Annual Report 2005-06

PVR CINEMAS

Movies First

ANNUAL REPORT 2005-06

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BOARD OF DIRECTORS

Mr. Ajay Bijli	Chairman cum Managing Director
Mr. Sanjeev Kumar	Executive Director
Mr. Sumit Chandwani	Director
Mr. Vikram Bakshi	Director
Mr. Amit Burman	Director
Mr. Renaud Jean Palliere	Director

COMPANY SECRETARY

Mr. N.C. Gupta

AUDITORS

SR Batliboi & Co.,
Chartered Accountants
New Delhi

BANKERS

Standard Chartered Bank
ICICI Bank Limited
Kotak Mahindra Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited,
Karvy House, 46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034
Tel: +91-40-233 12454
Fax: +91-40-2343 1551
www.kcpl.karvy.com

PVR LIMITED :
REGISTERED OFFICE

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

CORPORATE OFFICE

Block 2A, 2nd Floor, DLF Corporate Park,
DLF Qutab Enclave-III, Gurgaon-122002, Haryana

Chairman cum Managing Director's Message

Dear Shareholders,

I take great pride in presenting to you, our eleventh Annual Report. It's the first one after the public listing of our equity shares, and so first and foremost, I would like to thank all the shareholders and investors for showing tremendous interest in our company.

Your faith and encouragement has helped us raise capital for our ambitious expansion plans.

These are interesting times. Rising disposable incomes, higher life expectancy and rapid urbanization are catalyzing, among other positive economic developments, a long-term boom in movie consumption. Trends that augur well for the Indian film and film exhibition industries.

So in the current action-filled environment, our main goal will be to continue to be India's largest and most preferred cinema exhibition company.

And to achieve this, we would:

- Continue to provide the highest exhibition standards, both on product offering and our service standards fronts, to deliver matchless customer delight.
- Increase the number of multiplexes / cinemas under our operation across India, through green field developments and / or through acquisitions of existing multiplexes / cinemas in high quality retail and entertainment destinations. We also plan to tap the market potential of smaller towns and lower income catchment areas using the cost efficient digital projection technology, to offer these consumers a superior movie experience. This will enhance our presence at various price points and also build a wider consumer base.
- Continue to maximize revenue from our existing cinemas
- Utilize economies of scale with respect to our costs to our advantage as we grow in size and expand our reach.

The vision for our film distribution business, which is being carried out by our subsidiary PVR Pictures Limited, is to be the preferred distributor for both English and Hindi movies. With respect to international movies, we intend to position PVR Pictures as the distributor of choice for independent production houses that do not have a base in India for distributing their movies.

Furthermore, our strategy is to increase our presence in Hindi films distribution and enter into alliances with key Indian and foreign production houses for exploiting theatrical as well as non-theatrical film rights. This may entail entering into strategic and commercial partnerships with these production houses at an early stage of film production, to have a critical strategic say in the exploitation of film rights plus avail benefits of lower costs.

We are equipped with tonnes of energy and enthusiasm to pull this off and everything else that it takes to stay at the helm of the Indian entertainment arena.

And enroute to achieving greater heights, I look forward to your undivided and valuable support for the company.

Regards,

Ajay Bijli

A PVR Overview

PVR At a Glance

We are India's largest Multiplex Cinema operator. We established the first multiplex cinema in India, PVR Anupam in Saket, New Delhi in 1997 as well as India's largest multiplex cinema - PVR Bangalore in 2004. As of July, 2006, our geographically diverse cinema circuit in India consisted of 18 cinemas with a total of 70 screens spread over Delhi, Faridabad, Gurgaon, Ghaziabad, Noida, Mumbai, Bangalore, Hyderabad, Lucknow and Indore.

Our brand, PVR, is one of India's most recognized film exhibition brands. Our cinemas have been designed with an emphasis on ambience and customer delight, with quality fit outs, comfortable seating and state of the art audio and projection equipment. This, coupled with emphasis on marketing and promotions, implementation of uniform operational systems, processes and customer oriented staff training procedures have helped us build a strong brand equity with our customers. Across our various cinemas, we had 8.78 million customers visiting our cinemas in the twelve months ended March 31, 2006.

Our competitive strength also includes cinemas in prime locations, strong relationships with the film industry and mall developers, evolved and structured systems for project evaluation and approval.

EXISTING CINEMAS

- PVR Anupam (Saket, New Delhi) – 4 screens, 1000 seats - The first multiplex cinema in India that changed the movie-going landscape.
- PVR Priya (Basant Lok, New Delhi) – single screen, 944 seats - Premier single screen cinema with the highest box office collections in Delhi.
- PVR Naraina (New Delhi) – 4 screens, 830 seats - West Delhi's first multiplex.
- PVR Vikaspuri (AEZ Square, New Delhi) – 3 screens, 921 seats – A new concept in neighbourhood cinema.
- PVR Gurgaon (Metropolitan Mall, Gurgaon) – 7 screens, 1310 seats - Amidst 3 lac sq. ft. of shopping space, PVR Gurgaon with 7 screens gave movie-watching a new meaning. The cinema was recognised internationally for its design and interiors.
- PVR Plaza (Connaught Place, New Delhi) – single screen, 300 seats - The first restored heritage cinema in the heart of Delhi.
- PVR Faridabad (Ansals Plaza Mall, Faridabad) – 2 screens, 504 seats - Got a completely new segment in Faridabad to experience the unique "PVR way" of watching movies.
- PVR Koramangala (Forum Mall, Bangalore) – 11 screens, 2016 seats - India's largest multiplex both in terms of screen count and box office collections. Also introduced India's first exclusive Gold Class auditorium.
- PVR EDM (East Delhi Mall, UP) – 3 screens, 726 seats - The best performing cinema in East Delhi.
- SRS PVR (SRS World, Faridabad) – 3 screens, 776 seats - Company's first foray into the franchisee model.
- Spice PVR (Spice World, Noida) – 8 screens, 1821 seats - North India's largest multiplex with 8 screens including an exclusive Gold Class Cinema & Lounge operated under the franchisee model
- PVR Panjagutta (Hyderabad Central, Hyderabad) – 5 screens, 1321 seats - A treat for the movie buffs in South India.
- PVR Rivoli (Connaught Place New Delhi) – single screen, 329 seats - The second heritage cinema, making Connaught Place, the heart of Delhi, a PVR landmark.
- PVR Indore (Treasure Island Mall, Indore) – 5 screens, 1199 seats - Spreading wings beyond the metros, PVR stamped its authority across Indore with the city's largest and finest multiplex, complete with a Gold Class Auditorium.
- PVR Lucknow (Sahara Ganj Mall, Hazratganj) – 4 screens, 874 seats - Treating the land of Nawabs to the finest movie experience.
- PVR Juhu (Dynamix Mall, Mumbai) – 5 screens, 1260 seats - Giving the city of movies an extra dose of cinema.
- PVR Mulund (Nirmal Lifestyle Mall, Mumbai) – 6 screens, 1821 seats - Mumbai's largest multiplex.
- PVR Sahara (Sahara Mall, Gurgaon) – 2 Screens, 528 seats - The second wonderful PVR in Gurgaon.

Expansion Plans

In addition to the above, the Company has entered into agreements for the development of multiplexes at various locations across the country, as follows :

Cinema Locations	State	Screens	Seats
Prashant Vihar, New Delhi	Delhi	3	818
Aurangabad	Maharashtra	3	1,156
Latur	Maharashtra	3	1,136
Goregaon, Mumbai	Maharashtra	6	1,800
Saket, New Delhi	Delhi	6	1,269
Lower Parale, Mumbai	Maharashtra	7	2,050
Chennai	Tamil Nadu	7	1,600
Ludhiana 1	Punjab	4	1,025
Gurgaon	Haryana	7	1,500
Ghatkopar, Mumbai	Maharashtra	4	1,250
Rajouri Garden	Delhi	6	1,500
Ludhiana 2	Punjab	3	1,050
Moradabad	Uttar Pradesh	4	873
Amritsar 1	Punjab	5	1,100
Jalandhar 1	Punjab	4	1,300
Bhatinda	Punjab	4	1,025
Lucknow 1	Uttar Pradesh	4	1,037
Chandigarh	Punjab	4	1,013
Panipat	Haryana	3	800
Lucknow 2	Uttar Pradesh	3	740
Jaipur	Rajasthan	5	1,067
Bangalore	Karnataka	12	2,800
Amritsar 2	Punjab	4	1,000
Khanna	Punjab	4	1,200
Jalandhar 2	Punjab	4	1,200
Ranchi	Jharkhand	6	1,250
Dhanbad	Jharkhand	4	1,000
Dehradun 1	Uttaranchal	5	1,250
Ahemdabad 1	Gujarat	6	1,500
Mysore	Karnataka	6	2,235
Ahmedabad 2	Gujarat	7	1,300
Coimbatore	Tamil Nadu	6	2,033
Vijaywada	Andhra Pradesh	4	1,230
Raipur	Chhatisgarh	4	1,400
Amritsar 3	Punjab	4	1,250
Dehradun 2	Uttaranchal	6	1,500
Total		177	47,257

Corporate Philosophy & Values

Corporate Philosophy

Victor Hugo's timeless words aptly sum up PVR's philosophy : "An invasion of armies can be resisted but not an idea whose time has come"

PVR has committed itself to the credo of "Implementing ideas", driven by the satisfaction one derives from giving shape and form to what was just an idea or a thought that randomly emerged from a human mind; triggered either by sheer imagination or from the sensing of an opportunity through a gap in the marketplace, no matter how big or small - ultimately ending up making a positive difference to the quality of social or business life.

PVR's dedicated group of inspired professionals strives to convert great ideas into reality, thereby benefiting its customers, shareholders, employees and the community at large.

Corporate Values

To dazzle & delight the customer by providing the best cinema experience - everywhere, everytime. This is achieved through :

- Uncompromising Product Quality
- Unparalleled Customer Care
- Unconditional Respect for People
- Unblemished Character
- Unabated Speed and Efficiency
- Positive Mind, Passion and Energy
- Unrivalled Corporate Citizenship

PVR has won consistent recognition since inception at various national and international forums.

Corporate Social Responsibility

Beyond Movies : Building Lives Together

"PVR is enriched with an immense diversity born of its employees, the communities and the cultures of the regions it operates in. PVR's social commitment goes beyond 'compliance and philanthropy' to evolve a corporate functioning that integrates sound social, ethical, and environmental principles and practices, such that, with all stakeholders, every act and process at PVR is inherently sustainable and restorative."

Ajay Bijli, Chairman cum Managing Director

PVR recognizes its corporate social responsibility commitments in diverse ways, which includes engagement with patron/viewer, employees, investor and other pertinent stakeholders. In particular, we believe in motivating our staff in the special context of growing numbers of our customers and shareholders. We also believe that we cannot operate within a community- be it global or local- without taking account of their major challenges and playing our part in meeting them.

Since 1997, the socially responsible practices at PVR have been in practice in different phases - Supporting 'child specific programs (literacy enhancement/basic education) through implementing NGOS like CRY, AMITASHA, etc. ranging from, screening special children film (for disabled and underprivileged children), to celebrating Rose Day to humanize the dreaded killer disease' cancer', while strengthening the spirits, hopes and energy among the kids living with cancer. The youth specific program through vocational, marketing and entrepreneurial training at 3 tsunami effected districts at Tamil Nadu in association with SMILE FOUNDATION and the Relief, rehabilitation and reintegration of tsunami effected children and women program at Andaman & Nicobar with PRAYAS are our other contributions to immediate needs of relief and rehabilitation.

Current thinking at PVR broadly focuses on quality standards of business practices, so that we provide our customers the services hallmarked by integrity, quality and care. 'Green: the PVR way and Valuing Nature' in and around PVR Cinemas and the most inspiring 'the PVR CHILD LIFE PROGRAM'- mainstreaming the poor discriminated children into the education system through sustained scholarship programs - are some of the energized plans for the forthcoming year. Through our unique vintage points, we do want to participate in the discourse making of CSR by developing partnership / dialogue with like-minded organisations, for evolving and strengthening the CSR policies and programmes of the state, government agencies and civil society organisations.

Dear Shareholders,

Your Directors take great pleasure in presenting the eleventh Annual Report and the Audited Accounts of your Company for the year ended March 31, 2006.

Financial Review

Total Income of the Company for the year under review increased to Rs. 10,743 lacs as compared to Rs. 7,067 lacs in the previous year, registering a growth of 52%.

Earnings before interest, depreciation and tax (EBIDTA) of the Company for the year under review, increased to Rs. 1,930 lacs as compared to Rs. 1,316 lacs in previous year, registering a growth of 47%. Profit after Tax

Report of the Board of Directors

for the year ended March 31, 2006

		(Rs. Lacs)
	2005-06	2004-05
Income	10,743	7,067
Expenses	8,813	5,751
Earnings before depreciation interest and tax (EBIDTA)	1,930	1,316
Depreciation	707	550
Interest	323	239
Profit before Tax	900	527
Provision for Income & Deferred Tax	316	153
Fringe benefit tax	37	–
Profit after Tax	547	374
Balance brought forward from previous year	885	591
Transfer from Debenture Redemption Reserve	226	–
Profit available for appropriation	1,658	966
Appropriations		
Transfer to Debenture Redemption Reserve	–	80
Interim Dividend on Preference Shares	52	–
Interim Dividend on Equity Shares	229	–
Corporate Dividend tax	39	–
Surplus carried to Balance Sheet	1,339	885

(PAT) of the Company for the year under review increased to Rs. 548 lacs as compared to Rs. 374 lacs in previous year, registering a growth of 47%.

DIVIDEND

Your Directors have declared and paid an interim dividend of 5% on Redeemable Preference Share capital of 20,000,000 shares for the year ended March 31, 2006 on a pro-rata basis for the period September 23, 2005 to March 31, 2006 and an interim dividend of 10% on the enhanced equity share capital of 22,877,370 shares for the year ended March 31, 2006. The record date for this interim dividend on equity shares was May 10, 2006.

The Board of Directors does not recommend any final dividend for the year.

Operations Review

The growth in income was achieved through a healthy mix of growth in the income of existing cinemas and by the opening of new cinemas. The total number of patrons who watched movies at our cinemas during the year was 8.78 million, as compared to 4.94 million in the previous year. The average occupancy in our cinemas during the year was 46% as compared to 40.3% in the previous year. The existing cinemas of the company showed a growth of 42% in film and food & beverage incomes (some of the existing cinemas were operational for part period in the previous year). The growth in film and food & beverage income attributable to new cinemas was 6%.

During the year, we continued to focus on providing a unique movie-going experience to our patrons through our product, design, movie promotions and innovative pricing, all aimed at increasing our brand appreciation and increased footfall.

The Company is focussed on the development of new projects, and has increased its screen count from 39 to 51 during the year under review. During the period April-July, 2006, the Company opened 19 new screens in 5 multiplexes, increasing its screen count to 70.

NEW CINEMAS WHICH COMMENCED OPERATIONS

During the year under review the Company commenced operations at three new multiplex projects namely PVR Punjagutta - Hyderabad, PVR Rivoli - Delhi and Spice PVR – Noida adding 12 new screens under its operation.

In addition to the above, the Company has also commenced operations at five new multiplex properties at Mumbai, Indore, Lucknow and Gurgaon during the period April-July 2006, further adding 19 more screens under its operation.

Details of these new cinema properties added by the Company are as under :

Cinema	State	Screens	Seats	Commencement date
New Cinemas added in 2005-06				
Spice PVR, Noida	Uttar Pradesh	8	1821	Dec 2005
PVR Punjagutta[1]	Hyderabad	5	1321	Feb 2006
PVR Rivoli	Delhi	1	329	Feb 2006
New Cinemas commencing operations post March 31, 2006				
PVR Juhu, Mumbai[2]	Maharashtra	5	1260	April 2006
PVR Indore	Madhya Pradesh	5	1199	April 2006
PVR Lucknow	Uttar Pradesh	4	874	April 2006
PVR-Nirmal Lifestyle, Mumbai	Maharashtra	6	1815	June 2006
PVR Sahara, Gurgaon	Haryana	2	528	July 2006

[1] PVR Punjagutta is presently operational with 3 screens and 926 seats.
[2] PVR Juhu is presently operational with 2 screens and 580 seats.

Your Company now operates and manages 70 screens across the country spread over Delhi, Haryana, Karnataka, Uttar Pradesh, Andhra Pradesh, Maharashtra and Madhya Pradesh.

INITIAL PUBLIC OFFERING OF EQUITY SHARES

During the year the Company made an initial public offering (IPO) of its equity shares. The IPO was for 77,00,000 equity shares consisting of a fresh issue of 57,00,000 equity shares by the Company and an Offer for Sale of 20,00,000 equity shares by The Western India Trustee and Executor Company Limited. The issue price per share was Rs. 225. The issue received an overwhelming response and was oversubscribed by 11.59 times.

The shares of the Company were listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on January 4, 2006.

INCREASE IN EQUITY SHARE CAPITAL

As a result of the IPO, the total paid up equity share capital of the Company was Rs. 2,288 lacs as on March 31, 2006.

ISSUE OF PREFERENCE SHARES

The Company issued 20,000,000, 5% redeemable preference shares of the face value of Rs. 10 each, on September 23, 2005 for a consideration of Rs. 2,000 lacs to our Promoter, Mr. Ajay Bijli (Rs. 1,064.20 lacs) and The Western India Trustee and Executor Company Limited (Rs. 935.80 lacs), to partly fund the capital expenditure requirements of the Company. The Preference shares are fully redeemable at the end of 3 years from the date of issue with a put and call option for redemption at the end of 2 years from date of allotment.

EXPANSION PLANS

The Company has been pursuing an expansion plan that involves setting up of about 200 additional screens over the next 3 years, which will be in line with our strategy to be the largest Cinema Exhibition player in the Country. We have identified the towns and locations based on building up scale in certain key film distribution territories, which offer a viable business opportunity in an entertainment tax friendly regime. The business model for the various projects is based on the movie-going and spending habits of the population, and accordingly we have come up with mainstream as well as the low cost multiplex models. The pilot projects of the low cost model will be ready in the fiscal year 2006-07.

Some of the cities where we have already signed up new projects include Delhi, Mumbai, Chennai, Bangalore, Lucknow, Aurangabad, Latur, Ludhiana, Chandigarh, Amritsar, Jalandhar, Panipat, Gurgaon, Jaipur, Ahemedabad, Coimbatore, Vijaywada, Dehradun, Mysore, Moradabad and Bhatinda.

SUBSIDIARIES

The Company has two subsidiary companies in which it holds 100% shareholding namely M/s PVR Pictures Limited and M/s C R Retail Malls (India) Private Limited.

During the year M/s PVR Pictures Ltd. became 100% subsidiary of your Company. In a short span of three years, PVR Pictures Limited has grown into one of the leading film distribution Companies and successfully distributed Hollywood and Hindi Films. PVR Pictures Limited is now looking at creating a bigger foothold in the Hindi film distribution business and is exploring options for alliances and tie ups with producers to exploit film rights. The Company shall be deploying a certain portion of the IPO funds in the film distribution business as well.

The other 100% subsidiary of the Company, M/s CR Retail Malls (India) Pvt Ltd., will implement the seven screen Multiplex Project at The Phoenix Mills compound, Lower Parel, Mumbai, a prime retail and entertainment destination in Mumbai.

In terms of approval granted by the Central Government under section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary companies have not been attached with the Balance Sheet of the Company. However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements, which include the financial information of the subsidiaries, are enclosed and form part of this Annual Report. Annual Accounts of the subsidiary companies and the related detailed information will be made available to the investors of the holding and subsidiary companies seeking such information at any point of time and the Annual Accounts of the subsidiary companies will also be kept for inspection by any investor in its head office and that of the subsidiary companies concerned. In terms of the said approval, information about capital, reserves & surplus, total assets, total liabilities, investments, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend in respect of each subsidiary has been given in one sheet with the Consolidated Balance Sheet.

UTILISATION OF IPO PROCEEDS

As on March 31, 2006 the Company had utilised Rs. 4,003 lacs as against the estimate of Rs. 8,490 lacs as mentioned in the Prospectus dated December 19, 2005. The details of the utilisation are mentioned in point 10.2 of Schedule 24 annexed to the Audited annual accounts. The Company's capital expenditure plan from IPO proceeds for 2005-06 was rescheduled in line with the revised handover schedule of its various projects and accordingly the shortfall is being carried over to be spent in the next financial year.

The Company's plan for increasing equity capital investment to Rs. 3,000 lacs in its subsidiary, M/s CR Retail Malls (India) Pvt. Limited shall now be done in 2006-07 since CR Retail Malls (India) Pvt. Limited is in the process of revising its capital structure to receive the investments from your Company. However, the Company had spent Rs. 2,148 lacs on behalf of CR Retail Malls (India) Pvt. Limited, which shall be recovered from CR Retail Malls (India) Pvt. Limited on the investment of equity as above.

The Company's plan for increasing equity capital investment in its subsidiary, PVR Pictures Limited shall now be done in 2006-07 since PVR Pictures Limited is in the process of revising its capital structure to receive the investments from your Company. However, to part fund the business requirements of PVR Pictures Limited your Company has advanced Rs. 145 lacs till date (including Rs. 95 lacs in financial year 2005-06) as an unsecured advance.

The Company temporarily utilised Rs. 1,080 lacs to repay a high cost debt, which shall be replenished with fresh borrowings.

DIRECTORS

During the year under review the Board of your Company has been further strengthened by the induction of Mr. Vikram Bakshi, Mr. Amit Burman and Mr. Renaud Jean Palliere as independent directors.

Mr. Vikram Bakshi was appointed as additional director on September 30, 2005 and Mr. Amit Burman and Mr. Renaud Jean Palliere were appointed as additional directors on October 24, 2005. As per the provisions of section 260 of the Companies Act 1956, these directors hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices proposing all the above persons as candidates for the office of Director.

Mr. Sunay Mathure has been withdrawn by ICICI Venture Funds Management Company Limited as its nominee on the Company's Board with effect from October 24, 2005. The Board placed on record its appreciation for the contribution made by Mr. Mathure.

Mr. Sumit Chandwani, Director of the Company, retires by rotation at the ensuing annual general meeting and being eligible, offers himself for reappointment.

Resolutions seeking approval of shareholders for their appointment have been incorporated in the Notice of the forthcoming Annual General Meeting along with brief details of the candidates.

None of the Company's directors is disqualified from being appointed as directors as specified in Section 274 of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

LISTING OF SHARES

The names addresses of the stock exchanges where the Company's shares are listed are given below:

- Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- National Stock Exchange of India Limited, Exchange Marg, Plot No. C-1, G Block, IFB Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

The Company has paid listing fee to all the above stock exchanges for the financial year 2006-07.

CORPORATE GOVERNANCE

As per the Listing Agreement with the stock exchanges, the Company has complied with the requirements of Corporate governance. A report on Corporate Governance is attached.

INTERNAL CONTROLS AND INTERNAL AUDITS

The Company has set up systems and processes for various aspects of its business, which form the backbone of our operational and internal controls. We have various in-house audit and confirmation processes by which we carry out checks on the efficacy and efficiency of these processes and internal controls. The entire business is run based on systems and processes relating to various aspects of running and building our cinemas. This is documented in our "Behind the Screens" manuals. Control over daily cash collections is done through an effective cash management system, stocks are verified regularly on a weekly basis. Bulk of our fixed assets are typical to a cinema and do not involve frequent cross location movements. We have a policy of physically verifying fixed assets every alternate year.

To supplement this, we have recently appointed an external agency M/s KPMG (Regd.) to carry out independent internal audits of our operations, systems and processes.

HUMAN RESOURCE DEVELOPMENT

Your Company considers Human Resources as the primary driver for the growth and development of the Company. During the period under review, your Company continued to attract and retain talent from all parts of the country in line with the expansion of its multiplexes across various territories. Your Company is committed to delivering a superior movie-going experience to its patrons and is focussed on the training and development of its employees to achieve this purpose.

Your Company recognises its employees as potential entrepreneurs and acknowledges their contribution, making all possible efforts to make your Company the best place to perform. The human resource development function of the Company is guided by a strong set of ethical values.

EMPLOYEE STOCK PURCHASE SCHEME (ESPS)/ EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year shareholders approved ESPS and ESOS for the employees of the Company. Under our ESPS, 80,000 Equity Shares have been issued to the eligible employees as defined in the scheme on September 22, 2005.

Under ESOS, stock options upto 1,70,000 Equity Shares have been granted to the Eligible Employees as defined in the scheme on October 10, 2005 as per the terms of the scheme. ESOS Scheme provides that the options under ESOS would be of three types. One, equivalent to 80,000 Equity Shares amounting to 0.35% of the post-issue paid up equity capital, at Rs. 20 per option ("Part I Options") and whose vesting date is March 31, 2007; another equivalent to 38,000 Equity Shares amounting to 0.17% of the post Issue paid up equity capital of our Company at Rs. 20 per option ("Part II Options") and whose vesting date is October 10, 2006; and the last type, equivalent to 52,000 Equity Shares amounting to 0.23% of the post-issue paid up equity capital, at Rs. 47.50 per option ('Part III Options") and whose vesting date is March 31, 2007. Part I Options were granted to permanent employees of grade M4 or above, who are on the rolls of the Company as permanent employees as on or prior to March 31, 2003. Part II Options were granted to permanent employees of grade M5, who are on the rolls of the Company as on or prior to March 31, 2003, and Part III Options were granted to permanent employees of grade M5 and above who are on the rolls of the Company as permanent employees with effect from April 1, 2003 or later. The exercise period for all the options granted pursuant to ESOS Scheme is three months from the respective vesting dates. ESOS is administered by Compensation Committee, a committee of the Board of Directors, which determines the terms and conditions of the stock options granted from time to time.

The details of ESPS and ESOS Schemes are annexed as Annexure I hereto and forms part of this report.

INFORMATION TECHNOLOGY

Your Company lays great emphasis on Technology and Systems to bring efficiency in operations, customer convenience and support for effective decision making.

Our efforts towards remote ticket selling through our website, telephones and kiosks have been widely appreciated by our customers.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of Conservation of Energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given as Annexure II hereto and forms part of this report.

PARTICULARS OF EMPLOYEES

The statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and Rules framed thereunder is given as Annexure III hereto and forms part of this report.

RESPONSIBILITY STATEMENT OF DIRECTORS

A Directors' Responsibility Statement, setting out the requirement pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 is annexed as Annexure IV hereto and forms part of this report.

AUDITORS

The Auditors Messrs S. R. Batliboi & Co, Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that the re-appointment if made will be in accordance with the Provisions of sub-section (1B) of Section 224 of the Companies Act, 1956.

PVR strives to provide the highest exhibition standards to deliver matchless customer delight.

ACKNOWLEDGEMENTS

Your Directors thank the Company's customers / patrons, vendors, investors, bankers and financial institutions for their continued support during the year.

Your directors also place on record their deep appreciation of the contribution made by the employees at all levels. Your Company's consistent growth was made possible by their hard work, integrity, co-operation and support.

On behalf of the Board

Ajay Bijli

Chairman cum Managing Director

Place : Gurgaon, Haryana

Date : July 31, 2006

Annexure I to Directors' Report

Details of ESPS/ESOS Scheme forming part of the Directors' Report for the year ended March 31, 2006

Pursuant to our ESPS, we have allotted the following Equity Shares :

Particulars		
a.	Number of Equity Shares issued	80,000
b.	Price at which Equity Shares were issued	Rs. 20
c.	Employee-wise details of Equity Shares issued to:	
	i) Directors and key managerial employees	Refer Note 1 below. No Equity Shares have been allotted unde the ESPS to Directors as they are not eligible under the ESPS as per the scheme.
	ii) any other employee who is issued Equity Shares in any fiscal year amounting to 5% or more of Equity Shares issued during a fiscal year	Nil
	iii) identified employees who are issued Equity Shares, during any fiscal year equal to or exceeding 1% of the issued capital of our Company at the time of issuance	Nil
d.	Diluted EPS pursuant to issuance of Equity Shares under ESPS	Rs. 2.62
e.	Consideration received against the issuance of Equity Shares	Rs. 1,600,000

We have issued the following options under our ESOS:

Particulars		
a.	Options granted	170,000
b.	Exercise Price	Refer Note 1 below
c.	Options vested	Nil
d.	Options exercised	Nil
e.	The total number of Equity Shares arising as a result of full exercise of options already granted	170,000
f.	Options lapsed	Not Applicable
g.	Variation of terms of options	Nil
h.	Money realized by exercise of options	Nil
i.	Total number of options in force	170,000
j.	Person-wise details of options granted to:	
	i) Key managerial employees	Refer Note 1 below.
	ii) any other employee who received a grant in any one year of options amounting to 5% or more of option granted during that year	Nil
	iii) identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil
k.	Diluted EPS pursuant to issue of Equity Shares on exercise of options granted	Rs. 2.62
l.	Basis of calculating Employee Compensation Cost	Fair Value
m.	Significant assumptions used to estimate the fair value of options	As per Note 2 below
n.	Market price of the stock on grant date	N.A. since the Company's shares were not listed on Stock Exchanges on the grant date ie October 10, 2005

continued

PVR

o.	Vesting Schedule	Both Part I Options representing 80,000 Equity Shares and Part III Options representing 52,000 Equity Shares shall vest in the respective eligible employee on March 31, 2007. Part II Options representing 38,000 Equity Shares shall vest in the respective eligible employees on October 10, 2006.

NOTE 1

Sr. No.	Name of key managerial personnel	No. of shares allotted under ESPS
1.	Mr. Sanjay Malhotra	14,500
2.	Mr. Pramod Arora	11,500
3.	Mr. N. C. Gupta	11,500
4.	Mr. Kamal Gianchandani	9,000
5.	Mr. Ashish Shukla	9,000
6.	Mr. Ashish Saksena	8,750
	Total	64,250

Details regarding options granted to our key managerial personnel are set forth below :

Sr. No.	Name of key managerial personnel	Part I Options	Part II Options	Part III Options
1.	Mr. Sanjay Malhotra	14,500	Nil	Nil
2.	Mr. Pramod Arora	15,250	Nil	Nil
3.	Mr. Amitabh Vardhan	Nil	Nil	20,000
4.	Mr. Ashish Saksena	8,750	Nil	Nil
5.	Mr. Ashish Shukla	11,000	Nil	Nil
6.	Mr. N. C. Gupta	14,500	Nil	Nil
7.	Dr. Sunil Patil	Nil	Nil	10,000
8.	Mr. Kamal Gianchandani	9,000	Nil	Nil
	Total	73,000	Nil	30,000

NOTE 2

Significant assumptions used to estimate the fair value of options:

Sr. No.	Significant Assumptions	Part I Options	Part II Options	Part III Options
1.	Risk free interest rate	5.5%	5%	5.5%
2.	Expected Life	21 months	12 months	21 months
3.	Expected volatility	10%	5%	10%
4.	Expected Dividend	5%	NIL	5%
5.	Price of underlying share in market at the time of grant of option	Share was not listed on the grant date, however valued at Rs. 80	Share was not listed on the grant date, however valued at Rs. 80	Share was not listed on the grant date, however valued at Rs. 80

Annexure II to Directors' Report

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars required under Section 217(1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as mentioned hereinbelow:

CONSERVATION OF ENERGY

Energy conservation measures taken:

- Power factor is being maintained above 0.9 with the use of capacitor banks. These banks are used to neutralize the inductive current by providing capacitive current.
- Switching on/off procedure is being followed for the entire lighting and other loads within the premises. Timers are being used to ensure this.
- Regular preventive maintenance of the air-conditioning system is undertaken to enhance efficiency in the usage of energy. Processes like chemical dosing are being used to recover the loss of cooling capacity due to ageing. As a result, the electrical current required to obtain the desired result has been reduced and savings have been achieved on the total electricity consumption.
- Temperature sensors are being installed in the auditoriums to regulate the efficient use of air-conditioning to save energy.
- All new fittings are with CFL or energy savers which use less electrical power as compared to old GL lamps.
- LED based seat lights are being used in place of GSL lights to save energy.
- We are procuring electricity from a natural-gas based co-generation plant at one of our cinemas and obtaining air-conditioning through a Vapour Absorption Machine (VAM) as a bi-product.

FOREIGN EXCHANGE EARNINGS & OUTGO

	March 31, 2006 (Rs.)	March 31, 2005 (Rs.)
Earnings in Foreign Currency (on accrual basis)		
Income from Sale of Film Rights	19,58,175	–
Expenditure in Foreign Currency (on accrual basis)		
Annual maintenance charges (net of income tax)	–	1,16,746
Travelling	4,84,431	7,69,100
Technical and Professional fees (including expenses, net of income tax)	1,35,20,343	53,26,251
Membership and subscription	–	11,677
Total	1,37,72,977	62,23,774

PVR

Annexure III to Directors' Report

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2006

Name	Designation	Age	Date of Appointment	Qualifications	Gross Remuneration (in Rs.)	Experience (Years)	Previous Employment
Mr. Ajay Bijli	Chairman cum Managing Director	39 years	23.04.2002	B.Com, O P M P (Harvard Business School)	9,907,200	16 years	Director - The Amritsar Transport Company Private Limited
Mr. Sanjeev Kumar	Executive Director	34 years	24.07.2003	Bachelor's Degree in Finance & Accounting & MBA	5,263,200	11 years	Director - Priya Exhibitors Private Limited
Mr. Sanjay Malhotra	Chief Financial Officer	41 years	19.11.2001	B Com (Hons), FCA	4,760,838	18 years	President – Dimension Consulting Private Ltd
Mr. Pramod Arora	Vice President (Business Development & Projects)	35 years	01.12.2001	B.E, MBA	3,222,840	14 years	Business Development Manager – Priya Exhibitors Private Ltd.
Mr. N. C. Gupta	Chief-Legal and Corporate Affairs	61 years	28.08.1997	B Com, FCA , ACS	2,578,462	37 years	Group Financial Controller– Priya Exhibitors Private Ltd
Mr. Amitabh Vardhan	Vice President - Operations	36 years	01.05.2003	Diploma in Hotel Management, Diploma in Training & Development	2,482,874	13 Years	Advisor, Hindustan Lever Limited

NOTES
1. Except for Mr. Ajay Bijli (Chairman cum Managing Director) and Mr. Sanjeev Kumar (Executive Director) all other employees are on non-contractual basis.
2. Remuneration includes salary, allowances, monetary value of perquisites as per the Income Tax Act, 1961, company's contribution to Provident fund, etc
3. None of the above-mentioned employees is a relative of any Director of the Company.

Annexure IV to Directors' Report

Directors' Responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies Act,1956 and forming part of the Directors' Report for the year ended March 31, 2006

As required under section 217 (2AA) of the Companies Act, 1956, we hereby state:

a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and its profit for the year ended on that date;

c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the Directors have prepared the annual accounts on a going concern basis.

Management Discussion & Analysis

PVR

At PVR we follow a rigorous financial reporting discipline through the adoption of appropriate accounting policies, the allocation of organisational resources to ensure that these policies are applied appropriately and consistently, and the presentation of results in a clear and comprehensive manner.

PVR's Board of Directors oversees the Business Conduct, while the Audit Committee comprised entirely of Independent Directors, appraises controls and procedures.

Successful companies are built around the foundation of reliable information and an ongoing legal compliance. At PVR, financial and non-privileged disclosures made in this report represent a part of this foundation. The Company, presents this information proudly, with the expectation that those who use it will understand it, recognise its commitment to performance and repose confidence in its future.

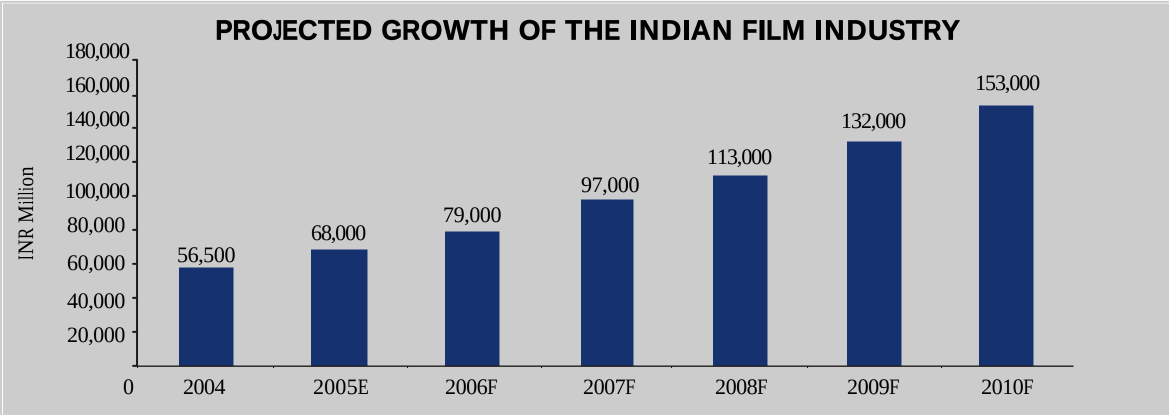
The following Management Discussion and Analysis Section should be read in conjunction with the financial statements and notes to accounts for the period ended March 31, 2006. The reference to FY 06 and FY 05 in this section refers to the financial year ended March 31, 2006 and financial year ended March 31, 2005 respectively. This discussion contains certain forward looking statements based on current expectations, which entail various risks and uncertainties that could cause the actual results to differ materially from those reflected in them. All references to "PVR", "we", "our", "Company" in this report refer to PVR Limited and should be construed accordingly.

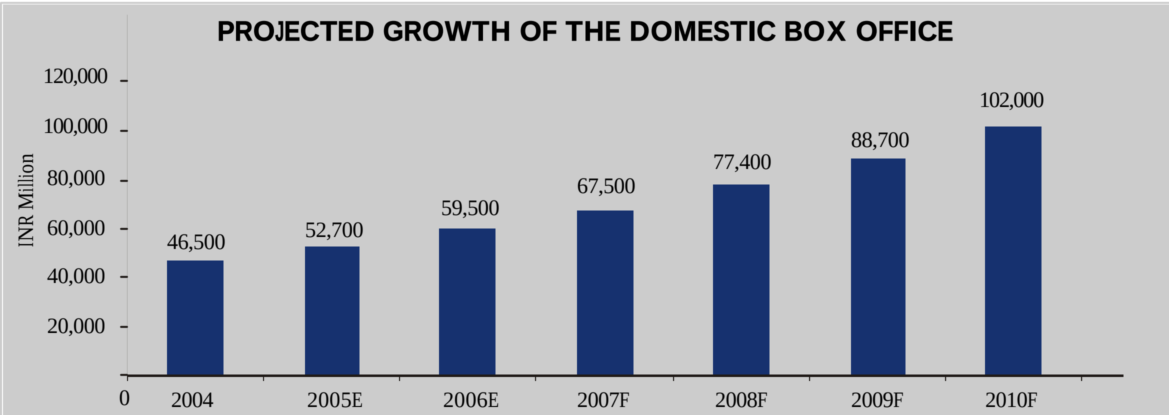
Industry Outlook

Indian film industry stands today at an estimated INR 68 billion. Having grown 20 percent from the previous year, revenues are expected to grow at a similar pace over next five years and overall film industry revenues are projected to reach around INR 153 billion by 2010. Domestic box office revenues are expected to grow from Rs.53 billion in 2005 to Rs. 102 billion in 2010. (Source: FICCI - PWC Report, 2006)

The following factors are expected to be the key drivers of this growth:

- Movie viewing continuing to remain a very popular source of entertainment. There is currently a lack of readily available alternative entertainment options in India such as theme parks, concerts and gaming and this is not expected to change in the medium term.
- Continued progression of people into higher income and consumption segments.
- Favourable demographic changes.
- A very significant increase in the number of Multiplexes, which provide patrons with a better viewing experience, will result in increases in the number of patrons. The increase in the number of Multiplexes will be substantially linked to the organized retail boom and the availability of state entertainment tax holidays and incentives.
- With organised and larger corporate entities entering the film production business, it should result in an increase in the number of high quality films produced, which should increase demand for movies.
- Projection technological changes in the form of digital projection, would also result in wider and simultaneous release of movies across B and C-class centres as well, leading to overall growth in Collections and the Film Industry.





PROFIT & LOSS REVIEW

REVENUES

Total Revenue of the Company for the year under review increased to Rs.10,743 lacs as compared to Rs.7,066 lacs in previous year, registering a growth of 52%.

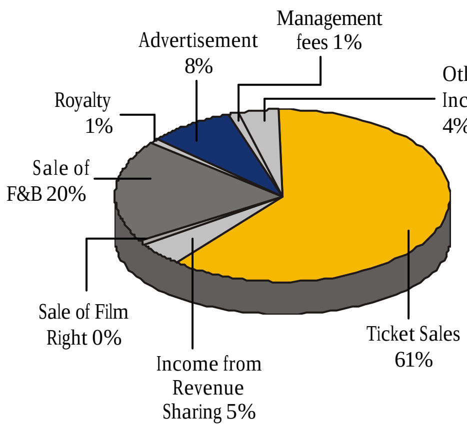
REVENUE COMPOSITION & GROWTH

The Revenue Growth under various heads during the year under review is summarised as under.

			(Rs. Lacs)
	Year ended		
	Mar-05	Mar-06	Growth
Ticket Sales	4,462	6,557	47%
Income from Revenue sharing	–	489	–
Sale of Food and Beverages	1,427	2,125	49%
Royalty Income	87	120	38%
Advertisement Revenue	872	905	4%
Management fees	10	87	761%
Sale of Film Rights	5	20	292%
Net Operating Revenue	6,864	10,302	50%
Other Income	203	442	118%
Total Revenue	7,066	10,743	52%

The Net revenue composition for FY 06 under various heads is as per the accompanying pie chart.

NET REVENUE COMPOSITION



REVENUE FROM SALE OF TICKETS

Revenue from Sale of tickets is the total amount paid by patrons for admission to our cinemas and includes state entertainment taxes.

Our Revenue from Sale of tickets depends on the number of patrons that visit our cinemas and the average ticket price that we charge our patrons. Both these factors are critical for optimising the profitability of our cinemas and form an integral part of our management information system.

Our Revenue from sale of tickets (net of entertainment taxes) for the year under review increased to Rs.6,557 lacs as compared to Rs.4,462 lacs in previous year, registering a growth of 47%. At a gross level, the Revenue from sale of tickets (including entertainment taxes) for the year under review increased to Rs. 8,800 lacs as compared to Rs. 6,032 lacs in previous year, registering a growth of 45%.

NUMBER OF PATRONS

We entertained 8.78 million patrons at our cinemas during FY 2006 as compared to 4.94 million patrons during the FY 05, registering a growth of 78%.

The growth in footfalls was driven by a combination of increase in footfalls in older cinemas and start of operations of new cinemas.

We strive to increase the footfalls at our cinemas by maximizing the number of screenings of popular movies to increase our capacity (session seats), through bulk sales of tickets, by providing remote access (our website, telephones) to patrons for buying tickets, movie focused marketing and promotional activities, flexible pricing keeping in view demand patterns based on time of the day (morning, afternoon, evening) and day of the week (weekend – weekday). We also focus on our product design and placement and the service levels to provide a unique entertaining and hospitable environment to our patrons.

Cinema-wise break-up of patrons for FY 06 and comparison with the previous year is as under:

Cinema	2005-06	2004-05	Growth
Saket	1,177,411	1,069,074	10.1%
Priya	715,193	712,680	0.4%
Naraina	610,325	567,555	7.5%
Vikaspuri	548,773	544,600	0.8%
Gurgaon	837,067	684,775	22.2%
Crown Plaza, Faridabad	296,480	283,124	4.7%
Plaza	301,579	229,544	31.4%
Bangalore	2,616,551	741,082	253.1%
EDM	657,897	156	–
Hyderabad	152,931	–	–
Rivoli	25,181	–	–
SRS, Faridabad	533,126	109,600	386.4%
Spice	311,673	–	–
Grand Total	8,784,187	4,942,190	78%

NOTES : The following multiplexes of the Company were operational for part of the year in 2004-05 : • PVR Plaza commenced operations on May 20, 2004 • PVR Crown Plaza, Faridabad commenced operations on May 3, 2004 • PVR Bangalore commenced operations on November 26, 2004 • SRS PVR commenced operations on November 26, 2004 • PVR EDM commenced operations on March 31, 2005.

INCOME FROM REVENUE SHARING

Income from revenue sharing is our share of revenue from sale of tickets of films at one of our cinemas, PVR EDM. Income from revenue share does not include state entertainment tax. The Total income from Revenue sharing during the year was Rs.488 lacs.

FOOD AND BEVERAGES REVENUE

Revenue from sale of food and beverages is the total amount paid by patrons at our in-cinema concession stands for food and beverages and is net of sales tax / value added tax.

Our food and beverages revenue, (net of sales tax / value added tax), for the year under review increased to Rs.2,125 lacs as compared to Rs.1,427 lacs in previous year, registering a growth of 49%. At a gross level the food & beverages revenues (including sales tax / value added tax) was Rs. 2,400 lacs as compared to Rs.1,558 lacs in the previous year registering a 54% growth.

The average spend per patron on Food and beverage at our cinemas was Rs.30.2 for FY 06 as compared to Rs.32.2 for FY 05. The drop in average spend per patron was due to the new cinemas opened by the company at Bangalore, Hyderabad and EDM, Uttar Pradesh where the average food and beverage sales pricing is lower than company's other cinemas, thereby impacting the overall average. However, the total reveue levels have grown by 54% as above due to increase in volumes.

We generally try to maximize the revenues from the sale of food and beverages by increasing the number of transactions within the limited time our patrons have prior to the start of a film or during the interval of a film and by increasing the average transaction size and the number of transactions. We attempt to increase the number of transactions by installing adequate number of points of sale counters, meal combos (combining 2 or more items as a 'Combo') and service on seats. We attempt to increase our average transaction size by selling a combination of two or more products at a discounted price thereby appealing to our patrons' desire to obtain better value for money.

ADVERTISEMENT REVENUE

Advertisement revenue includes our revenue from on-screen advertisements, off-screen advertisements and cinema association activities and is net of service tax.

Our Advertisement revenue, including service tax, for the year under review increased to Rs.905 lacs as compared to Rs.872 lacs in previous year, registering a growth of 4%.

We optimise the usage of interval and pre movie time, to advertise, without compromising the overall movie experience. We have also entered into multiple corporate alliances with some of the leading brands, who find it quite useful to advertise in our cinemas.

ROYALTY INCOME

Royalty income (pouring rights) is income received from certain of our beverage suppliers for us agreeing not to sell directly competing products. Our Royalty Income, for the year under review increased to Rs.120 lacs as compared to Rs.87 lacs in previous year, registering a growth of 38%.

MANAGEMENT FEE

Management fee includes:

- Project evaluation and advisory fee received as a fixed fee or a percentage of the total project cost .
- Basic revenue share fee/ management fee for services provided by us generally to the property developer in relation to the multiplex, which is usually a percentage of turnover.
- Incentive fee calculated as a percentage of gross operating profit (before interest, depreciation and management fee).

The Company presently operates two multiplex properties at SRS PVR, Faridabad and Spice PVR, Noida under a franchisee arrangement where it earns a management fee revenue. Our Management fee Revenue for the year under review increased to Rs.87 lacs as compared to Rs.10 lacs in previous year.

OTHER INCOME

Other income include rent income from surplus space adjacent to our cinemas that has been leased/ provided on leave and licence basis to third parties, interest received on surplus operating cash flow and interest income on investment of IPO proceeds in short term investments, and other miscellaneous income. Our Other Income for the year under review increased to Rs.442 lacs as compared to Rs.203 lacs in previous year, registering a growth of 118%.

The break-up of Other Income for FY 06 and comparison with previous year is as under:

			(Rs. Lacs)
	Financial Year		
Cinema	2005-06	2004-05	Growth
Interest/ Dividend Income	168	30	455%
Rent Received	141	75	87%
Royalty Income	54	53	2%
Miscellaneous Income	79	44	78%
Total	442	203	118%

Cinema-wise Revenue Growth

CINEMA-WISE REVENUE GROWTH (FILM REVENUE AND FOOD & BEVERAGE REVENUE)

The Company registered a growth in revenue from ticket sales and food & beverage sales of 56% across its cinemas during FY 06 over corresponding twelve months in FY05. The cinema-wise revenue growth for the twelve months period is as under :

Cinema	% increase
Saket	9.6%
Priya	9.2%
Naraina	10.2%
Vikaspuri	0.2%
Gurgaon	12.9%
Faridabad	-6.5%
Plaza	17.2%
Bangalore	258.9%
Hyderabad	NA
Rivoli	NA
EDM	NA
Grand Total	55.7%

The above does not include cinemas being operated by the Company under a franchisee arrangement i.e. PVR Spice, Noida and PVR SRS, Faridabad where the Company earns a Management fee income.

NOTES : • PVR Plaza commenced operations on May 20, 2004 • PVR Faridabad commenced operations on May 1, 2004 • PVR Bangalore commenced operations on November 26, 2004
PVR EDM commenced operations on March 31, 2005 • PVR Hyderabad commenced operations on February 1, 2006 • PVR Rivoli commenced operations on February 26, 2006

The increase in revenues in existing cinemas was essentially driven by increase in occupancy (customers), which were done through innovative pricing, promotions and product placement initiatives, to provide an enhanced experience to the customers.

EXPENDITURE

Our Company's expenditure mainly comprises of direct cost including film distributors' share and consumption of food and beverages. Other costs include Personnel Expenses, Rent, Operating and other costs. Because the majority of our costs are linked to the number of patrons and the number of cinemas we operate, increase in the number of patrons and the number of cinemas under our operation have resulted in an increase in our total costs.

FILM DISTRIBUTORS' SHARE

Film Distributor share comprises of payments made to distributors for supplying movies to be played at our cinemas. The total film distributors' share for the year under review was Rs.2,713 lacs as compared to Rs.1,767 lacs in previous year. The average film hire cost of the Company expressed as a % of net ticket sales reduced by 0.4% to 39.8% in FY 06 from 40.2% in FY 05.

CONSUMPTION OF FOOD AND BEVERAGES

Food and Beverage cost comprise the cost of food and beverage items sold at the cinemas and disposables. The total cost of food and beverages consumed for the year under review was Rs.712 lacs as compared to Rs.457 lacs in previous year. The average cost of food and beverages as a % of Food and beverage sales (net of Sales tax / VAT) was 33.5% in FY 06 as compared to 32 % in FY 05.

PERSONNEL COST

Personnel cost is the expenditure incurred on employees and comprises salaries, wages and allowances, contributions to provident and other funds, gratuity payments, staff welfare costs, and recruitment and training costs. For our cinema staff, we have a group incentive system for each of our cinemas, wherein we give monthly incentives to our cinema staffs on their exceeding the monthly targets of the cinemas managed by them. Total Personnel costs for the year under review were Rs.1,216 lacs as compared to Rs.744 lacs in previous year. As a % of Total Revenue Personnel costs increased to 11.3% in FY 06 from 10.5% in FY 05. Personnel expenses during the year were impacted on account of introduction of incentive schemes at cinemas, new cinema openings and increased commitment towards safety and security at our cinemas leading to higher manpower deployment.

ESPS AND ESOS

During the year, the Company introduced an ESPS and an ESOS. Under our ESPS, some of our employees were allotted 80,000 Equity Shares at a price of Rs. 20 per Equity Share. Under our ESOS, we have granted 118,000 options to some of our employees at a price of Rs. 20 and 52,000 options at a price of Rs. 47.5. Since this price represents a price that is lesser than the fair value of the Equity Shares, the Company will have to recognize the difference between the fair value and the grant price in our income statement over the vesting period spread across fiscal 2006 and fiscal 2007. Accordingly, the amount expensed out on account of the above for the year under review was Rs.70.5 lacs as compared to NIL expenses in previous year.

OPERATING AND OTHER EXPENSES

Operating and other expenses include rent for our cinemas and corporate office, repair and maintenance costs relating to our cinemas and the equipment installed therein; security charges paid to third-parties to provide security at our cinemas; electricity charges and water charges; insurance charges; expenditure on advertisement and publicity, sales and business promotion; expenditure incurred on various administrative and other overheads such as travelling, printing & stationery, professional fees, communication expenses, bank charges and charges for prepayment of term loans. The total Operating and other expenses for the year under review was Rs. 4,101 lacs as compared to Rs. 2,780 lacs in the previous year, due to increase in number of cinema properties. As a percentage of Total revenue Operating and other expenses were 38.2% in FY 06, from 39.3% in FY 05.

FINANCIAL EXPENSES

Financial expenses for the year under review were Rs. 322 lacs as compared to Rs.238 lacs in the previous year. As a percentage of Total revenue, Financial expenses declined to 3% in FY 06 from 3.4% in FY 05.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization for the year under review was Rs. 707 lacs as compared to Rs. 550 lacs in previous year. This increase was due to the charging of depreciation on fixed assets relating to our new cinemas opened in fiscal FY 06. As a percentage of Total revenue, Depreciation and amortization expenses declined to 6.6% in FY 06 from 7.8% in 2004-05.

TAXATION

The Company provided Rs.353 lacs as provision for tax for the year under review compared to Rs.153 lacs in the previous year. Of this Rs.271 lacs was towards current taxation and Rs. 45 lacs was towards deferred taxation and Rs. 37 lacs towards Fringe Benefit tax. Our effective rate of tax was 39.2% in FY 06 and 29% in FY 05. Key reasons for increase in average rate of tax were as under :

- additional impost of Fringe Benefit Tax leading to an increase in average rate of tax by 4%.
- reduction in allowable depreciation rates under the Income Tax Act.

PROFITS

The Profit before Interest Depreciation and Taxes of the Company for the year under review increased to Rs. 1,930 lacs as compared to Rs. 1,316 lacs in previous year, registering a growth of 47%. The Profit after Tax of the Company for the year under review increased to Rs. 547 lacs as compared to Rs. 374 lacs in previous year, registering a growth of 46%.

EPS

Basic Earnings per share(EPS) of the Company was Rs. 2.62 in FY 06 as compared to Rs. 2.71 in 2004-05. Diluted Earnings per share (EPS) of the Company was Rs. 2.62 in FY 06 as compared to Rs. 2.71 in 2004-05.

The Earnings per share of the Company was impacted in FY 06 due to some new heads of expenditure which were not there in 2004-05 including ESOP/ ESOS expenses, one time charge of personnel & food expenses relating to Juhu, Mulund and Hyderabad multiplexes, Fringe Benefit tax and preference capital dividend. If these are adjusted, the EPS would be higher as compared to FY05.

BALANCE SHEET REVIEW

SHAREHOLDERS FUNDS

The maintenance of an appropriate level of capital to fund the huge expansion plans of the Company remains one of the major priorities of the management and the same is subject to review on an ongoing basis. The Entertainment Industry, especially the filmed entertainment sector is poised for a major growth in the coming years and your Company intends to play a major role in this space.

• Share Capital

During the year the Company made an initial public offering of its equity shares. The Company offered 77,00,000 equity shares in the initial public offering (IPO) consisting of a fresh issue of 57,00,000 equity shares and an Offer for Sale of 20,00,000 equity shares by The Western India Trustee and Executor Company Limited. The issue price per share was Rs. 225.

The Company also issued 20,000,000 5% redeemable preference shares of face value of Rs.10 each on September 23, 2005 for a consideration of Rs. 2,000 lacs to our Promoter, Mr. Ajay Bijli (Rs.1,064.20 lacs) and The Western India Trustee and Executor Company Limited (Rs. 935.80 lacs), to partly fund the capital expenditure requirements of the Company.

As a result of the above, the equity share capital of the Company comprised of 2,28,77,370 equity shares having face value of Rs.10 each and 20,000,000 5% redeemable preference shares having face value of Rs.10 each.

• Employee Stock option Outstanding

During the year under review the Company introduced an Employee Share Purchase Scheme (ESPS) and Employee Stock Option Scheme (ESOS) for the employees.

The Employee Stock Option outstanding account represents the difference between the fair value and the grant price of the Stock Options granted to the eligible employees to the extent the same has been amortised till date.

• Reserves and Surplus

Reserves and Surplus comprised of Share Premium account and Free Reserves of the Company.

Movements in Share Premium account during the year included share premium received on IPO of Company's shares, premium received on shares issued under ESPS less share issue expenses charged off against share premium account.

The free reserves of the Company as on March 31, 2006 were Rs.1338 after providing for an interim dividend of 10% on equity shares and a preference dividend of 5% on preference shares.

SECURED LOANS

The Company availed loans from various banks and institutions during the year, to fund its capital expenditure requirements pending its initial public offering of equity shares.

Changes in Secured Loans during the year were as under :

	(Rs. Lacs)
• Total Secured loans as on April 1, 2005	4,550
• Fresh loans availed during the year	6,003
• Loans repaid during the year	4,417
Total Loans as on March 31, 2006	6,136

UNSECURED LOANS

The unsecured loans as on March 31, 2006 were NIL.

FIXED ASSETS

The Company's gross block stood at Rs.10,101 lacs as on March 31, 2006, compared with Rs.8,289 lacs as at March 31, 2005. The increase was primarily due to fresh capital investments in new multiplex projects and some recurring capital expenditure at existing cinemas.

In addition, the Capital Work in Progress on various projects under execution increased from Rs.1,375 lacs in 2004-05 to Rs.4,393 lacs in 2005-06 and Pre-operative expenses pending capitalisation increased from Rs.377 lacs in 2004-05 to Rs.1,418 lacs in 2005-06, on account of various projects under construction. Some of these projects have been commissioned subsequently at Juhu-Mumbai, Indore, Lucknow and Mulund-Mumbai.

INVESTMENTS

The Company's investments as on March 31, 2006 were Rs. 3,092 lacs and comprised of

- Investments in equity share capital of subsidiary companies – M/s CR Retail Malls (India) Private Limited Rs.71 lacs and in PVR Pictures Limited Rs.150 lacs
- Investments in Mutual fund schemes Rs.2,821 lacs
- Investments in National Savings Certificate schemes Rs. 50.4 lacs

LOANS AND ADVANCES

The total loans and advances of the Company as on March 31, 2006 were Rs.5,283 lacs as against Rs.2,030 lacs as on March 31, 2005. The increase in loans and advances during the year was on account of and advance of Rs.2,130 lacs paid on behalf of CR Retail Malls (India) Private Limited, a 100% subsidiary of the Company and payment of deposits to various developers for new multiplex projects being signed by the Company.

WORKING CAPITAL

The Company has a negative working capital cycle. Most of the Company's revenue from ticket sales and food and beverage sales at the cinemas is collected in cash. The total working capital of the Company (excluding cash and bank balances and Loans and Advances) as on March 31, 2006 was negative Rs. 2,442 lacs as compared to negative Rs.1,234 lacs as on March 31, 2005.

The amount of Current Liabilities and Provisions predominantly represented the amount payable to Company's creditors for expenses incurred by the Company pertaining to day to day operations, income received in advance from sale of advertisement spaces at Company's multiplexes and project creditors who have rendered services pertaining to Company's multiplexes.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate systems of internal controls in commensuration with the size of its operations for various aspects of its business, which form the backbone of our operational and internal controls. Control over daily cash collections is done through an effective cash management system, stocks are verified regularly on a weekly basis. Bulk of our fixed assets are typical to a cinema and do not involve frequent cross location movements. We have a policy of physically verifying fixed assets every alternate year.

The Company has effective systems in place for ensuring, optimum and effective utilisation of resources, monitoring thereof and compliance with applicable laws.

The key elements of internal controls of the Company are as follows :

- Clearly defined organisation structure and limits of authority.
- Well defined Key Responsibility Area (KRAs) and Key Performance Indicators (KPIs) for employees at various levels.
- Corporate Policies for financial reporting accounting, information security, Project appraisal and Corporate Governance.
- Annual Budgets and long term business plan for all operating units.

The company tries to measure the effectiveness of internal controls through internal audit checks conducted by its own staff covering areas like Safety, Security, stores, cash control, food and beverage sales etc. In addition to the above, the Company has also hired an external agency to review and audit the quality of service and efficiency in operations at its cinemas. We also have a formal mystery customer feedback system on various aspects of our business, which is used as an effective tool for improvements.

To supplement our internal controls further, we have recently appointed an external agency M/s KPMG (Regd.) to carry out independant internal audits of our operations, systems and processes.

OUTLOOK

The outlook for the Company remains positive, given the increasing recognition from customers across the country as a preferred movie going destination, preferred multiplex operator by leading mall developers and the film industry. In view of this, the company is making substantial capital investments in setting up multiplexes across the country and acquiring distribution rights for movies with the objective of increasing its presence significantly in the filmed entertainment space. The opportunities in the filmed entertainment space are vast and the Company expects to derive a greater operating leverage out of its investments with the objective of maximising shareholders' wealth.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report with regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the management envisages in terms of performance and outlook. Market data and product information contained in this report have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured. The management of the Company reserves the right to re-visit any of the predictive statements to decide the best course of action for the maximisation of shareholders' value apart from meeting social and human obligations.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

PVR has always believed that Corporate Governance is more a way of business life than a mere legal compulsion. It is the application of best management practices, Compliance of law in true letter and spirit and adherence to ethical standards for effective management discharge of social responsibilities for sustainable development of all stakeholders.

Company has made a strong foundation for making Corporate Governance a way of life by constituting a Board with balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across organization and putting in place best system, process and technology.

The Company is committed to pursue growth by adhering to the highest standards of Corporate Governance. The Company's philosophy on Corporate Governance is based on the following principles:

- Lay solid foundations for the management
- Structure the Board to add value
- Safeguard integrity in Company's financial reporting
- Make timely and balanced disclosure
- Recognize and manage business risks
- Respect the right of shareholders
- Remunerate fairly and responsibly
- Legal and statutory compliance in its true spirit
- Highest importance to Investor Relations

• Adherence to Corporate ethics and Code of Conduct

BOARD OF DIRECTORS

The Board of the Company is comprised of six members, out of whom two members are Executive Directors and four members are Non Executive Directors. The Non Executive Directors bring in a wide range of skills and experience to the Board.

The company has an Executive Chairman and the number of the independent directors is not less than half of total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 Companies and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding other directorships and committee positions have been made by the Directors.

During the year under review 10 Board meetings were held and the gap between two meetings did not exceed four months. The information as required under Clause 49 of the Listing Agreement and Code of Conduct were made available to the members of the Board.

PVR

OTHER DETAILS RELATING TO THE BOARD are as follows :

Name of the Director	Category of Directorship	No. of other Directorships (1)	No. of other Committee(2) memberships held		No. of Board meetings attended during the year	Attendance at the last AGM held on September 30, 2005
			Chairman	Member		
Mr. Ajay Bijli, Chairman Cum Managing Director	Promoter, Executive	2	-	-	7	Yes
Mr. Sanjeev Kumar, Executive Director	Executive	2	-	-	9	Yes
Mr. Sumit Chandwani	Non Executive, Nominee (ICICI Venture Funds Management Company Limited)	5	-	1	4	Yes
Mr. Vikram Bakshi [3]	Non-Executive, Independent	2	-	-	2	-
Mr. Amit Burman [4]	Non-Executive, Independent	9	1	3	1	-
Mr. Renaud Jean Palliere [4]	Non-Executive, Independant	-	-	-	1	-

1) Directorship in Private companies, Unlimited liability companies, Foreign Companies and associations are excluded. 2) Represents membership / chairmanship of Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee. 3) Appointed as additional director on September 30, 2005. 4) Appointed as additional director on October 24, 2005

THE BOARD'S DEFINITION OF AN INDEPENDANT DIRECTOR

Independant Director shall mean Non-Executive Director of the Company who:

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its senior management or its holding company, its subsidiaries and associated companies ;
- is not related to Promoters, Chairman, Managing Director, Whole-time Director, Secretary, CEO or CFO and of any person in the management at one level below the board ;
- has not been an executive of the Company in the immediately preceding three financial years ;
- is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company, and has been a partner or an executive of any such firm for the last three years.

DATES OF THE BOARD MEETINGS

May 27, 2005, July 11, 2005, August 5, 2005, September 2, 2005, September 8, 2005, September 19, 2005, September 30, 2005, October 24, 2005, December 27, 2005 and January 31, 2006.

REMUNERATION POLICY OF DIRECTORS

Executive Directors

The details of the remuneration and perquisites to the Executive Directors are as under:

Mr. Ajay Bijli, Chairman cum Managing Director (CMD) and Mr. Sanjeev Kumar, Executive Director of the company were paid following remuneration and perquisites during the year under review, value of which has been calculated as per Income Tax Act, 1961 and approval whereof has been granted by the Ministry of Company Affairs vide its letter No. 2/50/2005-CL. VII dated August 16, 2005:

	Mr. Ajay Bijli	Mr. Sanjeev Kumar
	Rs.	Rs.
Basic Salary	57,60,000	30,60,000
Perquisites:	41,73,600	22,29,600
Total	99,33,600	52,89,600

Perquisites include Company leased accommodation/HRA, Company maintained car, Employer's Provident Fund contribution

Salient features of the agreements executed by the Company with Mr. Ajay Bijli, Chairman cum Managing Director and Mr. Sanjeev Kumar, Executive Director are as follows:

Period of Appointment	July 24, 2003 to July 23, 2008
Stock Options	Nil
Incentive additionally approved	The CMD and Executive Director shall be entitled to performance based incentive as by the Board based on previous year's performance
Severance Pay	Except where the agreement is terminated without notice, subject to the provisions of the Companies Act, the company is required to pay an all inclusive severance pay equal to Salary and perks as defined above for the entire remaining period of employment or 12 months whichever is higher.

Non Executive Directors

During the year under review, the Non- Executive Directors of the company were paid remuneration for attending meetings of the Board/Committee of the Directors as follows:

Name of the Directors	Remuneration
	Rs.
Mr. Sumit Chandwani*	1,00,000/-
Mr. Sunay Mathure*	80,000/-
Mr. Vikram Bakshi	1,00,000/-
Mr. Amit Burman	40,000/-
Mr. Renaud Jean Palliere	20,000/-

*Remuneration to these Directors was paid to ICICI Venture Funds Management Co. Ltd. by virtue of they being nominee Directors.

Pecuniary relationship or a transaction of a non executive director vis-à-vis the company

The Company does not have any direct pecuniary relationship / transaction with any of its Non Executive Directors.

BOARD LEVEL COMMITTEES

The Board has constituted various Committees for the smooth and efficient operation of the activities and is responsible for assigning, co-opting and fixing the terms of reference for the committees in line with the laws of the land. The draft minutes of the proceedings of each Committee Meeting are circulated to the members of that Committee for their comments and thereafter, confirmed by the respective committee in the next meeting. The material recommendations/ decisions of the Committees are placed before the Board for its record.

AUDIT COMMITTEE

Terms of Reference

The Audit Committee was reconstituted on October 24, 2005 as per the terms of reference, role and scope prescribed in Clause 49 of the listing agreement. The Committee comprises of three directors, all being Non Executive and Independent. The Chief financial officer and the statutory auditors are the permanent invitees in the Committee meetings.

The terms of reference of the Audit Committee are as follows :

1. The Powers of the audit committee shall include the following :

a. To investigate any activity within its terms of reference.
b. To seek information from any employee.
c. To obtain outside legal or other professional advice.
d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

2. The role of the audit committee shall include the following :

a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
c. Reviewing with management the annual financial statements before submission to the board.
d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
f. Discussion with internal auditors any significant findings and follow up there on.
g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
i. Reviewing the company's financial and risk management policies.

j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors. ”

Composition and Attendance

Name of the Director	No. of meetings attended
Mr. Sumit Chandwani	1
Mr. Vikram Bakshi[1]	1
Mr. Amit Burman[1]	1
Mr. Sanjeev Kumar[2]	1
Mr. Sunay Mathure[2]	2

[1] Mr. Vikram Bakshi and Mr. Amit Burman were appointed as members of the Audit Committee w.e.f. October 24, 2005

[2] Mr. Sanjeev Kumar and Mr. Sunay Mathure ceased to be member of Audit Committee w.e.f. October 24, 2005.

The Audit Committee met three times during the year under review on the following dates - September 2, 2005, October 21, 2005 and January 23, 2006.

REMUNERATION COMMITTEE

Terms of Reference

The Remuneration Committee was constituted on October 24, 2005. The Remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis. The remuneration committee has been constituted for the determination of remuneration packages of the Directors.

Composition

Name of the Director
Mr. Vikram Bakshi
Mr. Amit Burman
Mr. Renaud Jean Palliere

During the year ended March 31, 2006, no Committee meeting was held as there was no proposal for variation in the remuneration of Executive Director.

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Terms of Reference

The Shareholders'/ Investors' Grievance Committee of the Company was constituted on October 24, 2005. The functioning and terms of reference of the Shareholders'/ Investors' Grievance Committee includes to specifically look into redressal of investors' grievance pertaining to transfer/ transmission of shares, dividends, dematerialization/ re-materialization, conversion and other related issues and to strengthen investor relations.

Composition and Attendance

Name of the Director	No. of meetings attended
Mr. Ajay Bijli	1
Mr. Sumit Chandwani	1
Mr. Amit Burman	–

The Committee met once on January 31, 2006, during the year under review.

Mr. N.C.Gupta, Chief Legal and Corporate affairs and Company Secretary of the Company has been appointed as Compliance Officer.

Total number of shareholders' complaints received during the year under review was 473. There was no unattended complaint as on March 31, 2006.

COMPENSATION COMMITTEE

Terms of Reference

The Compensation Committee was reconstituted on October 24, 2005. The committee has been constituted for the purposes of administering and supervising the ESPS and ESOS and for determination of all such matters specified in the ESPS and ESOS.

Composition and Attendance

Name of the Director	No. of meetings attended
Mr. Ajay Bijli[1]	3
Mr. Sunay Mathure[1]	1
Mr. Vikram Bakshi	2
Mr. Sumit Chandwani[2]	-
Mr. Amit Burman[2]	-

[1] Mr. Ajay Bijli and Mr. Sunay Mathure ceased to be members of the Compensation Committee w.e.f. October 24, 2005.

[2] Mr. Sumit Chandwani and Mr. Amit Burman were appointed as members of the Compensation Committee w.e.f. October 24, 2005.

The Committee met three times during the year under review on the following dates -September 19, 2005, September 22, 2005 and October 10, 2005.

DISCLOSURES

a. Related Party Transactions

There were no materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, directors or the management or their relatives, its subsidiaries etc. during the year, that may have potential conflict with the interests of the Company at large. All related party transactions have been disclosed in the Notes to the Accounts on page no. 61 of this report.

b. Compliances made by the Company

There was no non-compliance during the last three years by the Company of any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

MANAGEMENT

The Managements' Discussion and Analysis Report is given seperately and forms part of this Annual Report.

PVR

SHAREHOLDERS

a. Disclosures Regarding appointment / re-appointment of Directors

The information as required under clause 49 (G) of the Listing agreement with respect to the appointment / re-appointment of the directors forms part of the explanatory statement annexed with the Notice of the ensuing Annual General Meeting and the same is attached with this report.

b. Means of Communication

The company interacts with its shareholders through multiple forms of corporate and financial communication such as annual reports, result announcement and media releases. These results are also made available at the web site of the company www.pvrcinemas.com. The web site also displays official news releases.

All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the shares of the Company are listed.

The Annual Results of the Company were published in the following newspapers :

News Papers	Language	Region
Business Standard	English	Ahmedabad, Bangalore, Calcutta, Chennai, Delhi, Hyderabad, Mumbai
Financial Express	English	Delhi, Mumbai, Bangalore, Hyderabad, Chennai, Ahmedabad, Kolkata, Chandigarh, Kochi
Hindustan	Hindi	Bihar, Jharkhand, Delhi, Lucknow, Varanasi & Meerut

c. Annual General Body Meetings of the Company

Details of last three Annual General Meetings (AGMs) of the Company is given hereunder :

Financial Year	Day & Date	Time	Venue
2002-03	Monday, September 1, 2003	11.00 A.M.	50, West Regal Building, Connaught Place, New Delhi- 110001
2003-04	Wednesday, September 29, 2004	11.00 A.M.	50, West Regal Building, Connaught Place, New Delhi- 110001
2004-05	Friday, September 30, 2005	12.00 Noon	61, Basant Lok, Vasant Vihar, New Delhi -110057

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting	September 6, 2006, 9.30 A.M. at 61, Basant Lok, Vasant Vihar, New Delhi- 110057	
2. Financial Calendar	Accounting Year	April to March
	Adoption of Quarterly Results for the Quarter ended	3rd /4th Week of
	June 30, 2006,	July, 2006
	September 30, 2006	October, 2006
	December 31, 2006	January, 2007
	March 31, 2007	May, 2007
3. Book Closure	Books are not proposed to be closed	
4. Dividend Payment Date	No further dividend has been recommended.	
5. Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) National Stock Exchange of India Limited (NSE)	
6. Stock Code	532689 (BSE)	PVR (NSE)
	ISIN No. for NSDL & CDSL :	INE 191H01014

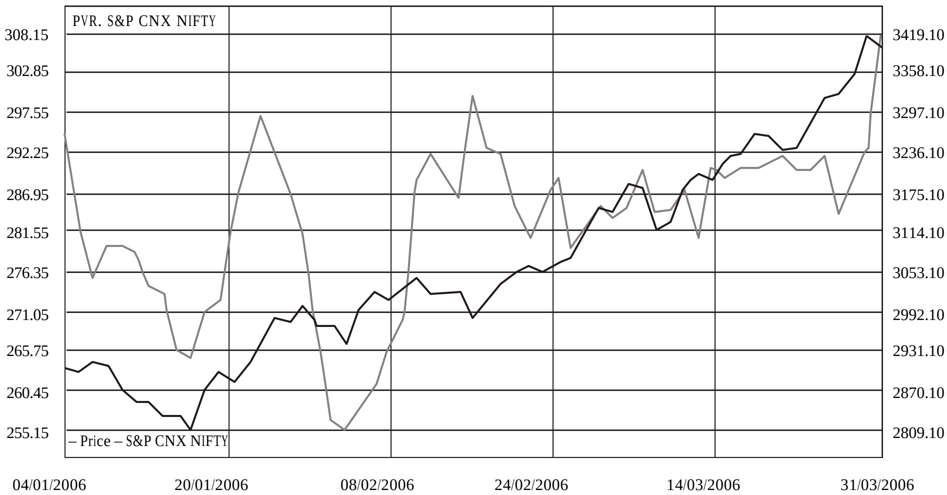
7. Market Price Data : High-Low during each month in last financial year

(Rs.)

Stock Exchange	BSE		NSE	
Month	High	Low	High	Low
January 2006	309.8	259.0	309.4	256.0
February 2006	306.8	251.2	306.3	251.3
March 2006	337.0	277.1	344.4	277.2

8. Performance of PVR Share price in comparison to NSE NIFTY INDEX

Price: 308.10 31/03/2006 S&P CNX NIFTY: 3402.55



9. Registrar and Transfer Agents	Karvy Computershare Private Limited (KCPL), Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034; Tel: +91-40-233 12454; Fax: +91-40-2343 1551, www.kcpl.karvy.com
10. Share Transfer System	Shares transfer in physical form can be lodged with KCPL at the above mentioned address.

11. Distribution of shareholding :

Consolidated Shareholding Pattern as on March 31, 2006

S. No	Category	No. of Holders	Total Shares	%To Equity
1	Promoters	3	9,250,168	40.43
2	Mutual Funds	13	6,834,967	29.88
3	Foreign Institutional Investors	10	4,501,617	19.68
4	Bodies Corporates	255	1,113,799	4.87
5	Resident Individuals	16,166	1,021,054	4.46
6	Clearing Members	102	120,102	0.52
7	HUF	348	30,537	0.13
8	Non Resident Indians	83	4,889	0.02
9	Trusts	4	237	0.00
	Total	16,984	22,877,370	100.00

Consolidated Distribution Schedule as on March 31, 2006

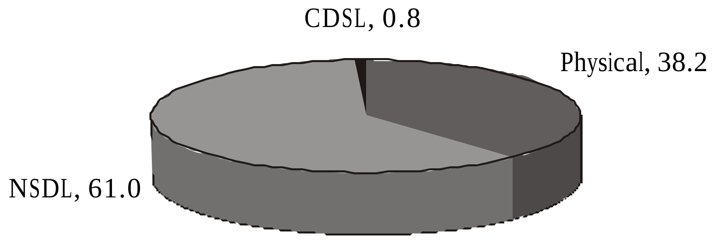
Category (Shares)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 500	16794	98.88	788,659	7,886,590	3.45
501 - 1000	72	0.42	58,483	584,830	0.26
1001 - 2000	26	0.15	40,491	404,910	0.18
2001 - 3000	22	0.13	56,779	567,790	0.25
3001 - 4000	6	0.04	21,067	210,670	0.09
4001 - 5000	6	0.04	28,469	284,690	0.12
5001 - 10000	19	0.11	140,773	1,407,730	0.62
10001 And Above	39	0.24	21,742,649	217,426,490	95.04
Total	16,984	100%	22,877,370	228,773,700	100.00

12. Dematerialization of shares and liquidity : The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The breakup of Equity Share capital held with depositories and in physical form is as follows:

Sl.No.	Category	No. of Holders	Total Shares	% to Equity
1	Physical	27	8,733,413	38.2
2	NSDL	15,094	13,959,785	61.0
3	CDSL	1,864	184,172	0.8
	Total	16,985	22,877,370	100.0

DISTRIBUTION OF SHAREHOLDING



13. NO GDRs / ADRs / Warrants or any convertible instruments have been issued by the company.

14. Site locations

S.No.	Name of Site	Address
1	PVR - Saket	Saket, New Delhi
2	PVR - Priya	Vasant Vihar, New Delhi
3	PVR - Naraina	Naraina, New Delhi
4	PVR - Vikaspuri	Vikas Puri, New Delhi
5	PVR - Plaza	Connaught Place, New Delhi
6	PVR Rivoli	Connaught Place, New Delhi
7	PVR Metropolitan	Gurgaon, Haryana
8	PVR - Crown Plaza	Faridabad, Haryana
9	SRS - PVR	Faridabad, Haryana
10	PVR - EDM	Kaushambi, Ghaziabad, U.P.
11	PVR - Bangalore	The Forum, Bangalore, Karnataka
12	PVR - Indore	M G Road, Indore, M.P.
13	PVR Sahara Ganj	Sahara Ganj, Lucknow, U.P.
14	PVR Juhu	Juhu, Mumbai
15	PVR Punjagutta	Hyderabad, Andhra Pradesh
16	Spice PVR	Noida, UP
17	PVR - Nirmal Lifestyle	Mulund, Mumbai
18	PVR Sahara	Sahara Mall, Gurgaon, Haryana

15. Address for correspondence

PVR Limited
Registered Office : 61, Basant Lok, Vasant Vihar, New Delhi 110057
Corporate Office : Block 2A, 2nd Floor,
DLF Corporate Park,
DLF Qutab Enclave-III, Gurgaon- 122002,
Haryana

MANAGING DIRECTOR AND CFO CERTIFICATION

We have reviewed the financial statements and cash flow statement for the period 1st April, 2005 to March 31, 2006 and to the best of our knowledge and belief :

a) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
b) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing standards, applicable laws and regulations ;
c) There are no transactions entered into by the Company during the above said period which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. Accordingly, we have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and Audit Committee, wherever applicable :
a) Deficiencies in design and operation of internal controls, if any, which come to our notice and steps have been taken/ proposed to be taken to rectify these deficiencies ;
b) Significant changes in internal control during the year ;
c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ;
d) Instances, if any of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Gurgaon	Ajay Bijli	Sanjay Malhotra
Date : July 31, 2006	Chairman cum Managing Director	Chief Financial Officer

COMPANY SECRETARY'S CERTIFICATE

on Compliance with conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of PVR Limited

1. We have reviewed the implementation of Corporate Governance procedures by PVR Limited during the period ended March 31, 2006, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency nor effectiveness with which the management has conducted the affairs of the Company.
4. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has in all material respect complied with the conditions of Corporate Governance as stipulated in Clause 49 (as amended) of the listing agreements with the stock exchanges and that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

Sameet Gambhir
(Prop.) M.No:4658, C.P. No: 5072

Place : Gurgaon	For Sameet Gambhir & Associates
Date : July 31, 2006	Company Secretaries

Standalone Financial Statements

Auditors' Report

To the Members of PVR Limited

1. We have audited the attached balance sheet of PVR Limited as at March 31, 2006 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
v. On the basis of written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said statements of account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2006;

b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For **S. R. Batliboi & Co.**
Chartered Accountants

per Anil Gupta
Partner
Membership No.:87921

New Delhi
Dated: May 15, 2006

PVR

Annexure referred to in paragraph 3 of our report of even date

Re: PVR Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company had a policy of carrying out physical verification of fixed assets every year. However, the Company has, during the year, decided to carry out physical verification of fixed assets once in two years. Accordingly, the physical verification of fixed assets has not been carried out during the current year, which will now be carried out in the next financial year. The frequency of which in our opinion is reasonable having regard to the nature of its assets.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 229,713,803 and the year end balance of loans granted is Rs. 228,071,070.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and the other terms and conditions of the loans are not prima-facie prejudicial to the interest of the Company.

(c) The terms of repayment of the above loans has not been stipulated, as the same are stated to be repayable on demand. The Company has received the repayment of the loans as and when demanded by it. The receipt of interest has been regular.

(d) There is no overdue amount of loans granted to aforesaid two companies listed in the register maintained under Section 301 of the Companies act, 1956.

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (f) and (e) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) The Company presently has in-house internal audit department to conduct the internal audit at various locations of the Company. *Such internal audit system needs to be strengthened to commensurate with the size and nature of its business.* However the Company has now appointed an external agency to conduct the internal audit of the Company.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs-duty, excise-duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or debenture holder. The Company has not availed of any loan from financial institutions during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, *except for term loans of Rs. 40,000,000*, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that *the Company has used funds of Rs. 160,000,000 raised on short term basis for long term investments*.

(xviii) The Company has made preferential allotment of shares to a Company and director covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the prices at which shares have been issued are not prejudicial to the interest of the Company.

(xix) Based on books and records provided to us by the management, securities have been created in respect of debentures issued.

(xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements (Refer Note No 10.2 of Schedule 25)

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. Batliboi & Co.**
Chartered Accountants

per Anil Gupta
Partner
Membership No.:87921

New Delhi
Dated: May 15, 2006

Balance Sheet **as at March 31, 2006**

	Schedules	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**428,773,700**	170,973,700
Employees Stock Options Outstanding	2	**2,915,966**	-
Reserves and surplus	3	**1,496,652,425**	361,442,557
		1,928,342,091	532,416,257
Loan funds			
Secured loans	4	**613,655,281**	455,073,468
Unsecured loan	5	**-**	10,000,000
		613,655,281	465,073,468
Deferred Tax Liabilities (Net)	6	**46,744,852**	42,285,324
TOTAL		**2,588,742,224**	1,039,775,049
APPLICATION OF FUNDS			
Fixed Assets	7		
Gross block		**1,009,502,836**	828,979,723
Less : Depreciation		**227,292,224**	159,452,462
Net block		**782,210,612**	669,527,261
Capital work-in-progress including capital advances		**439,322,967**	137,554,698
Pre-operative expenses (pending allocation)	8	**141,809,270**	37,739,800
		1,363,342,849	844,821,759
Intangible Assets (including capital work-in-progress and capital advances)	9	**3,551,235**	2,911,704
Investments	10	**309,269,691**	12,100,000
Current Assets, Loans and Advances			
Interest accrued on long term investments		**914,356**	471,695
Inventories	11	**9,246,574**	6,776,616
Sundry debtors	12	**31,060,343**	24,598,303
Cash and bank balances	13	**628,547,287**	94,937,978
Other current assets	14	**9,482,144**	811,810
Loans and advances	15	**528,306,040**	203,076,589
		1,207,556,744	330,672,991
Less: **Current Liabilities and Provisions**			
Current liabilities	16	**223,953,987**	145,558,927
Provisions	17	**71,024,308**	10,589,321
		294,978,295	156,148,248
Net Current Assets		**912,578,449**	174,524,743
Miscellaneous Expenditure (to the extent not written off)	18	**-**	5,416,843
TOTAL		**2,588,742,224**	1,039,775,049
Notes to Accounts	25		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet
As per our report of even date

For **S R Batliboi & Co**
Chartered Accountants

per Anil Gupta
Partner
Membership No 87921
Place: New Delhi
Date : May 15, 2006

For and on behalf of the Board of Directors

Ajay Bijli
Chairman cum Managing Director

Sanjeev Kumar
Executive Director

N. C. Gupta
Company Secretary

Sumit Chandwani
Director

Sanjay Malhotra
Chief Financial Officer

Profit and Loss Account

for the year ended March 31, 2006

	Schedules		For the year ended March 31, 2006 (Rs.)	For the year ended March 31, 2005 (Rs.)
INCOME				
Operating income	19	1,285,763,024		860,397,377
Less: Entertainment tax collected on sale of tickets		224,379,377		156,990,226
Less: Sales tax and service tax collected on other revenues		31,222,758		16,942,451
			1,030,160,889	686,464,700
Other income	20		44,163,814	20,259,825
TOTAL			1,074,324,703	706,724,525
EXPENDITURE				
Film distributors' share (net of recovery towards publicity from distributors Rs. 3,034,500, Previous year Rs. 3,434,815)			271,362,572	176,759,709
Consumption of food and beverages			71,241,239	45,749,065
Personnel expenses	21		121,607,674	74,388,133
Employee compensation expenses under employee share purchase scheme and employee stock option scheme			7,008,183	-
Operating and other expenses	22		410,109,640	278,052,657
Miscellaneous expenditure written off			-	192,158
TOTAL			881,329,308	575,141,722
Profit before depreciation/amortisation, interest and tax (EBITDA)			192,995,395	131,582,803
Depreciation/amortisation			70,717,148	55,000,173
Interest paid	23		32,256,609	23,869,653
Profit Before Tax			90,021,638	52,712,977
Provision for taxation (Including wealth tax Rs. 30,000, Previous year Rs. 25,000)			(27,100,000)	(7,600,000)
Fringe benefit tax			(3,698,244)	-
Deferred tax (charge)			(4,459,528)	(7,824,258)
Income tax credit for earlier years (net)			-	151,103
Total Tax Expense			(35,257,772)	(15,273,155)
Net Profit after tax			54,763,866	37,439,822
Balance brought forward from previous year			88,535,984	59,135,594
Transfer from Debenture Redemption Reserve			22,600,000	-
Profit available for appropriation			165,899,850	96,575,416
Transfer to Debenture Redemption Reserve			-	8,039,432
Interim dividend				
• on Equity Shares			22,877,370	-
• on Preference Shares			5,219,178	-
Corporate Dividend Tax			3,944,852	-
Surplus carried to Balance Sheet			133,858,450	88,535,984
Earnings per share	24			
Basic [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]			2.62	2.71
Diluted [Nominal value of shares Rs. 10 (Previous Year : Rs. 10)]			2.62	2.71
Notes to Accounts	25			

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For **S R Batliboi & Co**
Chartered Accountants

per Anil Gupta
Partner
Membership No 87921
Place: New Delhi
Date : May 15, 2006

For and on behalf of the Board of Directors

Ajay Bijli
Chairman cum Managing Director

Sanjeev Kumar
Executive Director

N. C. Gupta
Company Secretary

Sumit Chandwani
Director

Sanjay Malhotra
Chief Financial Officer

PVR

Cash Flow Statement
for year ended March 31, 2006

	For the year ended March 31, 2006 (Rs.)	For the year ended March 31, 2005 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation	90,021,638	52,712,977
Adjustments for :		
Depreciation/amortisation	70,717,148	55,000,173
Loss on disposal of fixed assets (net)	2,515,492	2,433,122
Miscellaneous expenditure written off	-	192,158
Interest income	(13,444,643)	(3,035,745)
Dividend income	(3,391,096)	-
Loss on sale of current investments (net)	35,506	-
Interest expense	32,256,609	23,869,653
Employee compensation expenses under employee share purchase scheme and employee stock option scheme	7,008,183	-
Provision for doubtful debts and advances	1,602,381	(217,723)
Operating profit before working capital changes	187,321,218	130,954,615
Movements in working capital :		
Decrease/(Increase) in sundry debtors	(8,064,421)	1,565,649
(Increase) in inventories	(2,469,958)	(3,696,520)
(Increase) in loans and advances and other current assets	(100,239,308)	(15,729,594)
Increase in current liabilities and provisions	78,531,851	70,274,654
Cash generated from operations	155,079,382	183,368,805
Direct taxes paid (net of refunds)	(21,094,996)	(6,527,078)
Net cash from/(used in) operating activities	133,984,386	176,841,727
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(564,259,310)	(405,758,327)
Purchase of intangible assets	(1,211,103)	(2,692,191)
Proceeds from sale of fixed assets	1,091,000	391,046
Consideration paid for acquiring interest in a subsidiary	(500,000)	(7,100,000)
Purchase of investments/advance against share capital	(722,169,691)	(14,500,000)
Sale of investments	439,964,494	-
Loans given to subsidiaries/others	(232,713,803)	(4,500,000)
Loans refunded by subsidiaries/others	9,642,733	13,500,000
Dividend received	3,391,096	-
Interest received	6,320,674	3,450,785
Net cash (used in) investing activities	(1,060,443,910)	(417,208,687)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	1,484,100,000	114,886,825
Proceeds from long-term borrowings	360,361,101	260,000,000
Repayment of long-term borrowings	(201,779,288)	(38,266,137)
Proceeds from short-term borrowings	240,000,000	10,000,000
Repayment of short-term borrowings	(250,000,000)	(4,075,897)
Expenditure on share/debenture placement	(113,037,501)	(85,000)
Interest paid	(59,575,479)	(33,355,260)
Net cash from financing activities	1,460,068,833	309,104,531
Net increase in cash and cash equivalents (A + B + C)	533,609,309	68,737,569
Cash and cash equivalents at the beginning of the year	94,937,978	26,200,409
Cash and cash equivalents at the end of the year	628,547,287	94,937,978
Components of cash and cash equivalents as at		
Cash and cheques on hand	4,077,013	3,857,519
With banks - on current accounts	9,616,485	12,510,723
- on deposit accounts	614,853,789	78,569,736

As per our report of even date

For **S R Batliboi & Co**
Chartered Accountants

per Anil Gupta
Partner
Membership No 87921
Place: New Delhi
Date :May 15, 2006

For and on behalf of the Board of Directors

Ajay Bijli
Chairman cum Managing Director

Sanjeev Kumar
Executive Director

N. C. Gupta
Company Secretary

Sumit Chandwani
Director

Sanjay Malhotra
Chief Financial Officer

PVR

Schedules to the Accounts

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
SCHEDULE 1 : SHARE CAPITAL		
Authorised share capital		
30,000,000 (Previous year 20,000,000) equity shares of Rs. 10 each	**300,000,000**	200,000,000
20,000,000 (Previous year Nil) preference shares of Rs. 10 each	**200,000,000**	-
	500,000,000	200,000,000
Issued, subscribed and paid-up		
22,877,370 (Previous year 17,097,370) equity shares of Rs. 10 each fully paid	**228,773,700**	170,973,700
20,000,000 (Previous year Nil) 5% redeemable preference shares of Rs. 10 each fully paid	**200,000,000**	-
	428,773,700	170,973,700

NOTES
1. Of the above 10,642,000 redeemable preference shares are held by Mr. Ajay Bijli, Chairman cum Managing Director.
2. Preference shares are redeemable at par after three years with a put and call option at the end of two years from the date of allotment.
3. 5,700,000 equity shares were allotted as fully paid up to public during the year.
4. Of the above, 80,000 equity shares of the face value of Rs. 10 each issued to the eligible employees under Employees Share Purchase Scheme (Refer Note No. 5 of Schedule 25).
5. The Company has during the year, granted option(s) under Employees Stock Option Plan equivalent to 170,000 equity shares of the face value of Rs. 10 each, the date of exercising the granted option(s) is not due till March 31, 2006 (Refer Note No. 5 of Schedule 25).

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
SCHEDULE 2 : EMPLOYEES STOCK OPTIONS OUTSTANDING		
Employees stock options outstanding (Refer Note No. 5 of Schedule 25)	**2,915,966**	-
	2,915,966	-
SCHEDULE 3 : RESERVES AND SURPLUS		
Securities premium account - as per last account	**250,306,573**	103,769,632
Add:		
Received on issue of shares under employees share purchase scheme	**5,600,000**	-
Received on issue of shares to public during the year	**1,225,500,000**	141,957,000
Premium on redemption of optionally convertible debentures written back	**-**	9,992,576
	1,481,406,573	255,719,208
Less: Share/debenture placement expenses written off (Refer Note No. 2 (b) of Schedule 25)	**118,612,598**	5,412,635
	1,362,793,975	250,306,573
Debenture redemption reserve - As per last account	**22,600,000**	14,560,568
Add: Created during the year	**-**	8,039,432
	22,600,000	22,600,000
Less: Transferred to Profit and Loss Account on redemption of debentures	**22,600,000**	-
	-	22,600,000
Profit and Loss Account Balance	**133,858,450**	88,535,984
	1,496,652,425	361,442,557

PVR

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
SCHEDULE 4 : SECURED LOANS		
Debentures		
Nil (Previous year 5,000), Redeemable non - convertible debentures of Rs. 10,000/- each bearing interest @ ICICI Bank cost of funds plus 3.33% p.a. privately placed with ICICI Bank Limited.	-	50,000,000
Less: Installments redeemed	-	13,541,671
	-	36,458,329
Loans from banks		
Term loans from banks (Due within one year Rs. 102,096,655 (Previous year Rs. 47,772,388))	**522,754,554**	267,912,563
Car finance loans from banks (Due within one year Rs. 162,538 (Previous year Rs. 657,827))	**350,727**	702,576
Other loans		
Term loan from a body corporate (Due within one year Rs. Nil (Previous year Rs. 1,250,000))	-	100,000,000
Term loan from small industries development bank of india (SIDBI) (Due within one year Rs. 16,200,000 (Previous year Rs. 4,725,000))	**90,550,000**	50,000,000
	613,655,281	455,073,468

NOTES

1. a) Term loan from State Bank of Patiala to the extent of Rs. 51,159,152 (Previous year Rs. 77,912,563), is secured by first charge by way of hypothecation of the whole of the movable properties including movable plant and machinery, machinery spares, tools and accessories and other movable assets (except vehicles hypothecated to banks) of all current and future operating theatres of the Company ranking pari passu with other lenders. It is further secured by the personal guarantee of two directors of the Company.

b) Term loan from United Bank of India to the extent of Rs. 84,942,304 (Previous year Rs. 100,000,000) is secured by a first charge on all movable (excluding vehicles hypothecated to banks) and immovable assets of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future. Charge by way of hypothecation of the whole of the movable properties and other movable assets is ranking pari passu with other lenders. It is further secured by the personal guarantee of two directors of the Company.

c) Term loan from Union Bank of India to the extent of Rs. 186,653,098 (Previous year Rs.90,000,000) is secured by a first charge on all the tangible movable machinery and plant both present and future, whether lying loose or stored, ranking pari passu with other lenders. It is further secured by the personal guarantee of two directors of the Company.

d) Term Loan from ICICI Bank Limited to the extent of Rs. 200,000,000 (Previous year Rs. Nil) is secured by first charge on all of the Company's movable assets, save and except the assets at the Juhu multiplex, both present and future, on pari passu basis with other term lenders. This loan is further secured by mortgage of the personal properties of two directors at Vasant Vihar and Kundli, New Delhi and is to be further secured by pledge of the PVR Brand/patent/trademark. This loan is further secured by the personal guarantee of two directors of the Company.

2. Secured Redeemable non - convertible debentures were secured by mortgage of land at Village Irana, District Mehsana; plant and machinery (immovable or movable), tangible movable assets (other than the assets which form part of the current assets) pertaining to PVR Metropolitan, PVR Juhu, PVR Bangalore and PVR Santacruz and such plant and machinery and tangible movable assets acquired by the Company at any time after the execution of and during the continuance of the indenture.

These were further secured by rights of the Company in respect of Intellectual Property Rights, Goodwill and Company's rights, title and interest in the undertakings of the Company and all such assets acquired by the Company after the execution of and during the continuance of the indenture. Charge by way of hypothecation of the whole of the movable properties and other movable assets and immovable assets was ranking pari passu with other lenders. These were further secured by first charge against the mortgage of personal properties of two directors at Vasant Vihar and Jhandewalan, New Delhi and at Sonepat, Haryana and were also secured by the personal guarantee of two directors of the Company.

3. Car finance loans are to be secured by hypothecation of vehicles purchased out of the proceeds of the loans.

4. Term loan from a body corporate to the extent of Rs. Nil (Previous year Rs. 100,000,000) was secured by a first pari passu charge on all present and future movable assets (except vehicles hypothecated to banks) and immovable fixed assets and current assets (including income/receivables/revenues) of all current and future operating theatres of the Company. It was further secured by the personal guarantee of two directors of the Company.

5. Loan from SIDBI to the extent of Rs. 90,550,000 (Previous year Rs. 50,000,000) is secured by a first pari passu charge by way of hypothecation of all the movable assets (except vehicles hypothecated to banks) both present and future, of all cinemas of the Company. It is further secured by a second charge on personal properties of a director at Vasant Vihar and Jhandewalan, New Delhi and is also secured by the personal guarantee of two directors of the Company.

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
SCHEDULE 5 : UNSECURED LOANS		
Loan from bank		
Short Term Loan from a bank (repayable within one year)	-	10,000,000
	-	10,000,000
SCHEDULE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	**48,974,538**	44,041,915
Effect of expenditure not debited to profit and loss account in an earlier year but allowed in tax in an earlier year	-	795,061
Gross Deferred Tax Liabilities	**48,974,538**	44,836,976
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	**1,605,906**	2,467,233
Provision for doubtful debts and advances	**623,780**	84,419
Gross Deferred Tax Assets	**2,229,686**	2,551,652
Net Deferred Tax Liability	**46,744,852**	42,285,324
Deferred tax charge for the year *	**4,459,528**	7,824,258

* Net of deferred tax credit of Rs. Nil (Previous year Rs. 797,713) related to previous year, but recognised during the year.

SCHEDULE 7 : FIXED ASSETS

Rs.

	Land Freehold	Building	Leasehold Improvements	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block								
At 01.04.2005	190,350	1,273,590	232,863,043	459,162,111	128,849,370	6,641,259	828,979,723	480,653,699
Additions	-	-	54,096,986	106,307,980	23,822,572	2,263,168	186,490,706	355,811,065
Deductions	-	-	-	2,788,646	291,754	2,887,193	5,967,593	7,485,041
At 31.03.2006	**190,350**	**1,273,590**	**286,960,029**	**562,681,445**	**152,380,188**	**6,017,234**	**1,009,502,836**	**828,979,723**
Depreciation								
At 01.04.2005	-	148,778	47,688,563	84,335,358	25,436,664	1,843,099	159,452,462	111,716,804
For the year	-	20,760	17,979,697	38,186,986	13,327,619	630,514	70,145,576	52,600,171
Deductions	-	-	-	1,190,567	76,273	1,038,974	2,305,814	4,864,513
At 31.03.2006	**-**	**169,539**	**65,668,260**	**121,331,777**	**38,688,010**	**1,434,639**	**227,292,224**	**159,452,462**
For previous year	-	20,760	14,381,211	27,275,697	10,242,817	679,686	52,600,171	-
Net Block								
At 31.03.2006	**190,350**	**1,104,051**	**221,291,769**	**441,349,668**	**113,692,178**	**4,582,596**	**782,210,612**	**669,527,261**
At 31.03.2005	190,350	1,124,812	185,174,480	374,826,753	103,412,706	4,798,160	669,527,261	-

NOTES

1) Fixed assets of the cost of Rs. 2,759,480, Previous year Rs. 4,449,403, (WDV Rs.1,591,300, Previous year Rs. 1,616,415) have been discarded during the year. 2) Additions to Plant and Machinery are after adjusting foreign exchange fluctuation of Rs. Nil (Previous year Rs. 5,561). 3) Gross Block of Fixed Assets include 28,152,000 (Previous year additions Rs. 25,952,000) being Company's proportionate share of expenses towards modification in the building structure and equipments, claimed by the landlord of the property taken on rent at Bangalore.

SCHEDULE 8 : PRE-OPERATIVE EXPENSES (PENDING ALLOCATION)

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Balance brought forward	**37,739,800**	32,167,893
Salary and other allowances	**13,759,472**	9,745,382
Contribution to provident and other funds	**1,023,487**	778,900
Staff welfare expenses	**1,560,950**	975,613
Employee compensation expenses under Employee Share Purchase Scheme and Employee Stock Option Scheme	**707,782**	-
Rent	**26,041,848**	5,742,931
Rates and taxes	**13,333,453**	57,530
Communication costs	**1,176,856**	618,415
Architect and other fees	**15,526,857**	10,738,009
Professional charges	**15,831,817**	14,059,341
Travelling and conveyance	**11,750,797**	7,517,799
Printing and stationery	**223,530**	121,741
Insurance	**1,092,301**	643,188
Repairs and maintenance:		
• Buildings	**6,703,152**	2,248,435
• Common area maintenance	**4,766,886**	2,683,333
Electricity and water charges (Net of recovery Rs. 1,879,699, Previous year Rs. 1,052,023)	**1,914,050**	3,906,634
Security service charges	**2,272,286**	778,922

PVR

SCHEDULE 8 : PRE-OPERATIVE EXPENSES (PENDING ALLOCATION) CONTD.

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Interest on fixed loans	22,625,124	9,704,820
Interest to banks	5,700,542	-
Bank and other charges	3,560,000	1,120,000
Fringe benefit tax	993,502	-
Miscellaneous expenses	1,713,459	2,019,482
	190,017,951	105,628,368
Less : Interest received (Gross, tax deducted at source Rs. 439,338, Previous year Rs. 205,102)	1,957,816	948,060
Less : Charged off to revenue	-	1,371,753
Less : Allocated to fixed assets	30,987,062	65,568,755
Less : Expenses pertaining to Lower Parel Project transferred to wholly owned subsidiary (Refer Note No. 6 a) of Schedule 25)	15,263,803	-
Balance Carried Forward	141,809,270	37,739,800
NOTES		
Rent includes amount paid to a director	918,000	612,000
Rates and taxes includes stamp duty on registration of lease deed	11,732,700	-

SCHEDULE 9 : INTANGIBLE ASSETS

Rs.

	Software Development Cost	Film Rights' Cost	Total	Previous Year
Gross Block				
At 01.04.2005	2,552,242	1,834,658	4,386,900	2,657,733
Additions	1,755,127	-	1,755,127	1,729,167
At 31.03.2006	4,307,369	1,834,658	6,142,027	4,386,900
Amortisation				
At 01.04.2005	603,562	1,834,658	2,438,220	38,218
For the year	571,572	-	571,572	2,400,002
At 31.03.2006	1,175,134	1,834,658	3,009,792	2,438,220
For previous year	565,344	1,834,658	2,400,002	-
Net Block				
At 31.03.2006	3,132,235	-	3,132,235	1,948,680
Capital work-in-progress including capital advances	419,000	-	419,000	963,024
At 31.03.2006	3,551,235	-	3,551,235	2,911,704
At 31.03.2005	1,948,680	-	1,948,680	-

NOTES

1. Additions to Software Development Cost are after adjusting foreign exchange fluctuation of Rs.Nil (Previous Year Rs. 2,172).

PVR

SCHEDULE 10 : INVESTMENTS

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Long Term Investments		
Other than trade investments		
A. In Subsidiary Companies (Unquoted)		
Fully paid up equity shares of Rs. 10 each		
710,000 (Previous year 710,000) in CR Retail Malls (India) Private Limited	7,100,000	7,100,000
1,500,000 (Previous year Nil) in PVR Pictures Limited	15,000,000	-
B. In Government Securities (Unquoted)		
6 years National Savings Certificates* (Deposited with Entertainment Tax Authorities)	5,000,000	5,000,000
6 years National Savings Certificates ** (Deposited with Municipal Corporation of Hyderabad)	45,000	-
Current Investments		
Other than trade investments (Quoted)* **		
Units in mutual funds of Rs. 10 each		
4,092,598.134 units of B503DD Birla Cash Plus - Institutional Premium - Daily Dividend Reinvestment	41,005,787	-
5,059,051.637 units of Kotak FMP Series XV - Dividend	50,590,516	-
10,000,000 C93 Chola FMP - Series 2 (Quarterly Plan-I) - Dividend	100,000,000	-
5,000,000 C95 Chola FMP - Series 2 (Quarterly Plan-II) - Dividend	50,000,000	-
Units in mutual funds of Rs. 1,000 each		
40,520.284 units of DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend	40,528,388	-
	309,269,691	12,100,000

NOTES
1. *Held in the name of the Managing Director in the interest of the Company
2. **Held in the name of the Employee in the interest of the Company
3. ***Invested out of unutilised monies out of issue of share capital
4. The following units held in mutual funds were purchased and sold during the year:

Purchased		Value (Rs.)
- In Dividend option:		
4,092,106.620	units of Kotak Liquid Institutional Premium - Daily Dividend of Rs.10 each	50,038,689
15,079,406.200	units of PFRDD Prudential ICICI Floating Rate Plan D - Daily Dividend of Rs.10 each	150,794,062
4,586,528.514	units of P23INF Prudential ICICI Institutional Short Term Plan - DR - Fortnightly of Rs.10 each	50,315,594
7,984,430.361	units of B503DD Birla Cash Plus - Institutional Premium - Daily Dividend Reinvestment of Rs.10 each	80,000,000
98,518.213	units of UTI Liquid Cash Plan Institutional - Daily Income Option of Rs. 1,000 each	100,156,748

SCHEDULE 10 : INVESTMENTS *(contd.)*

		As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
9,998.000	units of DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend of Rs.1,000 each	10,000,000	
Sold			
- In Dividend option:			
4,092,106.620	units of Kotak Liquid Institutional Premium - Daily Dividend of Rs.10 each	50,038,689	
15,079,406.200	units of PFRDD Prudential ICICI Floating Rate Plan D -Daily Dividend of Rs.10 each	150,794,062	
4,586,528.514	units of P23INF Prudential ICICI Institutional Short Term Plan -DR - Fortnightly of Rs.10 each	50,270,187	
7,984,430.361	units of B503DD Birla Cash Plus - Institutional Premium -Daily Dividend Reinvestment of Rs.10 each	80,000,000	
98,518.213	units of UTI Liquid Cash Plan Institutional -Daily Income Option of Rs. 1,000 each	100,166,649	
9,998.000	units of DSP Merrill Lynch Liquidity Fund - Institutional -Daily Dividend of Rs.1,000 each	10,000,000	

5. Aggregate value of investments

	Market Value (2006)	Cost (2006)	Market Value (2005)	Cost (2005)
Quoted	284,098,611	282,124,691	-	-
Unquoted	-	27,145,000	-	12,100,000
		309,269,691		12,100,000

SCHEDULE 11 : INVENTORIES

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Food and beverages	2,408,114	1,281,225
Stores and spares	6,838,460	5,495,391
	9,246,574	6,776,616

SCHEDULE 12 : SUNDRY DEBTORS

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Debts outstanding for a period exceeding six months		
Secured, considered good	180,000	30,000
Unsecured, considered good	813,545	1,885,736
Unsecured, considered doubtful	1,602,381	-
Other debts		
Secured, considered good	3,194,358	1,236,345
Unsecured, considered good	26,872,440	21,446,222
	32,662,724	24,598,303
Less : Provision for doubtful debts	1,602,381	-
	31,060,343	24,598,303

PVR

SCHEDULE 13 : CASH AND BANK BALANCES

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Cash on hand	3,277,925	2,802,043
Cheques on hand	799,088	1,055,476
Balances with scheduled banks:		
On current accounts	9,616,485	12,510,723
On deposit accounts*	614,853,789	78,569,736
	628,547,287	94,937,978

* Includes unutilised monies out of issue of share capital amounting to Rs. 600,000,000 (Previous year Rs. 60,000,000) and fixed deposit receipts pledged with banks amounting to Rs. 12,727,565 (Previous year Rs. 10,488,902).

SCHEDULE 14 : OTHER CURRENT ASSETS

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Interest accrued on deposits and others	9,414,601	775,477
Insurance claims receivable	67,543	36,333
	9,482,144	811,810
Included in Other Current Assets are :		
i) Outstanding from a subsidiary, company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 i.e. CR Retail Malls (India) Private Limited	1,178,487	-
ii) Maximum amount outstanding from such company at any time during the year	1,178,487	-

SCHEDULE 15 : LOANS AND ADVANCES

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	32,434,186	14,570,670
Inter-corporate loans to subsidiaries	228,071,070	-
Inter-corporate loans to proposed subsidiary	-	5,000,000
Advance against share capital given to proposed subsidiaries	10,000,000	24,500,000
Advance payment of Income Tax / Tax Deducted at Source/ Tax Refundable	28,324,933	11,929,937
Deposits - others	229,475,851	147,075,982
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	250,798	250,798
	528,556,838	203,327,387
Less : Provision for doubtful advances	250,798	250,798
	528,306,040	203,076,589
Included in Loans and advances are:		
i) Outstanding from two subsidiaries, companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 i.e.		
PVR Pictures Limited	11,500,000	-
CR Retail Malls (India) Private Limited	216,571,070	-
ii) Maximum amount outstanding from such companies at any time during the year		
PVR Pictures Limited	11,500,000	-
CR Retail Malls (India) Private Limited	218,213,803	-
iii) Outstanding from two other private limited companies in which some of the directors of the Company are interested as directors	4,750,000	2,500,000

SCHEDULE 16 : CURRENT LIABILITIES

	As at March 31, 2006 (Rs.)	As at March 31, 2005 (Rs.)
Sundry Creditors	191,663,241	117,101,302
Book overdraft with a bank	1,955,084	3,192,948
Security deposits	5,368,000	4,764,483
Income received in advance (includes amount adjustable after one year Rs. 833,333, Previous year Rs. 4,166,667)	23,370,064	19,909,392
Interest accrued but not due on loans	1,597,598	590,802
	223,953,987	145,558,927
Dues to small scale industrial undertaking included in Sundry creditors	5,501	5,501
Dues to other than small scale industrial undertakings included in Sundry creditors	191,657,740	117,095,801
The small scale industrial undertaking to whom amount is outstanding for more than 30 days is Krishna Bozella Limited		
Included in Sundry Creditors are:		
Payable to a subsidiary	262,284	-
Payable to Directors	358,300	-
SCHEDULE 17 : PROVISIONS		
For taxation (including Wealth Tax Rs. 30,000, Previous year Rs. 25,000)	34,700,000	7,600,000
For Interim Dividend		
- on Equity Shares	22,877,370	-
- on Preference Shares	5,219,178	-
For Corporate Dividend Tax	3,944,852	-
For Fringe Benefit Tax (Net of Payment)	150,000	-
For Staff benefit schemes - Leave Encashment	3,231,852	1,541,500
- Gratuity	901,056	1,447,821
	71,024,308	10,589,321
SCHEDULE 18 : MISCELLANEOUS EXPENDITURE (To the extent not written off)		
Website development cost		
As per last account	-	192,158
Less: Written off during the year	-	192,158
	-	-
Share/debenture placement expenses		
As per last account	5,416,843	10,744,478
Add: Incurred during the year	113,195,755	85,000
	118,612,598	10,829,478
Less: Written off during the year	118,612,598	5,412,635
	-	5,416,843
	-	5,416,843

NOTES

1. In earlier years, the Company had incurred expenses on the issue of 4,631,580 equity shares of a face value of Rs. 10 each for cash at a premium of Rs.37.50 per share and 2,315,790 Optionally convertible debentures (OCD) (comprises 1,791,850 OCD converted into equity shares and 523,940 equity shares directly issued in lieu of OCD, during the previous year) of a face value of Rs. 47.50 each at par to The Western India Trustee and Executor Company Limited (India Advantage Fund-1), Share/debenture placement expenses incurred on above issue has been adjusted against the securities premium account (Refer Note No 2(b) of Schedule 25).