Ravinder Singh Thakran on the Board of the Company effective from 31st January, 2014. Mr. Sanjay Kapoor is an

independent Director. The term of Mr. Kapoor comes to an end on the date of ensuing AGM of the Company. A member of the Company has proposed the candidature of Mr. Sanjay Kapoor for his directorship on the board of the Company. The Board recommends his appointment.

Pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act 2013, one third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every Annual General Meeting. Consequently, Mr. Ajay Bijli and Mr. Sanjeev Kumar will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment in accordance with the provisions of the Companies Act, 2013.

Further as per clause 49 of the Listing Agreement read with the provisions under Section 149 of the Companies Act 2013, the Company is required to appoint Independent Directors. Since the Company has Mr. Sanjai Vohra, Mr. Amit Burman, Mr. Vikram Bakshi and Mr. Sanjay Khanna as Independent Directors, therefore it is proposed to appoint all the aforesaid Directors as Independent Directors within the meaning of Sections 149 and 152 of the new Companies Act, 2013 read with schedule IV attached thereto and Rules made there under for a term of 5 (five) consecutive years with effect from the date of ensuing Annual General Meeting.

The brief resume of the Directors being appointed/re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorship, committee membership/ chairmanship, their shareholding etc. are furnished in the explanatory statement in the notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment at the ensuing Annual General Meeting.

Fixed Deposits

During the year under review, your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

- i. That in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii. That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so

as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii. That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That they had prepared the annual accounts for the Financial Year ended 31st March, 2014 on a going concern basis.

Employee Stock Option Scheme: "PVR ESOS 2013"

Your Company had obtained Members' approval through Postal Ballot on 20th August, 2013 for the implementation of PVR Employees Stock Option Scheme 2013 ("PVR ESOS 2013").

During the financial year under review 50,000 Options were granted to Mr. Kamal Gianchandani, employee of PVR Pictures Limited, a wholly owned subsidiary of the Company at a price of Rs. 200/- per option in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines').

The Disclosure as required under Clause 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended is set out in Annexure 'III' to the Directors Report.

A certificate from the Statutory Auditors as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Guidelines) confirming that "PVR ESOS 2013" has been implemented in accordance with the Guidelines, shall be placed before the shareholders at the ensuing Annual General Meeting.

Auditors and thier Report

The Statutory Auditors of the Company, M/s. S. R. Batliboi & Co., LLP, Chartered Accountants having firm's Registration No.: 301003E will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors. Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has received certificate from the Auditors to the effect, inter alia, that their re-appointment, if made, would be within the limits laid down by the Act.

Further pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013, the re-appointment of S.R.Batliboi & Co. LLP, Chartered Accountants is proposed from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty-second AGM of the Company to be held in the year 2017 i.e. for a period

PVR Limited

of three years, subject to ratification of their appointment by the members at every AGM.

The Auditor's observations and the relevant notes on the accounts are self-explanatory hence do not call for further comments.

Change in Capital Structure and Listing of Equity Shares

The Company's equity shares are listed and actively traded on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

Further, during the period under review the Company has allotted 32,940 Equity Shares under PVR ESOS Scheme 2008, 2,67,002 Equity Shares under PVR ESOS Scheme 2011 and 99,000 Equity Shares under PVR ESOS Scheme 2012 to the permanent employees of the Company against same numbers of options exercised by them.

In addition to the above, pursuant to the Composite Scheme of Amalgamation, the Company has allotted 10,90,283 Equity Shares of the Company to the shareholders of erstwhile Cinemax India Limited.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

A statement giving details of Conservation of Energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given as Annexure - I hereto and forms part of this report.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in Annexure 'II' to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information.

Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company for the same.

Acknowledgement

Your Directors place on record their gratitude to the shareholders, customers/patrons, suppliers, collaborators, bankers, financial institutions and all other business associates and Central Government and State Government for the incessant support provided by them to the company and their confidence in its management.

Your Directors also place on records their deep appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

Place: Gurgaon

Date: 31st July, 2014

Ajay Bijli

Chairman cum Managing Director

Annexure – I to Directors Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217(1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as mentioned herein below:

i) Conservation of Energy

Energy conservation measures taken:

- Power factor is being maintained above 0.95 with the use of capacitor banks. These banks are used to neutralize the inductive current by providing capacitive current. As a result a power factor improves and gets rebate applicable on energy bills from Electricity Distribution Companies (Tata Power/BSES).
- Switching on/off procedure is being followed for entire lighting and other load within the premises. Timers are being used to ensure this.
- The air conditioning system preventive maintenance routine services are monitored to make the system efficient. Also regulation of the AHU timings for proper utilization has further helped in saving electricity consumption.

- All the new fittings are with LED or energy saver which uses less electrical power as compared to old GL lamps.
- Temperature sensors are being put in Audi's for better control on AC.
- Seat lights of LED's are used in place of GSL light to save energy.
- Outside consultants have been appointed to suggest energy saving measures over and above the existing system. They will suggest on optimization of energy distribution, Lux level of various areas, design aspects of electrical and HVAC system etc. so that other aspects of energy conservation and equipment efficiency can be maintained.
- Installed Variable Frequency Drives (VFD) for various Air Handling Units (AHU's) to conserve energy. Now we are installing VFD
- Close monitoring of AC Plant, AHU's, pumps, running hours by installation of Running Hours Meters & Energy Meters.
- Building Signage with LED's based Technology to save energy and longer life span.
- Poster windows: we are replacing the FLT's with LED's in phase manner.

ii) Technology Absorption:

Since the Company has no subsisting Technology Agreement hence not applicable.

iii) Foreign Exchange Earnings & Outgo

| | March 31, 2014 (Rs. in lakhs) | March 31, 2013 (Rs. in lakhs) |
|---|----------------------------------|----------------------------------|
| Earnings in foreign currency (on accrual basis) | | |
| Advertisement Income (including Service Tax) | - | 25 |
| Expenditure in foreign currency (on accrual basis) | | |
| Travelling | 87 | 60 |
| Professional fees (including expenses, net of income tax) | 86 | 188 |
| Director Sitting Fees | - | - |
| Others | 25 | 21 |
| Total | 199 | 269 |
| CIF Value of Imports | | |
| Capital Goods | 474 | 135 |
| Software | - | - |
| Total | 474 | 135 |

For and on behalf of the Board

Place: Gurgaon
Date: 31st July, 2014

Ajay Bijli
Chairman cum Managing Director

Annexure III to Directors' Report

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2014

A.

| | Particulars | ESOP Scheme |
|---|---|---|
| 1 | Number of options granted | 50,000 |
| 2 | The Pricing Formula | The closing market Price on the day prior to the date of grant. |
| 3 | Number of options vested | Nil |
| 4 | Number of options exercised | Nil |
| 5 | Total number of shares arising as a result of exercise of options | Nil |
| 6 | Number of options lapsed | Nil |
| 7 | Variation in the terms of options | None |
| 8 | Money realized by exercise of options | Nil |
| 9 | Total Number of Options in force | 50,000 |

B. Employee-wise details of options granted to:

(i) Management personnel

| Name | No. of options granted |
|------------------------|------------------------|
| Mr. Kamal Gianchandani | 50,000 |

(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year

| Name | No. of options granted |
|------|------------------------|
| None | Nil |

(iii) Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

| Name | No. of options granted |
|------|------------------------|
| None | Nil |

C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 **18.40**

D. The impact on the profits and EPS of the fair value method is given in the table below:

| | |
|---|-------------|
| Profit as reported | 578,731,796 |
| Add - Intrinsic Value Cost | 21,873,974 |
| Less - Fair Value Cost | 52,795,364 |
| Profit as adjusted | 578,731,796 |
| Earning per share (Basic) as reported | 14.16 |
| Earning per share (Basic) adjusted | 13.41 |
| Earning per share (Diluted) as reported | 14.15 |
| Earning per share (Diluted) adjusted | 13.40 |

E. Weighted average exercise price of Options whose

| | |
|---|------------|
| (a) Exercise price equals market price | Nil |
| (b) Exercise price is greater than market price | Nil |
| (c) Exercise price is less than market price | Rs. 200.00 |

Weighted average fair value of options whose

| | |
|---|------------|
| (a) Exercise price equals market price | Nil |
| (b) Exercise price is greater than market price | Nil |
| (c) Exercise price is less than market price | Rs. 241.14 |

F. Method and Assumptions used to estimate the fair value of options granted during the year:

The Fair Value has been calculated using the Black Scholes Option Pricing Model

The Assumptions used in the model are as follows:

| | |
|--|-------------------------------|
| Date of Grant | 21 st August, 2013 |
| 1. Risk Free Interest Rate | 8.77% |
| 2. Expected life | 4 years |
| 3. Expected Volatility | 39.51% |
| 4. Dividend Yield | 0.27% |
| 5. Price of the underlying share in market at the time of the option grant (Rs.) | 365.35 |