

ANNUAL REPORT 2016-17

HIGH IMPACT ADVERTISING



digital cinema

UFO MOVIEZ INDIA LIMITED

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UFO MOVIEZ AT A GLANCE

UFO Moviez India Limited is India's largest satellite-based digital cinema distribution network and in-cinema advertising platform. UFO delivers movie content through satellite-based cinema distribution network using its UFO-M4 platform, as well as India's largest D-Cinema network. As on March 31, 2017, UFO's network consisted of 6,579 screens worldwide, including 5,105 screens across India and 1,474 screens across the Middle East, Israel, Mexico and USA.

OUR VISION

To be the leader in big screen entertainment by enhancing value for all stakeholders
& bringing joy to people's lives, through innovation.

OVERVIEW

Resilience in a Tough Microenvironment

Revenue ₹ 5,989 Mn

consolidated revenue grew 4.7%

₹ 1,845 Mn

EBITDA

compared to ₹ 1,848 Mn
in FY2016

₹ 632 Mn

PAT

compared to ₹ 635 Mn in
FY2016

₹ 10

DIVIDEND PER SHARE

compared to ₹ 8, higher by
25% over FY2016. Reflecting
a payout (including dividend
distribution tax) of 53%
compared to 42% in FY2016
of consolidated profits

Steady Theatrical Performance

5,105 SCREENS

strengthening theatrical network

2,321

DISTRIBUTORS

delivered movies on UFO's
digital cinema network

1,790

MOVIES

were delivered during FY2017 compared
to 1,738 movies in FY2016

Healthy Advertising Performance is Evident from Growing Screen Strength and Advertisement Revenues

3,745 IN-CINEMA ADVERTISING SCREENS

1,027 Multiplex screens & 2,718 Single screens across India

In-cinema advertisement revenue grew by 13.4% to ₹ 1,790 Mn in FY2017

2,824

ADVERTISERS

grew from 2,556 advertisers
in FY2016

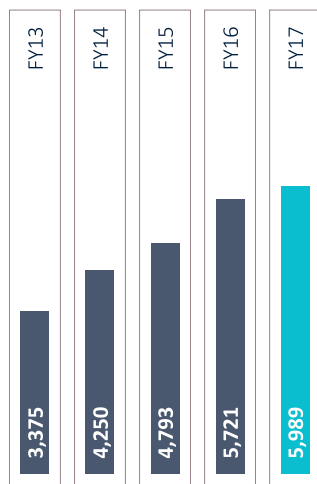
4.34

ADVERTISEMENT MINUTES/SCREEN/SHOW

compared to 4.15 minutes/screen/show in FY2016

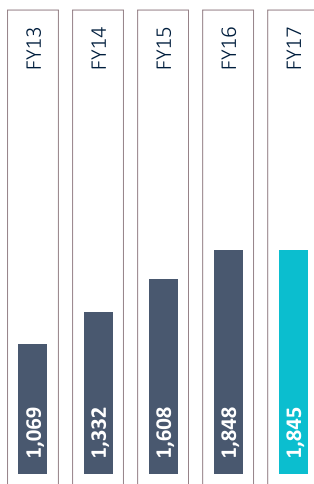
CONSOLIDATED FINANCIAL HIGHLIGHTS

Revenue (₹ Mn)



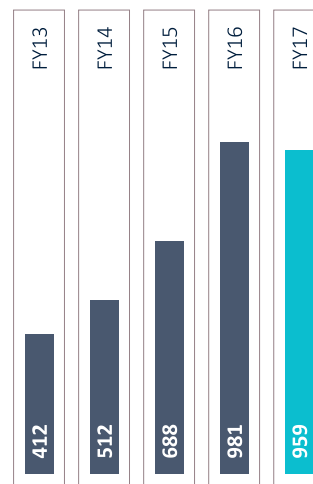
15% CAGR

EBITDA (₹ Mn)



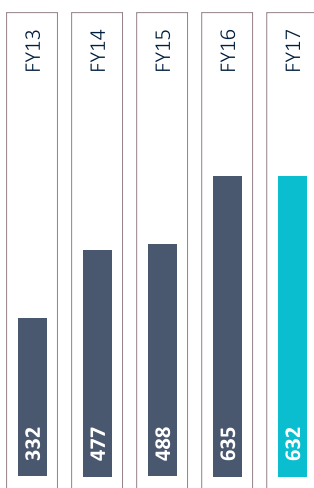
15% CAGR

PBT (₹ Mn)



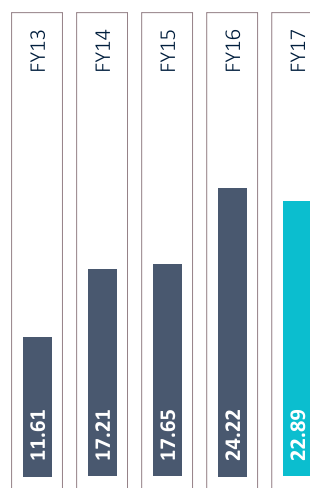
24% CAGR

PAT (₹ Mn)



17% CAGR

Basic EPS (₹)



18% CAGR

FY16 13.09% \leftarrow RoE \rightarrow FY17 11.54%

FY16 24 \leftarrow Net Debt (₹ Mn) \rightarrow FY17 -718

FY16 17.63% \leftarrow RoCE \rightarrow FY17 15.44%

FY16 0.01x \leftarrow Net Debt/EBITDA \rightarrow FY17 -0.39x

LETTER TO SHAREHOLDERS



Dear Shareholders,

Fiscal 2017 was another eventful year. The Government's decision to demonetize high currency notes had a transient impact on business performance, however we know that the fundamental mission of this move was to support long term economic growth of India. Also, the passage of the Goods and Services Tax bill and its recent implementation on July 1, 2017 are expected to positively contribute to India's long term goals despite short term challenges. We believe that the growing economic activity will present more prospects, and we are well placed to embrace emerging opportunities to continue growing.

During the year, we made significant progress towards achieving our long term goals. We delivered healthy operating cash flows and also declared 100% dividend for the fiscal year 2017, representing our second consecutive annual dividend with an increased payout since listing in May 2015.

Our advertising business maintained healthy momentum despite the impact of demonetization in

the second half of fiscal 2017. Advertisement revenues grew 13.4% during the year driven by both increase in advertisement inventory utilization and average realization. Going forward, the advertisement inventory utilization has enormous head room for delivering growth from the current level of 4.34 minutes per screen per show. Our sales team continued to grow the new client base while focusing on strengthening engagements with existing clients. The hyperlocal advertising solution - UFO Framez also gained healthy traction during the year, and while UFO Framez' contribution remained small, it is expected to be one of the drivers which will propel the in-cinema advertising growth in the foreseeable future.

“ With over 4,000 in-cinema advertisement screens, UFO Moviez is a prominent media Company that operates India's largest in-cinema advertising network of screens. ”

Our advertising business is getting stronger, the advertising network has grown from 3,713 screens as on March 31, 2016 to 3,745 screens as on March 31, 2017. Recently we also entered into a strategic tie up with United Media Works under which we have acquired exclusive long term advertising rights of over 300 screens increasing UFO's screen strength to over 4,000 screens in fiscal 2018.

Fiscal 2017 was a tough year for Caravan Talkies, demonetization adversely impacted this business. Despite the major setback, we were able to contain operating losses during the year led by cost optimization initiatives. With the impact of demonetization behind us, and increased economic activity in rural India, Caravan Talkies has started witnessing healthy traction and is expected to deliver strong operating performance going forward.

Our asset light franchisee theater business NOVA Cinemaz saw the launch of our first NOVA Cinemaz branded theater in Punjab during the year. Subsequently, we also launched the second theater in Maharashtra. The objective of NOVA Cinemaz is to drive organic screen growth in the Country in the long term which would serve as a captive customer base for UFO's core business offering.

As fiscal 2018 begins, we certainly think that in-cinema advertising industry stands at an inflection point where it is starting to take off. In-cinema advertising is identified as an impact advertising platform and an increasing trend towards impact advertising is emerging. With over 4,000 in-cinema advertisement screens, UFO Moviez is a prominent media Company that operates India's largest in-cinema advertising network of screens. UFO's extensive reach with high flexibility over the advertising process positions us well to lead, capitalize on opportunities and drive long term growth of the Company.

In conclusion, UFO over the last decade has made a significant impact and has become more relevant to all stakeholders. Looking to the future, we have every confidence that we will deliver on our commitments to our shareholders, clients, employees and stakeholders. We want to thank our shareholders for their unconditional support. We would also like to thank the employees and the senior leadership team for their sincere efforts and valued contribution and for showing remarkable capabilities, discipline, determination and skills.

Thank you all for your continued support and best wishes.

Warm Regards,

Sanjay Gaikwad

Founder & Managing Director

Kapil Agarwal

Joint Managing Director

CORPORATE INFORMATION

Board of Directors

| | |
|----------------|---------------------------------|
| Sanjeev Aga | Chairman & Independent Director |
| Ameya Hete | 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

HDFC Bank Limited
Yes 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 and Corporate Office

Valuable Techno Park, Plot No.53/1, Road No.07,
Marol MIDC, Andheri (East),
Mumbai- 400 093
Tel: 022 4030 5060
Email: investors@ufomoviez.com
Website: www.ufomoviez.com

Corporate Identity Number

L22120MH2004PLC285453

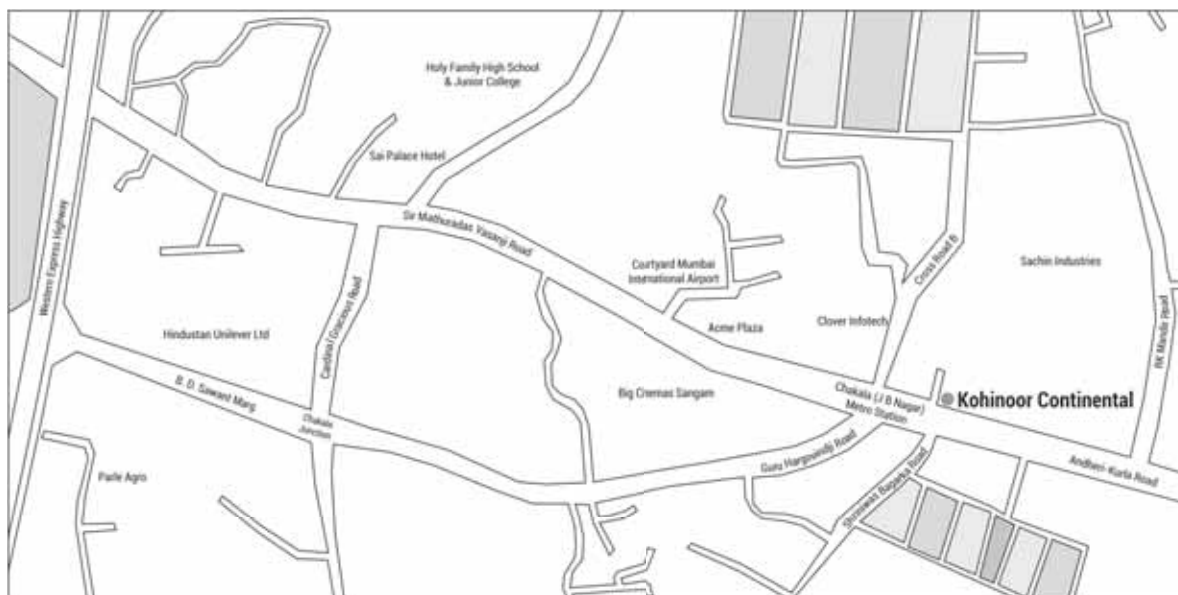
ANNUAL GENERAL MEETING

Date : Tuesday, September 26, 2017

Time : 11:00 a.m.

Venue : Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059

ANNUAL GENERAL MEETING VENUE - ROUTE MAP



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of UFO Moviez India Limited ("the Company") will be held on Tuesday, the 26th day of September 2017 at 11:00 a.m. at Emerald Hall, Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri (East), Mumbai- 400 059 to transact the following business(es):

Ordinary Business

1. To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of ₹ 10 per equity share.
3. To appoint a Director in place of Mr. Ameya Hete (DIN No. 01645102), 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 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), 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, 2018, 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 the applicable taxes 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."

Special Business:

5. **Re-appointment of Mr. Sanjeev Aga (DIN: 00022065) as an Independent Director**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or

re-enactment(s) thereof, for the time being in force), Mr. Sanjeev Aga, (DIN: 00022065) Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

RESOLVED FURTHER THAT in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Mr. Sanjeev Aga for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

RESOLVED FURTHER THAT any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient."

6. **Re-appointment of Ms. Lynn de Souza (DIN: 01419138) as an Independent Director**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Lynn de Souza (DIN: 01419138), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

RESOLVED FURTHER THAT in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Ms. Lynn de Souza for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the

Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

RESOLVED FURTHER THAT any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient.”

7. Re-appointment of Mr. S. Madhavan (DIN: 06451889) as an Independent Director

To consider and, if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. S. Madhavan (DIN: 06451889), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company on a non-rotational basis to hold office for a period of five years i.e. from November 20, 2017 to November 19, 2022.

RESOLVED FURTHER THAT in addition to sitting fees payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorised to pay Mr. S. Madhavan for a period of five years commencing from November 20, 2017, such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the Company in any financial year computed in the manner provided in Section 198 of the Act plus applicable taxes.

RESOLVED FURTHER THAT any Director and the Company Secretary of the Company be and are hereby severally authorised to take all necessary steps and to do all such acts, deeds and things as may be required from time to time, to give effect to this resolution including making the necessary filings and applications with the concerned statutory authorities and to settle any question or difficulty which may arise in regard thereto in such manner as it may deem expedient.”

8. Approval of the fees for delivery of documents through specific mode of delivery on request of the member(s).

To consider and, if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and relevant rules framed thereunder and other applicable provisions, if any, whereby, a document may be served on any member by the Company by sending it to him/her by post, by

registered post, by speed post, by electronic mode, or any other modes as may be prescribed, consent of the members be and is hereby accorded to charge from the member such fees in advance equivalent to estimated actual expenses of delivery of the documents delivered through registered post or speed post or by courier service or such other mode of delivery of documents pursuant to any request by the shareholder for delivery of documents, through a particular mode of service mentioned above provided such request along with requisite fees has been duly received by the Company at least 10 days in advance of dispatch of documents by the Company to the member.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary, proper or desirable to give effect to the resolution.”

By order of the Board of Directors

Sameer Chavan

Company Secretary
M. No. F7211

Date : July 11, 2017
Place : Mumbai

Notes:

1. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses under Item Nos. 5 to 8 of the accompanying Notice is annexed hereto. Additional information, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard – 2 issued by Institute of Company Secretaries of India as notified by the Central Government on General Meetings in respect of Directors seeking appointment or re-appointment at the Annual General Meeting is furnished as Annexure to the Notice.
2. 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.
3. 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.
4. 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.
5. Corporate Members intending to send their authorised 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.
6. 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.
7. 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 11.00 a.m. to 01.00 p.m. except Saturday, Sunday and public holidays, up to the date of the Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, September 19, 2017 to Tuesday, September 26, 2017 (both days inclusive).
9. Dividend, if declared, will be paid after Wednesday, September 27, 2017 to those members whose names will appear on the Register of Members of the Company and, in respect of those members who hold shares in the electronic form, as per the list of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandate as of the close of business on Monday, September 18, 2017.
10. 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.
11. 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 2016-17 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.
12. 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.
13. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least between seven working days prior to the meeting, so that the required information can be made available at the meeting.
14. Pursuant to the provision of the Companies Act, 2013, the amount of unpaid / unclaimed dividends for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (hereinafter referred to as 'IEPF') established by the Central Government.
- In accordance with provisions of the said Section, no claim shall lie against the Company or the fund in respect of individual amounts of dividend remaining unclaimed for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company <http://www.ufomoviez.com/> and on the website of the Ministry of Corporate Affairs.
15. The due date of transferring unclaimed and unpaid dividend declared by the Company to IEPF: