

ANNUAL REPORT 2009-10



WE TAKE ENTERTAINMENT SERIOUSLY



Notice of the Annual General Meeting

NOTICE is hereby given that the Fifteenth Annual General Meeting of PVR Limited will be held at The Claremont Hotel & Convention Centre, Aaya Nagar, Mehrauli Gurgaon Road, New Delhi – 110 030 on Monday, 27th day of September, 2010 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares for the Financial Year 2009-10.
3. To appoint a Director in place of Mr. Sanjay Khanna who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ravi K. Sinha who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Vicha Poolvaraluk, who was co-opted as an Additional Director of the Company on 29th January, 2010 under Section 260 of the Companies Act, 1956 and who holds

office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Vicha Poolvaraluk for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

Granting of options under the PVR ESOP 2008 scheme to an employee of the wholly owned subsidiary namely CR Retail Malls (India) Limited.

“RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers,

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including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of an employee of CR Retail Malls (India) Limited the wholly owned subsidiary of the Company for the issue of 20,000 options exercisable into 20,000 equity shares of face value of Rs. 10/- each by the Company (within the overall ceiling of 20,000 equity shares of the Company) under Employee Stock Option Scheme in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority. Each option would be exercisable for entitlement of one Equity share of a face value of Rs.10 each fully paid-up on payment of the requisite exercise price to the Company."

"RESOLVED FURTHER THAT the number of options that may be granted to an employee of the then M/s CR Retail Malls (India) Ltd a wholly owned subsidiary of the company in any financial year under the Scheme mentioned above shall not exceed 20,000 equity shares and in aggregate shall not exceed 0.078% of the issued and paid up capital of the Company at the time of grant of options."

By Order of the Board
For PVR Limited

Place: Gurgaon
Date: 30th July, 2010

N. C. Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY STAMPED, COMPLETED AND SIGNED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED HERewith.
2. 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 representatives to attend and vote on their behalf at the meeting.

3. In order to determine the entitlement for payment of Dividend, the Register of Members and Share Transfer Books of the Company shall remain closed from 20th September, 2010 to 27th September, 2010 (both days inclusive).
4. Queries, if any, regarding accounts may please be sent to the Company Secretary at least 10 days before the date of Annual General Meeting so as to enable the Company to keep the information ready.
5. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of their attendance at the meeting.
6. Members holding shares in Demat/physical form are requested to notify any change in address, bank mandates, if any, to the Company's Registrar and Share Transfer Agent Karvy Computershare Private Limited, by mail or at their address at Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
7. Members are requested to bring their Attendance Slips along with copy of Annual Report to the Meeting, as the same will not be distributed in the meeting.
8. As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the shares held by them.
9. Members/ Proxies may also please note that only Tea/Coffee will be served and no Gift will be distributed at the venue of Annual General Meeting or elsewhere.
10. Children who are not members of the Company would not be allowed to attend the Annual General Meeting.
11. Documents relating to any of the items mentioned in the Notice are open for inspection at the Registered Office of the Company on any working day during business hours prior to the date of meeting and also at the meeting.

By Order of the Board
For PVR Limited

Place: Gurgaon
Date: 30th July, 2010

N. C. Gupta
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Mr. Vicha Poolvaraluk is 46 years of age and is presently Director and Chairman of the Executive Committee of Major Cineplex. He has completed his Master's Degree in Business Administration from the U.S. International University of San Diego, USA. Mr. Vicha Poolvaraluk was appointed as an Additional Director on the Board of the Company with effect from 29th January, 2010 under Section 260 of the Companies Act, 1956 and holds office upto the commencement of this Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the name of Mr. Vicha Poolvaraluk as Director of the Company. The Board considers it desirable that the Company should continue to avail services of Mr. Vicha as Director of the Company.

The Board recommends the resolution at item no. 6 for the approval of the Shareholders.

Mr. Vicha Poolvaraluk is interested in this resolution to the extent of his appointment as Director is concerned. No other Director of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO. 7

Granting of Options under the PVR ESOP 2008 scheme to Mr. Rakesh Kaul an employee of the then wholly owned subsidiary namely "CR Retail Malls (India) Limited"

The Company appreciates the critical role played in the organizational growth by its employees and employees of subsidiary Companies and believes that the value created by its people should be shared with them. To promote the culture of employee's ownership in the company, approval of the shareholders is sought for issue, vesting and exercise of options by the company to one of the employee of its subsidiary Company namely "CR Retail Malls (India) Limited".

The main features inter-alia of the PVR ESOP 2008 Scheme are as under:

1. Total number of options to be granted:

A total of 20,000 of options would be available for being granted to Mr. Rakesh Kaul an eligible employee of the Company's subsidiary CR Retail Malls (India) Ltd under Employees Stock Option Schemes. Each option when exercised would be converted into one Equity share of Rs. 10 each fully paid-up.

Vested options that may lapse due to non-exercise or unvested options that may get cancelled due to resignation by the employee or otherwise, would be available for re-grant at a future date as may be decided by the Board or its committee.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made towards the options granted. Accordingly, if any additional equity shares are issued by the Company to the Option Grantee(s) for making such fair and reasonable adjustment, the ceiling of 20,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Mr. Rakesh Kaul a the then employee of the company's subsidiary, M/s CR Retail Malls (India) Ltd is entitled to be granted 20,000 options under the Employee Stock Option Schemes of the company.

3. Transferability of employee stock options

The stock options granted / to be granted to Mr. Rakesh Kaul a the then employee of the wholly owned Subsidiary M/s CR Retail Malls (India) Ltd will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee, while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The options granted/ to be granted shall vest so long as the employee continues to be in the employment of the Company/subsidiary company. The Compensation Committee/ Board may at its discretion, lay down certain performance metrics on the achievement of which, the granted/to be granted options would vest and exercised. The detailed terms and conditions relating to such performance-based vesting, the period over which and the proportion in which the options granted/ to be granted would vest as may be specified

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in the stock option grant documents (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than ten years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee / Board, subject to the minimum vesting period of one year from the date of grant of options.

5. Exercise Price:

The options have been granted at the closing market price of the equity shares of the company a day prior to the date of meeting of the Compensation Committee/ Board in which the options were granted @ Rs. 88/- per option.

6. Exercise Period and the process of Exercise:

The exercise period would expire on completion of two years from the date of vesting of options.

The options will be exercisable by the Employees of the aforesaid subsidiary company by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee /Board from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of the employees of Subsidiary Company to ESOP:

The appraisal process for determining the eligibility of the employee as may be specified by the Compensation Committee/Board, will be based on criteria, such as role criticality of the employee, length of service with the Company/Company's subsidiary, and such other criteria that may be determined by the Compensation Committee /Board at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted

to any specific employee of the Subsidiary company under the Scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. Disclosure and Accounting Policies:

The Company shall comply with such applicable disclosure and accounting policies as may be prescribed by the concerned Authorities from time to time.

10. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted/to be granted.

The difference between the employee compensation cost computed using the Intrinsic Value Method and the cost that shall have been recognized if the FairValue Method had been used, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings per Share of the Company shall also be disclosed in the Directors' Report if required.

In accordance with special Resolution passed in the last Annual General Meeting held on 30th of September, 2009, the company had issued 5,00,000 options to its employees including 20,000 options to an employee of the wholly owned subsidiary M/S CR Retail Malls (India) Limited. Since Issue, Vesting & Exercise of options to the employee(s) of the subsidiary Company require approval of the members by way of Special Resolution hence consent of the members is being sought by way of passing a special resolution pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies, Act 1956 and such other applicable Rules, Regulations/ Guidelines.

None of the Directors of the Company is in any way, concerned or interested in the resolution.

By Order of the Board
For PVR Limited

Place: Gurgaon
Date: 30th July, 2010

N. C. Gupta
Company Secretary

Detail of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)

Name of Director	Mr. Sanjay Khanna	Mr. Ravi K Sinha	Mr. Vicha Poolvaraluk
Date of Birth	21.04.1960	28.10.1947	18.01.1963
Qualification	B. Com	Graduate in Mechanical Engineering	Master Degree in Business Administration
Nature of Expertise in specific Functional Areas	17 years of varied experience in various streams of business	42 years experience in running of Business Organization	Vast experience in the Entertainment Industry.
Directorship and Trusteeship in other Companies	-	1. PVR Pictures Limited 2. Emergent Venture India Private Limited	1. PVR bluO Entertainment Ltd. 2. Major Cineplex Group Plc. 3. Major Cinead Co. Ltd. 4. Major Cineplex Property Co. Ltd. 5. Major Cineplex Service Co. Ltd. 6. Udon Five star Cineplex Co. Ltd. 7. Siam Cineplex Co. Ltd. 8. Chiang Mai Cineplex Co. Ltd. 9. Ratchayothin Realty Co. Ltd. 10. Ratchayothin Cinema Co. Ltd. 11. Major Bowl Co. Ltd. 12. Ratchayothin Management Co. Ltd. 13. Bangkok Imax Theater Co. Ltd. 14. MVD Co. Ltd. 15. Siam Future Development Plc. 16. California Wow Xperience Plc. 17. M Pictures Entertainment Plc.
Members/Chairman of Committees of other Companies	-	-	-
No. of Shares held	7,500	-	-



Board of Directors

Mr. Ajay Bijli	Chairman cum Managing Director
Mr. Sanjeev Kumar	Joint Managing Director
Mr. Vicha Poolvaraluk	Director
Mr. Sumit Chandwani	Director
Mr. Vikram Bakshi	Director
Mr. Ravi K. Sinha	Director
Mr. Renaud Jean Palliere	Director
Mr. Sanjay Khanna	Director

Company Secretary

Mr. N.C. Gupta

Auditors

S.R. Batliboi & Co.
Chartered Accountants,
Gurgaon

Main Bankers

Standard Chartered Bank
HDFC Bank Limited
DBS Bank Ltd.
Axis Bank Limited

Registered Office

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

Corporate Office

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

Subsidiaries

PVR Pictures Limited
PVR bluO Entertainment Limited
CR Retail Malls (India) Limited

Registrar & Share Transfer Agents

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

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Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the Fifteenth Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended March 31, 2010.

Financial Highlights

	(Rs. In Lacs)	
	2009-10	2008-09
Income	28,065	27,870
Expenditure	24,891	22,849
Earnings before depreciation/ amortization interest and tax (EBDITA)	3,173	5,021
Depreciation	2,162	1,894
Interest	986	1,143
Profit before Tax	25	1,984
Provision for Tax Credit/ (Expense) (net)	1	(719)
Profit after Tax	26	1,265
Balance brought forward from previous year	2,749	2,767
Accumulated profit brought forward of Sunrise Infotainment Pvt. Ltd.	29	-
Loss after tax of 2008-09 of Sunrise Infotainment Pvt. Ltd.	(263)	2,515
Profit available for appropriation	2,541	4,032
Appropriations		
Transfer to Capital Redemption Reserve	-	1,000
Dividend on:		
Preference Shares	-	12
Equity Shares	256	230
Tax on Dividend	44	41
Transfer to Debenture Redemption Reserve	21	-
Balance carried to Balance Sheet	2,220	2,749

PVR Limited

Financial Review:

The financial year 2009-10 was a difficult year for the Film Industry due to Multiplex-Producers stalemate in the first quarter of the year under review, which left the Film Industry with significant losses. The Swine Flu scares and event like IPL also kept audiences away from the Multiplexes resulting pressure on the profitability of your Company.

However the success of films like 'Ajab Prem Ki Ghazab Kahani', and '3 Idiots' boosted the film industry's fortune. Hollywood films like '2012' and 'Avatar' also did well at the Box Office which helped the Company to set off its losses significantly in the financial year ended 31st March, 2010. In order to grow the business of the Company organically during the period under review your Company added 28 Screens at 5 locations i.e. Raipur, Allahabad, Ghaziabad, Chennai and Ahmadabad. The Company is hopeful to achieve better results in the Current Financial Year.

Dividend

Your Directors are pleased to recommend a dividend of 10% (Re. 1 per Equity Share) for the financial year ended March 31, 2010.

Operations Review

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

Subsidiaries

As on March 31, 2010 the Company has three subsidiary companies namely M/s CR Retail Malls (India) Limited (CRR) is a wholly owned subsidiary of the Company, M/s PVR Pictures Limited (PVR Pictures) and M/s PVR bluO Entertainment Limited (PVR bluO).

CR Retail Malls (India) Limited (CRR)

CR Retail Malls (India) Limited, a wholly owned subsidiary of the Company, operates the 7 screen Multiplex at "The Phoenix Mills Compound" at Lower Parel, a prime retail and entertainment destination in Mumbai. CRR during the period under review recorded an income of Rs. 25.20 Crores and a Net Profit of Rs. 2.35 Crores. During the year under review, the status of the Company was changed from Private Limited to a Public Limited Company.

PVR Pictures Limited (PVR Pictures)

PVR Pictures is in the business of film production & distribution. The Company during the year under review has recorded a total income of Rs. 24.93 Crores from distribution of films. The Company is currently engaged in production / co-production of four films which are likely to be released in the current financial year.

PVR bluO Entertainment Limited (PVR bluO)

PVR bluO Entertainment Limited, in the financial year 2009-2010 earned a Net Revenue of Rs. 13.91 Crore and a Profit after Tax of Rs. 1.86 Crore.

During the year under review, the Company received encouraging response from consumers and has been able to establish itself as a premier leisure and entertainment destination for consumers in Delhi/ NCR. The Company has made a roadmap for expansion of its business by setting up new bowling centers in various parts of the Country.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the Financial Year 2009-10.

Particulars under Section 212 of the Companies Act, 1956

The Company has obtained an exemption from the Ministry of Corporate Affairs, Government of India vide its letter no. 47/292/2010-CL-III dated 19th April 2010 in terms of Section 212(8) of the Companies Act, 1956 from attaching the audited accounts of its subsidiaries for the financial year under review. In pursuance thereof, the Company undertakes that annual accounts of the subsidiary companies and the related detailed information for the year ended March 31, 2010 will be made available to its investors and subsidiary companies investors seeking such information at any point of time. The annual accounts of the subsidiary companies are also kept for inspection by any investor at the registered office of the Company and concerned subsidiary companies. The statement required pursuant to the above referred approval letters is enclosed after the Consolidated Accounts of the Company forming part of this Annual Report.

Corporate Governance

The Company is committed to uphold the highest standards of corporate governance. Your Company