



LEADERS IN INNOVATION

PVR
CINEMAS

ANNUAL
REPORT
2015

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

Indusind Bank Limited
HDFC Bank Limited
Axis Bank Limited
ICICI Bank Limited

Registered Office

61, Basant Lok, Vasant Vihar, New Delhi - 110057
CIN : L74899DL1995PLC067827
Tel. : 08800900009
Website : www.pvrcinemas.com
Email Id : cosec@pvrcinemas.com

Corporate Office

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

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Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended March 31, 2015.

I. Financial Highlights

(Rs. In Crores)

Particulars	Financial Years	
	2014-15	2013-14
Income from Operations	1,383.98	1,271.19
Other Income	5.23	5.72
Total	1,389.21	1,276.91
Less: Total Expenditure	1,199.72	1,062.47
Earnings before interest, tax and depreciation amortization (EBITDA)	189.49	214.44
Less :Finance Cost	76.33	76.88
Depreciation & Amortization Expenses	99.54	78.79
Profit before Tax	13.62	58.77
Total Tax expenses/ (Credit)	-	0.90
Net Profit after Tax	13.62	57.87
Earnings per equity share		
Basic	3.30	14.16
Diluted	3.30	14.13
Balance as per last financial statement	192.68	89.86
Transferred from subsidiary companies pursuant to the Scheme of Amalgamation	-	63.89
Profit available for appropriation	206.30	211.62
Appropriations		
Proposed Dividend on Equity Shares	4.15	10.28
Tax on proposed Equity Dividend	0.85	1.78
Transfer to Debenture Redemption Reserve	6.47	1.09
Transfer to General Reserve on Dividend declared	-	5.79
Adjustment of depreciation	9.36	-
Dividend Tax for previous year	0.04	-
Net Surplus in the Statement of Profit and Loss	185.43	192.68

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2. Dividend

Your Directors have recommended a Final dividend of Re. 1.00 (Rupee One) per Equity Share for the financial year ended March 31, 2015 for your approval. The Dividend outgo will amount to Rs. 4.15 Crores (exclusive of Dividend Distribution Tax of Rs. 0.85 Crores).

3. Transfer to Reserve:

The Company has transferred Rs. 6.47 Crores to the Debenture Redemption Reserve.

4. Financial Review:

During the year under review Your Company entertained 59.2 million patrons in its cinemas, down by 1% as compared to the previous year, owing to disappointing box office performance of the movie content released during the year. The adverse impact of poor content quality to an extent was mitigated by improvement in non-box office revenues. Food and beverage revenues during the Financial Year 2014-15 showed a strong growth of 17% over Financial Year 2013-14 on account of success of the various strategic initiatives taken by the company. Sponsorship Income showed a robust growth of 18% over same period last year. During the year, the company has opened 9 new properties with 50 screens and currently operates a network of 474 screens spread over 106 properties in 43 cities across the country. The company continues its aggressive expansion plan and intends to add approx 60-70 screens during the Financial Year 2015-16.

During the Financial year ended March 31, 2015, the total income has increased from Rs. 1276.91 Crores during the preceding financial year to Rs. 1,389.21 Crores in the year under review registering a growth of 8.79%.

On 9th June, 2015, Your Company has entered into definitive agreements to acquire the cinema exhibition business of DLF Utilities Limited, which is operated under the brand name of "DT Cinemas", on a slump sale basis for an aggregate consideration of approximately Rs. 500 (Five hundred) Crores. DT Cinemas (DT) currently operates 29 screens with approximately 6,000 seats across 8 properties in the National Capital Region and Chandigarh. In the next 12 months, DT proposes to add 10 new screens at its two properties in the National Capital Region. The proposed transaction will be subject to approval

of applicable statutory and regulatory approvals and satisfaction of customary conditions precedent.

In order to partly fund, the cost of acquisition of "DT Cinemas" your Company has raised funds to the tune of Rs. 350 Crores by issue of 50,00,000 equity share of face value of Rs. 10/- each at a premium of Rs. 690/- each share, allotted on 22nd July, 2015 to the following funds:

NAME	NO. OF SHARES	AMOUNT
Plenty CI Fund I Ltd.	4,33,143	30,32,00,100
Multiples Private Equity Fund II LLP	4,47,095	31,29,66,500
Plenty Private Equity Fund I Limited	41,19,762	2,88,38,33,400
TOTAL	50,00,000	3,50,00,00,000

Kindly refer to Management Discussion & Analysis and Corporate Governance Reports which forms part of this report for a detailed operation and business performance.

5. Future Outlook

While performance stood tepid in quarter four of Financial Year 2014-15, however consumer sentiment came back in first quarter of Financial Year 2015-16. Box office revenues have been very strong, with movies like Bajrangi Bhaijaan, a Salman Khan starrer, Bahubali & Drishyam.

Driven by strong box office performance during the first quarter in Financial Year 2015-16, your directors expect the momentum to continue in the forthcoming quarters on the back of strong content by movie pipeline. The content pipeline looks pretty promising and we expect a blockbuster Financial Year 2015-16. Our growing circuit of high quality cinemas and our company-wide emphasis on customer service excellence remain critical factors in our ability to generate positive operating results over the long-term. We have maintained the position as the leading multiplex player in India and soon will pass the 500 screens mark in next few months.

6. Report on the Performance & Financial Position of Subsidiaries

As on March 31, 2015 the Company had two Wholly-Owned Subsidiary companies namely PVR Pictures Limited and PVR Leisure Limited. PVR

Leisure Ltd. has two subsidiary companies namely PVR Bluoo Entertainment Limited and Lettuce Entertain You Limited.

Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its subsidiary companies.

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 report on performance and financial position of subsidiaries is attached as per Annexure 'I' which forms part of this report.

In terms of provisions under Section 136 of the Companies Act, 2013, audited accounts of the subsidiary companies are placed on its website at www.pvrcinemas.com

The Company will make available physical copies of these documents upon request by any shareholder of the Company. These documents shall also be available for inspection at the registered office of the Company during business hours up to the date of Annual General Meeting.

7. 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, compliance with Company's Code of Conduct and adequacy of the internal control measures as enumerated and reporting of matters to the Audit Committee in terms of Clause 49 of the listing agreement is enclosed and forms part of this report.

8. Directors

Pursuant to Section 149 read with Section 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. Vicha Poolvaraluk and Ms. Renuka Ramnath 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.

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

Pursuant to the provisions under Section 134(3)(d) of the Companies Act, 2013, with respect to statement on declaration given by Independent Directors under Section 149(6) of the Act, the Board hereby confirms that all the Independent Directors of the Company have given a declaration and have confirmed that they meet the criteria of Independence as provided in the said Section 149(6).

9. Key Managerial Personnel

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

- Mr. Ajay Bijli
Chairman cum Managing Director
- Mr. Naresh Chandra Gupta
Company Secretary
- Mr. Nitin Sood
Chief Financial Officer

During the year, there was no change (appointment or cessation) in the office of any KMP.

10. Policy on Directors appointment and Remuneration Policy

Pursuant to the requirements under Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board Members including criteria for determining qualifications, positive attributes, independence of a director and the policy on remuneration of directors, KMP and other employees is attached as Annexure '2' respectively, which forms part of this report.

11. Particulars of remuneration of Directors/ KMP/ Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies

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(Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure '3' which forms part of this report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration as per the limits set out in the said rules is attached as Annexure '4' which forms part of this report.

12. Employees Stock Option Plan

During the year 1,91,668 Equity Shares under PVR Employees Stock Option Scheme 2011, 2,14,500 Equity Shares under PVR Employees Stock Option Scheme 2012 and 16,500 Equity Shares under PVR Employees Stock Option Scheme 2013, were allotted to the permanent employees of the Company against same numbers of options exercised by them.

13. Meetings of the Board of Directors

During the Financial Year 2014-15, six Board Meetings were held. The details of Board Meetings and Committee Meetings held are given in the Corporate Governance Report.

14. Performance Evaluation of the Board, its Committees and Directors

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

In order to evaluate the performance and various aspects of the functioning of the Board and its Committees such as adequacy of the Constitution and Composition of the Board and its Committees, are assessed, matters addressed in the Board and Committee Meetings, processes followed at the meetings, Board's focus, regulatory compliances and Corporate Governance, etc are reviewed. Similarly, for evaluation of Directors' performance, his/her profile, contribution in Board and Committee Meetings, execution and performance of specific duties, obligations, regulatory compliances and governance are evaluated.

During the financial year under review the Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

In compliance with the Companies Act, 2013 and clause 49 of the Listing Agreement, the performance evaluation of the Board was carried out during the year under review, details of which are given in Corporate Governance Report.

15. Directors' Responsibility Statement

Pursuant to requirements of Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, the Directors confirm:

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b. That such accounting policies have been selected by them and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit and loss of the Company for the year ended on that date;
- c. That proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. That the annual accounts have been prepared by them on a going concern basis;
- e. That they have laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively, and
- f. That they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Statutory Auditors and their Report

The Company's Auditors, M/s. S. R. Batliboi & Co., LLP, Chartered Accountants having firm's Registration No.: 301003E will retire at the ensuing Annual General Meeting of the Company and being eligible for reappointment, have confirmed their eligibility and consented for re-appointment under Section 141 of the Companies Act, 2013 and the Rules framed there under as Statutory Auditors of the Company for the Financial Year 2015-16. As required under Clause 49 of the Listing Agreement, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

17. Secretarial Auditors and their Report

The Company has appointed M/s Arun Gupta & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit. The Report of the Secretarial Audit Report in MR-3 is annexed as Annexure '5'.

There are no qualifications or observations or other remarks of the Secretarial Auditors in the Report issued by them for the financial year 2014-15 which call for any explanation from the Board of Directors.

18. Consolidated Financial Statements

In compliance with the applicable provisions of Companies Act, 2013 including the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated

Financial Statements for the Financial Year 2014-15.

During the period under review Consolidated Turnover grew by 9.36% to Rs. 1485.98 Crores as compared to Rs. 1358.83 Crores in the previous year. Net Profit after Tax for the year at Rs. 11.64 Crores is lower by Rs. 38.75 Crores as compared to Rs. 50.39 Crores in the Previous Year.

The audited consolidated financial statements together with Auditors' Report forms part of the Annual Report.

19. Internal Financial Control System

According to Section 134(5)(e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedure adopted by the company for ensuring the orderly and efficient Conduct of its 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.

The Company has a well placed, proper and adequate Internal Financial Control System in place which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's Internal Financial Control System also comprises due compliances with Company's policies and Standard Operating Procedures (SOPs) audit and compliance by Company's Internal Auditor M/s KPMG. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions. Independence of the audit and compliance is ensured by direct reporting by Internal Auditors to the Audit Committee of the Board.

20. Adequacy of Internal Financial Controls with reference to the Financial Statements

The Companies Act, 2013 requires an effective Internal Financial Control System in the Company. The system should be designed and operated effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

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To ensure effective Internal Financial Controls the Company has laid down the following measures:

- All operations are executed as per prescribed procedures and is updated and validated periodically.
- All legal and statutory compliances are ensured on a monthly basis. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately.
- The Company follows a robust 2-tier internal audit process:
 - Tier-I : Cinema audits are conducted on a regular basis throughout the year.
 - Tier-2 : Transaction audits are conducted regularly, to ensure accuracy of financial reporting, safeguard and protection of all the assets.
 - The audit reports for the above audits are compiled and submitted to Audit Committee for deliberations, review and necessary action.
- The Company uses Microsoft Navision Software for maintaining books of accounts and transactions are executed through prescribed procedures to ensure correctness/ effectiveness of all transactions, integrity and reliability of reporting.
- The Company has a comprehensive risk management framework.
- The Company has a robust mechanism of building budgets at an integrated cross-functional level. The budgets are reviewed on a periodically basis so as to analyze the performance and take corrective action, wherever required.
- The Company has in place a well-defined Whistle Blower Policy/Vigil Mechanism.
- The Company has a system of Internal Business Reviews. All departmental heads discuss their business issues and future plans in monthly Review Meetings. They review their achievements in the Review Meetings.
- Compliance of secretarial functions is ensured by way of secretarial audit and audit by the Internal Auditors – M/s KPMG.

21. Development and Implementation of Risk Management

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the Corporate Governance Report forming part of the Boards Report. At present the company has not identified any element of risk which may threaten the existence of the company.

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

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo are attached as Annexure '6' which forms part of this report.

23. Details of Policy developed and implemented on Corporate Social Responsibilities (CSR) initiatives

The Company has in place a CSR Policy in line with Schedule VII of the Companies Act, 2013. As per the policy, the CSR activities are carried by PVR Nest which focuses inter-alia on:

- a) Education and social development of the most vulnerable sections of our society
- b) Hunger, Poverty, Malnutrition and Health.
- c) Sanitation and Safety
- d) Gender Equality
- e) Environmental Sustainability

The annual report on CSR activities is furnished in Annexure '7' which forms part of this report. Apart from this the Company also releases a detailed Business Responsibility Report and be available on its website www.pvrcinemas.com

24. Change in Capital Structure and Listing of Shares

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

During the year under review following shares were allotted and admitted for trading on NSE and BSE.

The Company allotted 1,91,668 Equity Shares under PVR Employees Stock Option Scheme 2011, 2,14,500 Equity Shares under PVR Employees Stock Option Scheme 2012 and 16,500 Equity Shares under PVR Employees Stock Option Scheme 2013, to the permanent employees of the Company against same numbers of options exercised by them.

The paid up equity share capital as on March 31, 2015 was Rs. 41,52,88,880. During the year under review, the Company issued 4,22,668 ESOP of Rs.10/- per equity shares. The company has not issued shares with differential voting rights nor granted stock options nor sweat equity. After the close of the Financial Year, 19,800 Equity Shares were allotted under PVR Employees Stock Option Scheme 2012. Further 50,00,000 Equity Shares were allotted on 22nd July, 2015 to three funds at a price of Rs. 700/- each share inclusive of share premium of Rs. 690/- each share details of which has already been provided in this report.

25. Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as on March 31, 2015 in the prescribed Form No. MGT-9 is attached as Annexure '8' and forms part of this report.

26. Particulars of Loans, Guarantee or Investment under Section 186 of the Companies

Pursuant to Section 134(3)(g) of the Companies Act, 2013 (Act) a statement containing of loans, guarantee or investment under Section 186 of the Act as at end of the Financial Year 2014-15 is attached as Annexure '9' which forms part of this report.

27. Contracts or arrangements with Related Parties under section 188(1) of the Companies Act, 2013

With reference to Section 134(3)(h) of the Companies Act, 2013 (Act), all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were either in the ordinary course of business or an arm's length basis.

During the year, the Company has not entered into any contract or arrangement with related

parties which could be considered 'material' according to the policy of the Company on Materiality of Related Party Transactions.

Your attention is drawn to the Related Party Disclosures set out in Note no. 43 of the Standalone Financial Statements.

28. Disclosure on Audit Committee

The Audit Committee as on 31st March 2015 comprises of the following independent directors.

Mr. Sanjai Vohra (Chairman), Mr. Amit Burman, Mr. Vikram Bakshi, Mr. Sanjay Kapoor and Mr. Sanjay Khanna as members.

Further, all recommendations of Audit Committee were accepted by the Board of Directors.

29. Disclosure on Vigil Mechanism

The Company has a vigil mechanism through Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has Whistle Blower Investigation Committee which provide for adequate safeguards against victimization of persons and also provide for direct access to the Chairman of the Audit Committee and also to the members of the Committee.

The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

The company has always provided a congenial atmosphere for work to all employees, free from discrimination and harassment including sexual harassment. It has provided equal opportunities of employment to all without regard to their caste, religion, colour, marital status and sex. The Company has also framed a policy on "Prevention of Sexual Harassment" at the workplace.

There were two cases reported during the year under review under the POSH Policy and necessary action was taken by the committee in due course of time. The enthusiasm and unstinting efforts of employees have immensely supported the Company to maintain its leadership position in its industry. Your Company has under taken various steps to further improve its overall performance.