

# UFO MOVIEZ INDIA LIMITED

## Transcript of 16<sup>th</sup> Annual General Meeting of the Members of UFO MOVIEZ INDIA LIMITED

**DAY & DATE** : **Thursday, August 20, 2020**  
**MODE** : **Video Conferencing**  
**TIME** : **03:00 p.m. (IST)**

### **Directors Present through video conferencing:**

Mr. Sanjeev Aga	Chairman & Independent Director
Mr. Ameya Hete	Director
Mr. Kapil Agarwal	Joint Managing Director
Ms. Lynn de Souza	Independent Director
Mr. S. Madhavan	Independent Director
Mr. Sanjay Gaikwad	Managing Director

### **No. of Members Present through video conferencing:**

Public	: 87 nos.
Promoter and Promoter Group:	: 08 nos

### **In Attendance through video conferencing:**

Mr. Ashish Malushte	Chief Financial Officer
Mr. Sameer Chavan	Company Secretary & Compliance Officer
Mr. Rajesh Mehra	Engagement Partner – M/s. B S R & Co. LLP
Mr. Dharmesh Zaveri	Secretarial Auditor
Mr. Vicky Kundaliya	Practicing Company Secretary, Scrutinizer for e-voting and poll

### **Moderator for video conferencing:**

Ms. Rajitha Cholleti	Representative of KFin Technologies Pvt. Ltd.
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<b>Mr. Sanjeev Aga</b>	:	<p>Good Afternoon, Ladies &amp; Gentlemen.</p> <p>I am Sanjeev Aga, Chairman of the Board. I am attending this meeting from my residence in Mumbai. I am also a Chairman of Audit and Risk Management Committee of the Board.</p> <p>This meeting is being held through video conference in accordance with the Circulars issued by the Ministry of Corporate Affairs and the SEBI.</p> <p>Before we start the meeting, I request all my colleagues to introduce themselves to the members after I take their names.</p>
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<b>Mr. Sanjay Gaikwad</b>	:	Good afternoon, I am Sanjay Gaikwad, Managing Director of the Company. Attending this meeting from my residence in Mumbai.
<b>Mr. Kapil Agarwal</b>	:	Good afternoon, I am Kapil Agarwal, Joint Managing Director of the Company. Attending this meeting from my residence at Mumbai.
<b>Mr. S. Madhavan</b>	:	Good afternoon, I am S. Madhavan, Independent Director of the Company and Chairman of the Nomination and Remuneration Committee of the Board. Attending this meeting from my residence in New Delhi.
<b>Ms. Lynn De Souza</b>	:	Good afternoon, I am Lynn de Souza, Independent Director of the Company and Chairperson of the Stakeholders' Relationship Committee of the Board. Attending this meeting from my residence in Mumbai.
<b>Mr. Ameya Hete</b>	:	Good afternoon, I am Ameya Hete, Director of the Company. Attending this meeting from my residence in Mumbai.
<b>Mr. Ashish Malushte</b>	:	Good afternoon, I am Ashish Malushte, Chief Financial Officer of the Company. Attending this meeting from the Company's registered office in Mumbai.
<b>Mr. Sameer Chavan</b>	:	Good afternoon, I am Sameer Chavan, Company Secretary of the Company. Attending this meeting from the Company's registered office in Mumbai.
<b>Mr. Sanjeev Aga</b>	:	<p>Apart from them, we also have key executive and senior management joining from their respective locations. Statutory Auditors, Secretarial Auditor and Scrutinizer have also joined this meeting.</p> <p>Number of members joined the meeting are 95.</p> <p>We have the requisite quorum of present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013. The quorum being present, I call this meeting to order.</p> <p>Since, this AGM is being held through Video Conferencing, and the physical attendance of Members has been dispensed with, the facility for appointing proxy by the Members is not be available.</p> <p>The World Health Organization declared the COVID-19 outbreak a pandemic on March 11, 2020. Social distancing has become a norm while work from home is a new normal. The world has never experienced an event with such a drastic impact on business. Cinemas globally have remained shut since March 2020.</p> <p>FY20 was a weak year owing to economic slowdown and impact of the pandemic in March 2020. Government advertisement revenues were weak</p>

	<p>which led to lower profitability. However, your Company’s cash flow generation remained steady and we continued to remain net cash positive. The Board declared a 150% dividend which was the fifth consecutive dividend since IPO.</p> <p>During the year, we presented our new brand identity “UFO - Cine Media Network” in December of 2019 reinforcing our focus on in-cinema advertising. However, the Pandemic spread to India by mid-March and Cinemas have remained temporarily shut ever since. We are going through an unprecedented challenging period as the closing of cinemas has resulted in significant losses for the entire cinema value chain. Your Company has responded swiftly to the situation by taking various measure like optimizing expenses, putting capital expenditure on hold and availing moratorium facility on loan and interest to conserve cash which is helping us in sustaining this phase. Presently, the Government is gradually re-opening various economic activities like malls and we are hopeful that the decision to re-open Cinemas along with necessary SOPs will also come soon.</p> <p>The road to recovery post reopening of cinemas is likely to be slow as social distancing and other measures to be implemented in cinemas will have an impact on future financial performance. However, we remain cautiously optimistic about the future.</p> <p>We hope that everyone stays safe and the world succeeds in containing this pandemic very soon. Thank you all for your unconditional support in these pressing times.</p> <p>I now request Sameer Chavan, Company Secretary, to provide general instructions to the members regarding participation in this meeting.</p>
<p><b>Mr. Sameer Chavan</b></p>	<p>: Thank you Chairman Sir. Good afternoon everyone and a warm welcome to the 16th Annual General Meeting of the Company.</p> <p>I would like to take you through certain points regarding participation in this AGM. Due to the pandemic of COVID-19 the facility of joining this AGM by Video Conferencing is provided by the Company to all the members on a first-come-first-served basis. Please note that all the members are by default placed on mute mode by the moderator to avoid any disturbance from the background noise and ensure smooth conduct of the meeting.</p> <p>If any member faces any issue during the meeting, they can contact the KFin Technologies Private Limited at toll free number 1-800-3454-001.</p> <p>We had requested all of you to send your queries in advance, on the business, proposals in the AGM Notice and other matters in the Annual Report. In this new format of the VC meeting, we will respond to only those queries which have already been received by us.</p>

And most importantly, we will then open lines for those members who have registered themselves as speaker at this AGM. We would like to hear your suggestions, inputs and comments. If you have further queries on business, even if we are not able to respond today, we will be happy to address them in due course.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking inspection of such documents may send their requests to [investors@ufomoviez.com](mailto:investors@ufomoviez.com)

#### E-Voting

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by KFin Technologies Private Limited. Members can click on “Vote” tab on the video conference screen to avail this feature.

The facility of e-voting is enabled by the Moderators and the members may vote resolutions put forth while attending the meeting. I request all the members to cast their vote on each and every item of the Notice through e-voting.

The Members may refer the notice of AGM for detailed instruction on e-voting facility.

The following resolutions are put forward for approval of the members:

#### Ordinary Items

1. To consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm payment of an interim dividend of 150% (Rs. 15 per equity share on the face value of Rs. 10 each) for the financial year ended March 31, 2020 declared by the Board.
3. To appoint a Director in place of Mr. Ameya Hete (DIN: 01645102), who retires by rotation, and being eligible, offers himself for re-appointment.

The Company has appointed Mr. Vicky Kundaliya, Practising Company Secretary as Scrutinizer to scrutinize the E-voting process. The Scrutinizer will

	<p>submit his report within 48 hours from the conclusion of this Annual General Meeting.</p> <p>The voting results along with the Scrutinizer’s report shall be communicated to BSE Limited and NSE Limited and made available on the Company’s website: <a href="https://www.ufomoviez.com/">https://www.ufomoviez.com/</a></p> <p>Over to the Chairman Sir.</p>
<p><b>Mr. Sanjeev Aga</b></p>	<p>: As the notice of this AGM was sent to all the members as part of the Annual Report, which is also available in the public domain, I take the Notice convening the meeting as read.</p> <p>The Auditor’s Report for the Financial Year ended March 31, 2020, provided by B S R &amp; Co. LLP is free from any qualification, adverse remark and/or observations.</p> <p>I Request Sameer Chavan, Company Secretary to brief the members and conduct the QnA Session.</p>
<p><b>Mr. Sameer Chavan</b></p>	<p>: Thank you, Chairman Sir.</p> <p>Dear members, Moderator will announce the names of the Members who have registered themselves as Speakers. The speaker shareholder will then be unmuted by the Moderator of the Meeting. The Speakers are requested to unmute themselves from their side as well and turn their video “on” before they start speaking. If there’s any connectivity issue from the Shareholder’s side, or if any speaker would not be able to join the meeting for any reason, the next speaker would be called upon to speak. I request all the shareholders to kindly limit their speech for 2 minutes.</p> <p>Before taking up the Speaker’s session, I request the Speaker Shareholders to pay attention to few technical points:</p> <ul style="list-style-type: none"> <li>• Use your earphone for better sound quality;</li> <li>• Ensure no other background applications are running;</li> <li>• Ensure your Wi-Fi or Broadband is not connected to any other device;</li> <li>• Have proper lighting in the room and minimize the background sounds if any;</li> <li>• Ensure the background is bright and enable your camera settings while speaking.</li> </ul> <p>It may be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time at the AGM.</p> <p>And now we start with the question and answer session.</p>

		Over to you moderator.
<b>Moderator</b>	:	Thank you Mr. Sameer Chavan. Now I request Mr. Abhijeet Ajay Sonkule to kindly unmute your audio, switch on your web-cam and speak.
<b>Mr. Abhijeet Ajay Sonkule</b>	:	Good Afternoon, Sir, I have noticed that the Company's Advertisement Revenues declined by 35% this year, what is the reason behind this decline, is it lockdown or something else? I have another question, the Reserves and Surplus in the Balance Sheet had reduced by over Rs.100 crore, please correct me if I'm wrong, I mean, is it on account of the Dividend declaration? That's all from my side, Thank You.
<b>Moderator</b>	:	I request Mr. Abbas Ali Merchant to kindly unmute your audio, switch on your video and speak
<b>Mr. Abbas Ali Merchant</b>	:	Hello Sir, thanks to this opportunity, My first question is - In this difficult phase of Lockdown due to Coronavirus, what is our Company doing to survive as the cinemas continue to remain shut? Also, its been 6 months since cinemas are closed, when do you expect the Cinemas to reopen? And lastly, Sir, even when the Cinemas reopen when do you expect business and revenues to return back to normal as people will fear the Virus for some time I believe?
<b>Moderator</b>	:	I request Ms. Lekha Satish Shah to kindly unmute your audio, switch on your video and speak.
<b>Ms. Lekha Satish Shah</b>	:	Respected Chairman, Board of Directors and fellow members Good Afernoon. My name is Lekha Shah. I have not received the email or phone call from the Company Secretary to attend the meeting.  I want to know how is the Company preparing for the post Covid world? And how is the Company implementing its planning and how are Company is engaging its employees in the current Covid world?  I support all the resolutions.
<b>Moderator</b>	:	<i>[Some of the speakers could not be heard because of technical glitch at their end]</i>  The session is hand over to you Sir. Thank you.
<b>Mr. Sanjeev Aga</b>	:	I am sorry we could not listened to last couple of speakers. But they can send their questions to the Company Secretary we will reply to them. And even if they can resolve the technical issue at their end I can accommodate them and take their questions.

<p><b>Mr. Kapil Agarwal</b></p>	<p>I will request Mr. Kapil Agarwal, Joint Managing Director to reply queries.</p> <p>: Thank You Chairman.</p> <p>Firstly, I would like to answer to Ms. Lekha Satish Shah’s queries. The Company communicates with all the shareholders through quarterly earning conference calls, quarterly results presentation, quarterly results press releases, regulation 30 disclosures of the events &amp; updates and annual reports, letters to shareholders, directors’ report, corporate governance report, business responsibility report and all communications sent to all the shareholders regularly so its not all like that the Company is not responding to the queries. But sill if you have faced any issue then I apologies on behalf of Company and requesting the Company Secretary and CFO to give maximum attention to shareholders queries.</p> <p>With respect to the Covid situation and what is happening in the Company. As the Chairman covered in his speech, the WHO declared the pandemic on the 11<sup>th</sup> of the March and pretty much from then the cinemas started closing down and by 25<sup>th</sup> March when the lockdown was announced the entire country was shut down and the cinemas have always been shut since then. It’s been now over five months that we are facing and since our business depends completely on the cinemas operations, the Company’s revenues have become zero.</p> <p>However, the entire cinema industry we have been constantly engaging with the government and various stakeholders and right now as it seems that the Cinemas should start operations sometime in the month of September which is like four weeks from now. So I think if the press reports are to be believed and based on our interactions with the government authorities, it seems that by September they should release. Now when the situation will become normal it is obviously going to take some time, because they have been shut for last five six months, a lot of content has gone to the OTT platform, so we believed that it will take three to four months for the situation to become normal, atleast so far is people going to the start going to the cinemas is concerned and November December is the festive period and that is when we believe that I think there should lot of footfall because some big movies are holding back and they plan to release during the festive season. So therefore, I think people should start coming back during the festive season but by the time all the revenues come back, yes it will take quite some time, before the revenues come back it may take six months to a year.</p> <p>So far as the Ad revenue is concerned, yes there has been a declined in the last year being a majority of the declined is not because of the Corona virus. I think partly yes in the month of February March there was some impact on that but as we have reported in the previous quarters also, the advertisement revenue has decline primarily on account of weak government revenue during the whole of last year. The government revenue overall has declined by 55% while the Central Government revenue has declined by 77%. so this is the main reason. By overall there is a 35% degrowth in the previous year although the corporate</p>
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	<p>revenue degrown only by marginally it was flat just around just by 3.7%. So overall revenue performance except for the government revenue was okay.</p> <p>Mr. Abbas asked the question about reserves and surplus decline by 100 crores. Yes, you are right actually. Because last year for the FY 19 and FY 20 overall we declared almost Rs.148 crores of dividend including the dividend distribution tax so reserves went down to that extent by Rs.148 crores but we also added around Rs.38-39 crores of profits for the last year so overall the reserves have gone down by little lower Rs.100 crores.</p> <p>So I think with this I have answered all the question that Mr. Abhijeet, Ms. Lekha and Mr. Abbas which they have asked and unfortunately some other shareholders could not join so will be happy to answer if they send the questions. I will request the Company secretary to ensure that the questions are responded immediately.</p> <p>Thank You.</p>
<p><b>Mr. Sanjeev Aga</b></p>	<p>: We have taken note of your valuable comments and suggestions and will consider them in future. I consider most of the queries of members are addressed. The unattended queries will be responded by the Company in due course.</p> <p>Before concluding, let me remind you that Insta-Poll e-voting will close after 15 minutes from the time of closure of this meeting.</p> <p>There being no other item to discuss, I hereby declare this meeting as concluded and request the members to cast their votes through Insta-poll e-voting.</p> <p>I would like to thank all the members present, Directors, Auditors who have attended this meeting.</p> <p>Thank you.</p>

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