

UFO
digital cinema

UFO Moviez India Limited

Annual Report
2014 - 2015

CORPORATE INFORMATION

Board of Directors

| | |
|----------------------|---------------------------------|
| Sanjeev Aga | Chairman & Independent Director |
| Ameya Hete | Non-Executive Director |
| Biswajit Subramanian | Non-Executive Director |
| Kapil Agarwal | Joint Managing Director |
| Lynn de Souza | Independent Director |
| Raaja Kanwar | Non-Executive Director |
| S. Madhavan | Independent Director |
| Sanjay Gaikwad | Managing Director |
| Varun Laul | Non-Executive Director |

Chief Financial Officer

Ashish Malushte

Company Secretary

Sameer Chavan

Auditors

S.R. Batliboi & Associates LLP, Chartered Accountants

Bankers

Axis Bank Limited
HDFC Bank Limited

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Financial District
Nanakramguda, Gachibowli, Hyderabad – 500 032
Tel No.: 040 6716 2222; Fax No.: 040 2300 1153
Toll Free No.: 1800 345 4001
Email: einward.ris@karvy.com

Registered Office

Office No. 12, 3rd Floor, 312 Surya Kiran Building,
19 Kasturba Gandhi Marg, New Delhi 110 001.
Tel: 011 4370 4300/11
Email: investors@ufomoviez.com
Website: www.ufomoviez.com

Corporate Office

Valuable Techno Park, Plot No.53/1, Road No.07,
Marol MIDC, Andheri East, Mumbai 400093
Tel: 022 4030 5060
Email: investors@ufomoviez.com
Website: www.ufomoviez.com

Corporate Identity Number

U22120DL2004PLC164728

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Annual General Meeting

| | |
|--------|--|
| Date: | Tuesday, September 15, 2015 |
| Time: | 12:00 noon |
| Venue: | FICCI K. K. Birla Auditorium, Tansen Marg, Near Mandi House, New Delhi - 110001 |

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of UFO Moviez India Limited ("the Company") will be held on Tuesday, the 15th day of September 2015 at 12:00 noon at FICCI K. K. Birla Auditorium, Tansen Marg, Near Mandi House, New Delhi - 110001 to transact the following business:

Ordinary Business

1. To consider and adopt the audited financial statements for the financial year ended March 31, 2015 together with the reports of the Board of Directors and Auditors thereon.
2. To consider and adopt the audited consolidated financial statements for the financial year ended March 31, 2015 together with the report of the Auditors thereon.
3. To appoint a Director in place of Mr. Raaja Kanwar (DIN No. 00024402), who retires by rotation, and being eligible, offers himself for re-appointment.
4. Ratification of appointment of Statutory Auditors.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, having ICAI Firm Registration No.101049W, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Statutory Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the financial year ending March 31, 2016, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and reimbursement of actual out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or the duly appointed company secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors

Sameer Chavan
Company Secretary
M. No. F7211

Date: July 23, 2015
Place: Mumbai

Registered Office Address:

Office No.12, 3rd Floor, 312, Surya Kiran Building,
19, Kasturba Gandhi Marg, New Delhi 110001, India
E-mail:investors@ufomoviez.com
CIN: U22120DL2004PLC164728

Notes:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- B. A form of proxy is enclosed to this Notice. No instrument of proxy shall be valid unless:

- i) it is signed by the Member or by his/her attorney duly authorised in writing or, in the case of joint holders, it is signed by the Member first named in the Register of Members or his/her attorney duly authorised in writing or, in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing; provided that an instrument of proxy shall be sufficiently signed by any Member, who for any reason is unable to write his/her name, if his/her thumb impression is affixed thereto, and attested by a judge, magistrate, registrar or sub-registrar of assurances or other government gazetted officers or any officer of a Nationalised Bank.
- ii) it is duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Company / Registrar & Share Transfer Agent.

- C. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

- D. The Company's Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic)

are Karvy Computershare Private Limited having their office premises at Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Andhra Pradesh, India.

- E. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between 10.00 am to 12.00 noon except Saturday and Sunday, up to the date of the Annual General Meeting.
- F. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 9, 2015 to Tuesday, September 15, 2015 (both days inclusive).
- G. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules thereon. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH - 13 duly filled in to Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Karvy Computershare Private Limited / the Company immediately.
- H. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company for the financial year 2014-15 are being sent by e-mail to those members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited, as the case may be.
- I. Members are requested to: a) intimate to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form; b) intimate to the respective Depository Participants, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form; c) quote their folio numbers DP ID Client ID in all correspondence; d) consolidate their holdings into one folio in case they hold shares under multiple folios in the

identical order of names.

- J. Voting through electronic means in compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised clause 35B of the Listing Agreement, the Company is pleased to offer remote e-voting facility to its Members in respect of the businesses to be transacted at the 11th Annual General Meeting (AGM). The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the authorised agency to provide remote e-Voting facility. The procedure and instructions for remote e-voting are as under:

Open your web browser during the voting period and navigate to 'http://evoting.karvy.com'. Enter the login credentials (i.e., user-id & password) mentioned on the E-mail or in the Attendance Slip. Your Folio No./DP ID Client ID will be your User-ID.

| | |
|-----------|---|
| User – ID | For Members holding shares in Demat Form:- a) For NSDL:- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL:- 16 digits beneficiary ID. For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the Company. |
| Password | Your Unique password is printed on the Electronic Voting Particulars / via email forwarded through the electronic notice. |
| Captcha | Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons. |

- i. Please contact toll free No. 1-800-34-54-001 for any further clarifications.
- ii. Members can cast their vote online from Saturday, September 12, 2015, 9.00 AM to Monday, September 14, 2015, 5.00 PM. During this period, Members holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, September 8, 2015, may cast their vote electronically. Once the vote on resolution is cast by Member, the Member shall not be allowed to change it subsequently.
- iii. The voting rights of a Member shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Tuesday, September 8, 2015.
- iv. After entering these details appropriately, click on "LOGIN".
- v. Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login

password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for remote e-voting through Karvy Computershare Private Limited remote e-voting platform. System will prompt you to change your password and update any contact details like mobile, email ID etc. on 1st login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. You need to login again with the new credentials.
- vii. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- viii. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the shareholder do not want to cast, select 'ABSTAIN'
- x. After selecting the resolution if you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xi. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- xii. Corporate/Institutional Members (corporate /FIs/ FIIs/ FPIs /Trust/Mutual Funds/Banks/etc..) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to chetan.joshi181@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."
- K. The Company is also providing facility for voting through ballot or polling paper at the 11th Annual General Meeting

and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

- L. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- M. During the period when facility for remote e-voting is provided, the members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Tuesday, September 8, 2015, may opt for remote e-voting. Provided that once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again. Provided further that a member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again.
- N. After the end of the remote e-voting period i.e. Monday, September 14, 2015 at 5.00 PM, the facility shall forthwith be blocked.
- O. Mr. Chetan Anant Joshi, Practicing Company Secretary (ACS: 20829 CP: 7744), has been appointed as Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- P. The Scrutinizer after scrutinizing the votes cast at the Meeting through ballot or polling paper and through remote e-voting, shall within 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.
- Q. The results declared alongwith the consolidated Scrutinizer's Report shall be hosted on the website of the Company (www.ufomoviez.com) and on the website of the Karvy (<https://evoting.karvy.com>). The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.
- R. The resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 15, 2015 subject to receipt of the requisite number of votes in favour of the resolutions.

By order of the Board of Directors

Sameer Chavan

Company Secretary

M. No. F7211

Date: July 23, 2015

Place: Mumbai

Registered Office Address:

Office No.12, 3rd Floor, 312, Surya Kiran Building,
19, Kasturba Gandhi Marg, New Delhi 110001, India

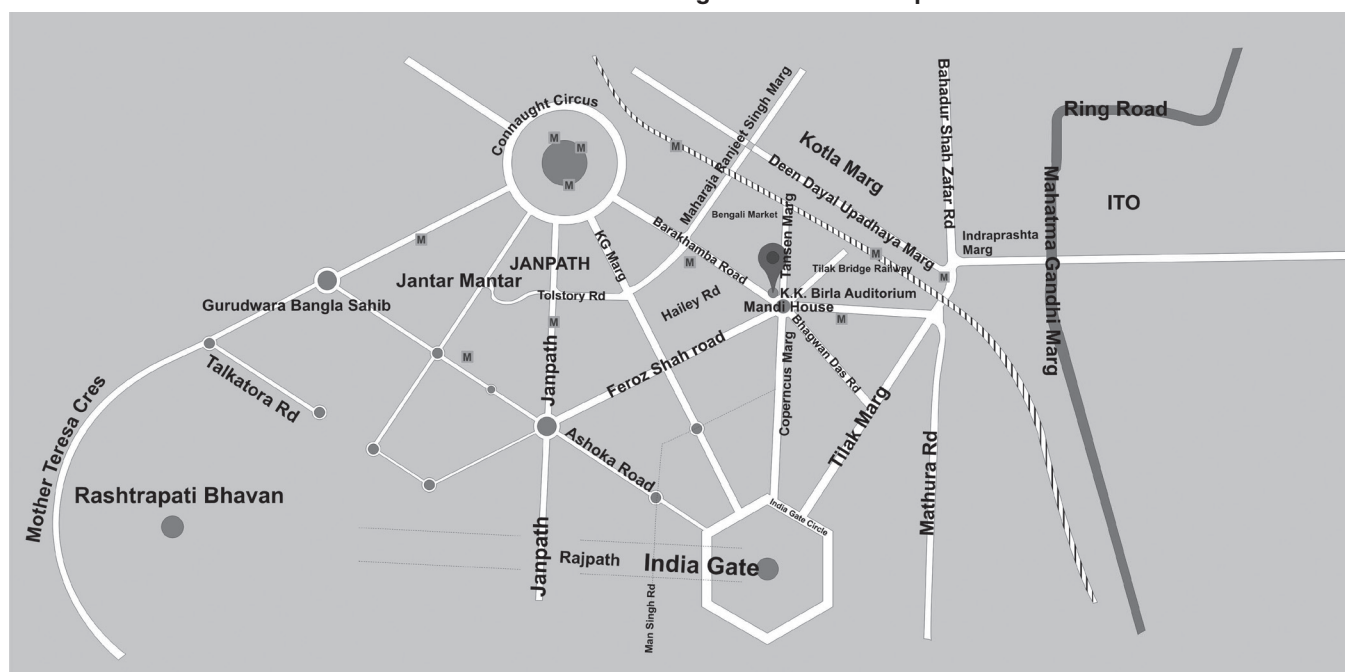
E-mail: investors@ufomoviez.com

CIN: U22120DL2004PLC164728

Details of the Director seeking Re-appointment in the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

| | |
|---|--|
| Name of Director | Mr. Raaja Kanwar |
| Date of Birth: | February 4, 1970 |
| Date of Initial Appointment: | May 13, 2005 |
| Expertise in specific functional areas: | He is an Entrepreneur and has expertise in strategic guidance. He has total experience of 20 years. He has been associated with the Company since 2005 as a Director. |
| Qualifications: | Bachelor's degree in business administration from Drexel University, Pennsylvania, United States of America. |
| Other Companies in which Directorship is held as on March 31, 2015: | Indian Companies Apollo International Limited Apollo Logisolutions Limited AR SPA Enterprises Private Limited; and Kashipur Infrastructure and Freight Terminal Pvt Ltd Foreign Companies Edridge Limited Cloe Holdings Private. Limited; and UFO International Limited. |
| Chairman of Committees formed by Board of other Companies on which he is a Director as on March 31, 2015: | None |
| Member of Committees formed by Board of other Companies on which he is a Director as on March 31, 2015: | Audit Committee: Apollo International Limited |
| Shareholding in the Company as on March 31, 2015: | 566,214 |
| Other | Mr. Raaja Kanwar is not related to any of the Directors, Manager and Key Managerial Personnel of the Company. |

Annual General Meeting Venue - Route Map



DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the eleventh report on the business and operations of your Company for the year ended March 31, 2015.

RESULT OF OUR OPERATIONS

The financial performance of your Company on a standalone and consolidated basis for the year ended March 31, 2015 is summarized below:

(in ₹ Million)

| Particulars | Standalone | | | Consolidated | | |
|--|--------------|--------------|----------------|--------------|--------------|---------------|
| | FY15 | FY14 | Growth | FY15 | FY14 | Growth |
| Revenue from Operations | 2,999 | 2,691 | 11.5% | 4,758 | 4,242 | 12.2% |
| Other Income | 9 | 9 | 4.2% | 35 | 8 | 320.2% |
| Total Income | 3,008 | 2,699 | 11.4% | 4,793 | 4,250 | 12.8% |
| Total Expenses | 1,906 | 1,711 | 11.4% | 3,185 | 2,918 | 9.1% |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 1,102 | 988 | 11.5% | 1,608 | 1,332 | 20.7% |
| EBITDA Margin | 36.6% | 36.6% | | 33.6% | 31.3% | |
| Depreciation and Amortisation | 594 | 546 | 8.8% | 769 | 655 | 17.4% |
| Earnings before interest and tax (EBIT) | 507 | 442 | 14.9% | 839 | 677 | 24.0% |
| Finance Cost | 151 | 154 | (2.3)% | 201 | 199 | 1.3% |
| Finance Income | (42) | (23) | 78.7% | (50) | (34) | 47.7% |
| Profit before tax (PBT) | 398 | 311 | 28.2% | 688 | 512 | 34.3% |
| Tax | 143 | (39) | NA | 180 | (11) | NA |
| Profit after tax (PAT) | 255 | 349 | (26.9)% | 509 | 523 | (2.8)% |
| Profit from Associates | - | - | - | 19 | (8) | NA |
| Minority Interest | - | - | - | 39 | 39 | 1.7% |
| Profit after tax, Profit from Associates & Minority Interest | - | - | - | 488 | 477 | 2.4% |

For a detailed analysis of financial performance, please refer to the "Management Discussion and Analysis" section which is forming part of the Annual Report.

There are no material changes or commitments affecting the financial position of the Company between the end of the Financial Year in question and the date of this report.

SHARE CAPITAL

The paid up equity share capital as on March 31, 2015 was ₹ 258,976,690/-. During the year under review, the Company has not issued any shares with or without differential voting rights. Further, during the year under review, the Company introduced a new employee stock option scheme (ESOP-2014) and has granted 932,500 stock options to the employees thereunder. Further, during the year under review, the Company has also not issued any sweat equity shares. As at March 31, 2015, none of the Directors of the Company hold instruments convertible

into equity shares of the Company except stock options granted under the relevant employee stock option schemes of the Company.

EMPLOYEES STOCK OPTIONS

The Company has three employee stock options schemes viz ESOP-2006, ESOP-2010 and ESOP-2014. The Board has terminated ESOP-2006 and ESOP-2010 and no options can be granted under these employee stock option schemes other than the stock options already granted.

ESOP 2010 has been amended in October 2014 accelerate vesting of the unvested options. The exercise period has been amended for all vested options, which were granted under ESOP 2010 and are not exercised, from October 25, 2014 to until the expiry of one (1) year from the date of listing of the equity shares of the Company.

Your Company was an unlisted company at the time of grant of employee stock options and was hence not required to be compliant with the SEBI ESOP Regulations with respect to employee stock options.

ESOP-2006 was compliant with the SEBI ESOP Regulations, except to the extent of clauses with respect to formation/ composition of the compensation committee; appointment of a registered merchant banker; placing of the auditors' certificate before the annual general meeting of the company and disclosures required to be made to the option grantees at the time of the grant and in the directors' report.

ESOP-2010 was compliant with the SEBI ESOP Regulations, except to the extent of clauses with respect to inclusion of consultants, promoters, persons belonging to the promoter group and directors holding more than 10% of the outstanding equity shares for grant of employee stock options; formation/ composition of the compensation committee; cancellation of all vested options which were not exercised as on the date of submission of resignation or date of termination of the option grantee prior to listing of shares of the company; allowing for earlier vesting of options in case the existing shareholders intend to sell more than 50% of their equity shares held in the company prior to listing of the equity shares of the company; appointment of a registered merchant banker; placing of the auditors' certificate before the annual general meeting of the company and disclosures required to be made to the option grantees at the time of the grant and in the directors' report.

ESOP-2014 was compliant with the SEBI ESOP Regulations.

The following directors and key managerial personnel were granted stock options during the year under review:

- | | |
|--|-------------------------|
| 1) Mr. Kapil Agarwal, Joint Managing Director | - 212,500 stock options |
| 2) Mr. Rajesh Mishra, CEO - Indian Operations | - 45,000 stock options |
| 3) Mr. Ashish Malushte, CFO | - 37,500 stock options |
| 4) Mr. Sameer Chavan, Company Secretary | - 6,500 stock options |

Mr. Kapil Agarwal, Joint Managing Director of the Company, received a grant of 212,500 stock options amounting to 5% or more of the options granted during the year under review.

There are no Directors or employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant.

The details of employee stock option schemes and grants made in three years prior to the Initial Public Offering under each scheme of the Company are available on the website of the Company www.ufomoviez.com

The details of employee stock options form part of the notes to accounts of the financial statements in the Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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, is appended as "Annexure-1" to this report.

FINANCIAL STATEMENTS

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 financial statements have been prepared on a historical cost basis. 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 the underlying transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2015.

The auditors have modified the consolidated audit report under the Companies (Auditor's Report) Order, 2015 ('the Order') to the extent of stating that the controls relating to customer contracting and tracking of amounts billable in the joint venture of your Company (viz. Mukta VN Films Limited) need to be strengthened. The operating management of that entity has assured the Company's management that requisite corrective steps are being taken to strengthen the internal controls in the area of contracting and invoicing and this will be monitored by the nominee directors of your Company in that joint venture's Board of Directors.

Apart from the above, there is no other qualification in the standalone or in the consolidated financial statements by the statutory auditors for the year under review.

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In terms of the provisions of Clause 49 of the Listing Agreement with the stock exchanges, the Management discussion and analysis is set out in the Annual Report.

INITIAL PUBLIC OFFERING

During the year under review, your Company was an unlisted public limited company. On April 28, 2015, the Company made an Initial Public Offering of 96,00,000 equity shares of a face value of ₹ 10 each for cash at a price of ₹ 625 per equity share including a share premium of ₹ 615 per equity share aggregating to ₹ 600 crore through an 'Offer For Sale' by certain existing shareholders of the Company. The equity shares of the Company was listed with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on May 14, 2015.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

At the beginning of the year, your Company had 5 direct subsidiaries, 10 step-down subsidiaries, 4 associates and 1 joint venture. As on March 31, 2015, your Company has 6 direct subsidiaries, 10 step-down subsidiaries, 4 associates and 1 joint venture.

During the year under review, the Board of Directors reviewed the affairs of the subsidiaries. The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with Section 129(3) of the Companies Act, 2013, and form part of the Annual Report. Further, a statement containing the salient features of the financial statements of the subsidiaries of the Company in the prescribed format AOC-1 is attached as annexure to the financial statements. The statement also provides the details of performance and financial position of each of the subsidiaries, associates and joint ventures.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the Company's website www.ufomoviez.com. These documents are also available for inspection during business hours at the Company's registered office in New Delhi, India.

During the year under review, the Company had made investments in Valuable Digital Screens Private Limited, which consequently become a subsidiary of your Company. Further, the Company had also made investments in its subsidiaries Scrabble Entertainment Limited and Southern Digital Screenz India Private Limited. The details of these investments are available in the financial statements provided in the Annual Report.

During the year under review, the Company was a foreign owned and controlled company in accordance with the provisions of the Foreign Exchange Management Act, 1999 and notifications / circulars issued by the Reserve Bank of India and was hence required to obtain a certificate from the statutory auditors regarding the status of compliance with the instructions on downstream investments of the Company under the provisions of the Foreign Exchange Management Act, 1999. The statutory auditors of the Company have issued a certificate that the Company is in compliance with the instructions governing downstream investments of the Company and in compliance with Foreign Exchange Management Act, 1999 provisions for the year ended March 31, 2015 except that the Company did not notify the Foreign Exchange Promotion Board and Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion of its downstream investments within 30 days of such investment. However, the Company has subsequently notified these agencies of its downstream investments in the prescribed format.

CORPORATE GOVERNANCE

The Corporate governance report for the financial year ended March 31, 2015 forms part of the Annual Report.

BOARD DIVERSITY

Your Company recognizes and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives, appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at the Board level as an essential element in maintaining competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences are considered in determining the optimum composition of the Board and wherever possible balanced appropriately. The Board has adopted a Board Diversity Policy which sets out its approach in this regard. The Board Diversity Policy is available on the Company's website www.ufomoviez.com.

NUMBER OF MEETINGS OF THE BOARD

The Board met 10 times during the financial year, the details of which are given in the Corporate Governance Report that forms part of the Annual Report. The intervening gap between any two board meetings was within the period prescribed by the Companies Act, 2013.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The current policy is to have an optimum combination of executive and non-executive directors with an independent non-executive chairman to maintain the independence of the Board, and separate the functions of governance and management in the Company.

As on March 31, 2015, the Board consisted of nine members, two of whom are executive and the balance seven are non-executive directors. Out of the seven non-executive directors, three are independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining the qualifications, the positive attributes, independence and other matters, provided under Sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as "Annexure-2" to this report. The remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

BOARD EVALUATION

Clause 49 of the Listing Agreement with the stock exchanges mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The performance evaluation of all the individual directors, the Board as a whole and that of its committees was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Chairman of the Nomination and Remuneration Committee. None of the independent directors are due for re-appointment.

TRAINING OF INDEPENDENT DIRECTORS

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of your Company, the executive directors / senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management. The details of such familiarization programme are available on the Company's website www.ufomoviez.com.

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 terms and conditions of their appointment are available on the Company's website www.ufomoviez.com.

INDUCTIONS

On the recommendations of the Nomination and Remuneration Committee, the Board appointed Mr. Sanjeev Aga, Mr. S. Madhavan and Ms. Lynn de Souza as Independent members of the Board for a period of three consecutive years with effect from November 20, 2014. The Board has also appointed Mr. Sanjeev Aga as the Chairman of the Board for a period of three consecutive years with effect from November 20, 2014.

We thank the shareholders for their support in confirming Mr. Sanjeev Aga, Mr. S. Madhavan and Ms. Lynn de Souza's appointment at the Extra-ordinary General Meeting held on November 20, 2014.

RETIREMENT AND RE-APPOINTMENTS

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Raaja Kanwar retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Companies Act, 2013, provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Accordingly, all the independent directors, were appointed by the shareholders at the general meeting as required under Section 149(10) for a period of three years.

Further, according to Sub-section (11) of Section 149, no independent director shall be eligible for appointment for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in Sub-sections (6) and (7) of Section 152 of the Companies Act, 2013 shall not apply to such independent directors.

None of the independent directors will retire at the ensuing Annual General Meeting.

RESIGNATIONS

During the year under review, the following Directors resigned from the directorship of the Company. Mr. Tushar Agarwal resigned as non-executive director with effect from October 31, 2014. Mr. John Carl Hahn resigned as non-executive director with effect from November 7, 2014. Mr. Manu Chandra and Mr. Samir Palod resigned as non-executive directors with effect from November 10, 2014. These Directors have resigned from the directorship of the Company during the process of restructuring of the Board for complying with the listing requirements regarding Board's composition for the purposes of the Company's Initial Public Offering.

The Board has placed on record its appreciation for the outstanding contributions made by Mr. Tushar Agarwal,