

**RED HERRING PROSPECTUS**

Please read section 60B of the Companies Act, 1956

Dated: November 30, 2006

100% Book Built Issue

**PYRAMID SAIMIRA THEATRE LIMITED**

(Formerly known as Pyramid Entertainment Limited)

Our Company was incorporated as Pyramid Films International Private Limited on 20/06/1997 under Companies Act, 1956, with the Registration No. 18-38469. The name of our Company was changed to Pyramid Films International Limited w.e.f. 10/08/2000. Subsequently it was changed to Pyramid Entertainment and Softsystems Limited w.e.f. 14/08/2000 and was further changed to Pyramid Entertainment Limited w.e.f. 01/01/2002. The name was further changed to Pyramid Saimira Theatre Limited w.e.f. 23/08/2004 under the Companies Act, 1956 and a fresh certificate of Incorporation was received from the Registrar of Companies, Tamilnadu. For details on changes to our Registered Office, please refer to the chapter titled "History and Other Corporate Matters" on page 66 of this Red Herring Prospectus.)

**Registered Office :** C-1, II Floor, Temple Towers, # 672 Anna Salai, Nandanam, Chennai 600 035**Tel:** +91-44-42123456; **Fax:** +91-44-42121080; **E-Mail:** pstl@pstl.in; **Website:** www.pstl.in; **Contact Person:** Mr. R. Manthramurthy, Company Secretary

**PUBLIC ISSUE OF [●] EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. 8,444.00 LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"), INCLUDING PROMOTERS' CONTRIBUTION OF [●] EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "PROMOTERS' CONTRIBUTION"), AND EMPLOYEES' RESERVATION OF [●] EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] LAKHS. (HEREINAFTER REFERRED TO AS THE "EMPLOYEES' RESERVATION"). THE ISSUE LESS THE PROMOTERS' CONTRIBUTION AND EMPLOYEES' RESERVATION SHALL BE HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE WILL CONSTITUTE [●]% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE WILL CONSTITUTE [●]% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY**

**PRICE BAND: Rs. 88 TO Rs. 100 PER EQUITY SHARE**

**THE ISSUE PRICE IS 8.8 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 10 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager, the Co-Book Running Lead Manager and the terminals of the member of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Further, at least 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, [●] Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid bids being received at or above the Issue Price.

**RISK IN RELATION TO FIRST ISSUE**

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs. 10 and the Floor Price is 8.8 times of the face value and the Cap Price is 10 times of the face value. The Price Band (as determined by the Company in consultation with the Book Running Lead Manager ("BRLM") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing. The Company has not opted for grading of this Issue.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and this Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the statements in the chapter titled "Risk Factors" beginning on page x of this Red Herring Prospectus.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity shares of the company are proposed to be listed on The Bombay Stock Exchange Limited (BSE) (The Designated Stock Exchange) and National Stock Exchange of India Ltd. (NSE). The Company has received in-principle approval from BSE vide their letter no. DCS/SMD/S/2006 dated 22/09/2006 and from NSE vide their letter no. NSE/LIST/30494-8 dated 03/10/2006 for listing of the equity share being issued in terms of this Red Herring Prospectus.

**Pyramid Saimira Theatre Limited is a distinct company from and has no relationship with Piramyd Retail Ltd.****BOOK RUNNING LEAD MANAGER (BRLM)**

**KEYNOTE**  
CORPORATE SERVICES LTD.

**KEYNOTE CORPORATE SERVICES LIMITED**

307, Regent Chambers,  
Nariman Point, Mumbai 400 021  
Tel : +91 22 2202 5230  
Fax: +91 22 2283 5467  
Email: pstl.ipo@keynoteindia.net  
Website: www.keynoteindia.net  
SEBI Regn. No. : INM 000003606  
Contact Person : Mr. Vikram Subramaniam

**REGISTRAR TO THE ISSUE****CAMEO CORPORATE SERVICES LTD.**

'Subramanian Building', No.1,  
Club House Road, Chennai – 600 002.  
Tel. : +91 44 2846 0390  
Fax : +91 44 2846 0129  
E-mail: cameo@cameoindia.com  
Website: www.cameoindia.com  
SEBI Regn. No. : INR 000003753  
Contact Person : Mr. R. D. Ramaswamy

**ISSUE SCHEDULE****BID/ISSUE OPENS ON : DECEMBER 11, 2006****BID/ISSUE CLOSURES ON : DECEMBER 18, 2006**

## TABLE OF CONTENTS

	Page No.
<b>DEFINITIONS AND ABBREVIATIONS .....</b>	<b>i</b>
<b>Section I – General</b>	
Definitions and Abbreviations .....	i
Presentation of Financial and Use of Market Data .....	viii
Forward Looking Statements .....	ix
<b>Section II – Risk Factors</b>	
Risk Factors .....	x
<b>Section III – Introduction</b>	
Summary .....	1
The Issue .....	7
General Information .....	8
Capital Structure .....	14
Objects of The Issue .....	23
Basis of Issue Price .....	29
Statement of Tax Benefits .....	32
<b>Section IV – About us</b>	
Industry .....	36
Our Business .....	45
Regulations and Policies .....	65
History and Other Corporate Matters .....	66
Our Management .....	69
Our Promoters and their Background .....	78
Our Promoter Group Companies .....	78
Related Party Transactions .....	78
Dividend Policy .....	79
<b>Section V – Financial Statements</b>	
Report of our Statutory Auditors .....	80
Management's Discussion and Analysis of Financial Conditions and Results of Operations .....	92
<b>Section VI – Legal and Regulatory Information</b>	
Outstanding Litigation, Material Developments and Other Disclosures .....	97
Government / Statutory and Business Approvals .....	98
Other Regulatory and Statutory Disclosures .....	99
<b>Section VII – Issue Related Information</b>	
Issue Structure .....	105
Terms of the Issue .....	108
Issue Procedure .....	111
<b>Section VIII – Main Provisions of the Articles of Association of the Company</b>	
Main Provisions of the Articles of Association of the Company .....	131
<b>Section IX – Other Information</b>	
Material Contracts and Documents for Inspection .....	135
Declaration .....	136

## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Term	Description
“Pyramid “ or “the Company” or “our Company” or “Pyramid Saimira Theatre Limited” or “PSTL” or “we” or “us” and “our”	Pyramid Saimira Theatre Limited, a company incorporated under the Companies Act, 1956.

### GENERAL CONVENTIONAL TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s Mr.R.Mugunthan, Chartered Accountants
Board of Directors / Board	The Board of Directors of our Company.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Insurance Act	Insurance Act, 1938, as amended from time to time.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
Registered Office of the Company	C-1, II Floor, Temple Towers, # 672 Anna Salai, Nandanam, Chennai 600 035
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.

## PYRAMID SAIMIRA THEATRE LIMITED

### ISSUE RELATED TERMS AND ABBREVIATIONS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Banker(s) to this Issue	HSBC Ltd., HDFC Bank Ltd., Canara Bank, Standard Chartered Bank, Kotak Mahindra Bank Ltd., ICICI Bank Ltd.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Tamil Nadu, following which the Board of Directors shall allot Equity Shares to successful Bidders.

Term	Description
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, and submitted to SEBI on 31/07/2006, which does not have complete particulars on the price at which the Equity Shares are offered and number of shares being offered. It will become a Prospectus after filing with the Registrar of Companies, Tamil Nadu, after the Pricing Date.
Employee/ Employees (in the Employee Reservation Portion)	<p>All or any of the following:</p> <p>a) A permanent employee of the Company;</p> <p>b) A director of the Company (whether a whole-time director, part time director or otherwise);</p> <p>An Employee, as used in the context of the Employee Reservation Portion, should be an Indian national, based in India and physically present in India on the date of submission of the Bid-cum-Application Form. Also, such person should be an Employee on the payroll of the Company on the date of filing the Red Herring Prospectus with the Registrar of Companies.</p>
Employee Reservation Portion	The portion of the Issue being a maximum of [●] Equity Shares available for allocation to Employees.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or s in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HSBC Ltd., HDFC Bank Ltd., Standard Chartered Bank, Kotak Mahindra Bank Ltd., Canara Bank and ICICI Bank Ltd..
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of [●] Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. 8,444.00 lakhs.

## PYRAMID SAIMIRA THEATRE LIMITED

Term	Description
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The issue of Equity Shares other than Equity Shares included in the Promoters Contribution and Employees' Reservation.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non Institutional Portion	The portion of this Issue being at least 15% of the Net Issue consisting of [●] Equity Shares of Rs. 10 each aggregating Rs. [●] lakhs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 88/-and the maximum price ("Cap Price") of Rs. 100/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Tamil Nadu containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.

Term	Description
QIB Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating Rs. [●] lakhs being up to 50% of the Net Issue, available for allocation to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies, provident funds with minimum corpus of Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs. For purposes of the Issue, QIBs exclude persons resident outside India, including, without limitation, FIIs, FVCIs, multilateral and bilateral institutions and companies in which there is a majority ownership and control by persons resident outside India.
Red Herring Prospectus / RHP	The document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the number of equity shares being offered and which has been filed with the ROC on 30/11/2006.
Registrar/ Registrar to this Issue	Cameo Corporate Services Ltd.
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating Rs. [●] lakhs, being at least 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Ltd.
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.



## PYRAMID SAIMIRA THEATRE LIMITED

### ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DIP	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
DP	Depository Participant.
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000. FVCIs are not permitted to participate in this Issue.
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.



<b>Abbreviation</b>	<b>Full Form</b>
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Chennai.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SCRA	The Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
Stock Exchanges	BSE and NSE
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

#### **INDUSTRY RELATED TERMS**

<b>Company</b>	<b>Description</b>
BPO	Business Process Outsourcing
CAG	Content Agglomeration
CAS	Conditional Access System
CD	Compact Disc
DLP	Digital Light Processing
DRM	Digital Rights Management
DTH	Direct to Home
DTS	Digital Track Sound
GPS	Global Positioning System
GPRS	General Packet Radio Service
GSM	Global System of Mobile
HD	High Definition
IP	Internet Protocol
ITES	Information Technology Enabled Services
MDTC	Mega Digital Theatre Chain
MPEG	Motion Pictures Exports Group
PDA	Personal Digital Assistant
PLC	Program Logic Control
VSAT	Very Small Aperture Terminal

Notwithstanding the foregoing, in the chapter titled “Main Provisions of the Articles of Association of the Company” on page 131 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

**PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the six month period ended September 30, 2006, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as set forth in the report of our Statutory Auditors, R. Mugunthan Chartered Accountant included in this Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2005), are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Market data used in this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent source.

## FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements; successfully implement the strategy, growth and expansion plans
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;

For a further discussion of factors that could cause our actual results to differ, see the chapters titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages x, 45 and 92 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that the offer document is updated and the investors and public are informed of material changes and developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION II – RISK FACTORS

### RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

#### A. SPECIFIC TO THE PROJECT

**1. *'Objects of the Issue' for which the funds are being raised has not been appraised by any Bank or Financial Institution***

The total cost of the project is Rs. 11,119.00 lakhs. The project has not been appraised by any Bank or Financial Institution. Further, the total project cost comprises of an amount of Rs. 780.00 lakhs towards working capital requirements, which is as per the estimates of the Company and has not been appraised by any Bank. Our project is under implementation and we have already deployed an amount of Rs. 2,993.49 lakhs as on 10/11/2006 towards the project as certified by our statutory auditor vide their Sources and Deployment of Funds certificate dated 16/11/2006. The funds received from the issue will be deployed at the sole discretion of the Management.

**2. *The technology being deployed and used in our project is unique and is not tried and tested***

Our project involves the digitalization of the process of transmitting and exhibiting films and other audio-visual content across the theatres in our chain. This concept of digital theatres is a relatively new concept worldwide with only a few hundred theatres around the world capable of exhibiting digital content. We propose to use a satellite based distribution mechanism of films which involves conversion of film negatives into digital formats, transmitting the same over broad band satellite network to store in the servers installed in the theatres forming part of our chain for this purpose and exhibiting the film in a digital mode in the theatre. Though respective parts of these technologies have been used by various industries, the wholesome integration of this technology is unique to the project.

Given the fact that the technology is new, it is not completely tried and tested.

**3. *Compared to other formats of film distribution, digital distribution of film content carries unique risks***

Currently the film industry duplicates of prints and physically delivers the prints to the theatres, which is time tested and proven. We propose to use satellite based technology for the distribution of film and other audio-visual content to the theatres in our chain in digital formats, which will be stored on servers located in each theatre and then exhibited at scheduled times. The digital distribution of films has not been tested elaborately over a long period of time. We could be exposed to risks such as satellite link failures, hardware failure of the servers in our theatres, software failures of the servers in our theatres, delays in conversion of the film negatives into digital formats and other such risks which could lead to delays in distribution of the films and other content to the theatres in our chain.

**4. *We face the risk of default in reclaiming the refundable lease deposits paid by us to theatre owners***

A significant portion of the proceeds of the issue are proposed to be utilised for providing refundable lease deposits to theatre owners for theatres that we propose to tie up with as part of our chain. There is a risk of default on part of the theatre owners in returning the refundable lease deposits on the expiry of the lease agreement. In the event that this occurs, it could adversely affect our financial performance.

**5. *Our inability to deliver as per our business plan could have an adverse impact on our results from operations***

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation could also inhibit our ability to grow. In addition, our expansion in new and existing markets may present distribution challenges that differ from those in our current operations.

These factors could cause diversion of management attention from the expansion plans leading to delays and cost overruns.

**6. *We compete with other large players in the exhibition industry, some of whom have access to significantly larger financial resources than our company.***

Our operations in the film exhibition industry compete with those of other established players, some of whom have been in operation for a longer period of time than us. Some of our competitors have access to larger financial resources than our company. There is a risk of our business model being adopted by some of these larger players, in which case, our rate of expansion could slow down if we are unable to tie up with theatre owners and property developers in target locations, before our competition does so.

**7. *Dependence on the public issue***

The present project of the company is planned to be funded substantially from the proposed IPO. Any delay in the IPO will adversely impact the implementation of the project.

**B. SPECIFIC TO THE COMPANY**

**1. *Litigation***

There is a tax demand for Rs. 82,19,948/- (comprising of Rs.34,04,964/- towards tax and Rs. 43,14,984 towards interest) from Income Tax Department against Mr V.Natarajan, a promoter. With regard to the said tax demand, the H'ble High Court on 9.3.2005 vide Order No.TCMP 2702/2003 has stayed the collection of tax and interest as per the demand order dated 24.2.2001 pending TC No.211/2003.

There is a a tax demand for Rs. 23,83,800/- from Income Tax Department against Mr V.Natarajan in respect of assessment relating to the block period from 01/04/1987 to 17/03/1997. The Honourable High Court of Judicatory at Madras vide Order in TCMP 148/2004 dated 16/06/2004 has stayed the said recovery subject to a payment of Rs. 6.00 lakhs by Mr V.Natarajan which has been paid as per the order.

**2. *The Company is promoted by first generation entrepreneurs***

PSTL is promoted by Mr. V. Natarajan, Mr. P. S. Saminathan and Mr. N. Narayanan, who are first generation entrepreneurs and do not have a prominent track record of past ventures. The Mega Digital Theatre Chain Project being their first major venture, could be exposed to consequential risks inherent in such projects.

**3. *Increase in the prices of the 'content' may impact the profitability of the Company.***

Content in the context of our operations refers to the ownership of the distribution rights of film and non-film based viewing/screening material. We purchase or take on lease the rights for screening the contents in our theatre chain from the producers / distributors. Any increase in the prices of the 'content' could affect the margins of our company.

**4. *Any decline in the number of films produced in a year could affect the profitability of our company***

The business of the company is largely dependent on the number of films released in the year. Any slowdown in the film production could impact the revenues of the company. Further success of the exhibition business depends on the commercial success of various films.

**5. *The shelf life of movies has gone down significantly over a period of time, and as such, the average run rate and collections per movie has declined.***

The film industry in the country has witnessed a boom in the number of films being produced per annum over the past decade. With increasing corporatisation of the film industry and easier access to legitimate means of financing production of films, even small and new production houses have access to the resources required to produce and release films. The increasing incidence of piracy of films also means that film audiences have alternate means of access to the latest films besides theatres and multiplexes. Thus with wider choices of films being available now as compared to the past years and easier access to latest films, very few films enjoy the extended run rates compared to releases in the past.

As film exhibitors, we have to ensure that we have regular and steady access to the latest films in order to ensure maximum possible seat occupancy rates per show. In the event that we are unable to obtain exhibition rights for the latest releases, the attendance in the theatres in our chain could decline, leading to loss of revenue for our company.

## PYRAMID SAIMIRA THEATRE LIMITED

---

**6. *Our operations being currently centred in and around Tamil speaking regions, our business at present is exposed to the risks inherent in the Tamil film industry***

Out of 148 screens in our chain, 110 screens are located in Tamil Nadu. As of now we predominantly exhibit Tamil language films with a comparatively lower number of Hindi and English films being screened. Thus our market is currently restricted to the Tamil speaking market and is not completely diversified. Although we have signed agreements for expansion of our theatre chain in other parts of the country, these screens will become operational only in the next 12-24 months.

**7. *Changes in technology may impact our business by making our business model less competitive***

Advancement in technology may require us to make additional capital expenditure for upgrading our systems or may make our competitors more competitive. If we are not able to respond to such technological advancement well in time, we may lose our competitiveness.

**8. *Our success depends largely on our senior management and our ability to attract and retain our key personnel.***

Our company's current operations are largely dependent on the skills and abilities of our promoters and executive directors. We have divided the territorywise functional responsibilities of our operations among our senior management personnel. The functional responsibilities include theatre management, content procurement, technical services, financial management and the like. Our success depends on the continued services and performance of the members of our management team and other key employees. The loss of the services of our Promoters and key personnel could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our operations and financial condition.

**7. *Leased premises***

The company is currently operating out of leased premises. The company's registered office is situated at C-1, II Floor, Temple Towers, 672, Anna Salai, Nandanam, Chennai – 600 035, which have been rented vide the lease agreement dated 04/12/2004. The lease is for a period of three years. The lease agreement has not been registered.

**8. *Pending licenses and approvals***

The company has applied for license under the Tamil Nadu Shops and Establishment Act and the same is awaited.

**9. *We have entered into a Shareholders Agreement with Bennet Coleman & Co. Ltd.***

We have entered into a Shareholders' Agreement with Bennet, Coleman & Co. Ltd. ["BCCL"] dated 31/05/2006, wherein BCCL agreed to subscribe to 5,00,000 equity shares of Rs. 10/- each of our company at a price of Rs. 80/- per equity share aggregating Rs. 400.00 lakhs. The allotment of the aforesaid equity shares has been made by us on 03/06/2006.

We have also entered into an advertising agreement dated 31/05/2006, with BCCL wherein we have agreed to place advertisements of our products, services and brands amounting to Rs. 400.00 lakhs in print publications and non-print media of BCCL.

**10. *We had filed a draft prospectus for an initial public offering of our company in the month of June 2005 which was subsequently withdrawn in the month of November 2005***

We had filed a draft prospectus with SEBI, BSE and NSE on 17/06/2005 for an initial public offering of 2,45,00,000 equity shares of Rs.10/- each at par aggregating Rs.2,450.00 lakhs. We had subsequently withdrawn the prospectus on 21/11/2005 as we had raised the required resources through private placement from various individuals and corporates. We employed the resources so raised in the implementation of the project and currently have 148 screens and have tied-up for more screens across the country, to be part of our Mega Digital Theatre Chain. Based on this implementation and our current and future expansion plans, we filed the Red Herring Prospectus on 31/07/2006 to raise resources to fund our plans.



11. ***There are no standard valuation methodologies or accounting practices in the media and related industries. The financials of the issuer are not comparable with the players in the industry***
12. ***Valuations in the media industry are presently high and may not be sustained in future and may also not be reflective of future valuations for the industry.***
13. ***We have commenced the business of distribution and exhibition of films from November 2005, and this segment has been contributing to our revenues only from this period onwards.***

Our company was originally engaged in the business of production of films. Our management took a strategic decision to cease the business of film production and focus on the film distribution and exhibition industry. As such, our new line of business has been contributing to our revenues only from November 2005.

## **C. EXTERNAL RISK FACTORS**

### **1. Risk of box-office flops leading to low ticket collections**

Exhibitors are not in a position to judge the commercial success of a film prior to its release for public viewing. Exhibitors expect to have attendance/seat utilization rates which will enable them to recoup the cost of screening the film over the film's run time. A flop will have an adverse impact on the per show collection figures for the exhibitor.

### **2. Piracy and home-viewing may reduce the profit potential.**

Piracy is a major setback to industry, whether it is through illegitimate cable telecasts or in the form of distribution through various media such as compact discs, digital versatile discs, internet file sharing and others and it is estimated that 20% of the revenues is lost due to piracy. Lack of stringent piracy laws may jeopardize the industry's revenue.

### **3. The success of our business model is dependent on the viewers' tastes for watching films in theatres**

We operate in the film exhibition business which is dependent on the viewers' tastes for visiting theatres to watch films. With increasing adoption of large screen televisions, home theatre systems and DVD players, viewers have alternate means for viewing films. As such, if the viewers' tastes and preferences for watching films in theatres change, the performance of our company will be adversely affected.

### **4. High entertainment tax could affect the growth of the industry**

The major impediment to the industry is the high rate of entertainment tax levied by the respective state government. For instance, in Bihar the tax rate was 110% of the basic admission rates, in Delhi, it ranges from 40% to 60% on basic admission rates. In West Bengal, the rates are classified as per the language of the movie, say, 70% for Hindi films and 20% for Bengali films. In Tamil Nadu, the Entertainment Tax rate is 15% in A class and 10% in B & C class Towns. Such levies and the revisions thereof would affect the revenues and profitability of the industry and consequently its growth.

### **5. A slowdown in economic growth in India could cause our business to suffer.**

The Indian economy has shown sustained growth over the last few years with gross domestic products ("GDP") growing at 7.5% in last three years. GDP growth for fiscal 2006 is expected to be 8.1% with manufacturing growing at 9.4% and agriculture bouncing back to 2.6% with all sectors doing well (FM's budget speech '2006). Inflation forecast for fiscal 2006 is about 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce spending by our customers and adversely affect our financial performance.

### **6. There are no key regulations in the industry in which we operate and change in the regulatory environment could adversely affect our performance**

Film exhibition is an unregulated industry with no particular key regulation governing its working and operations. In the event that there is any change in the regulatory environment which curtails or modifies our operational status, our performance could be adversely affected.

### **7. A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.**

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies



## PYRAMID SAIMIRA THEATRE LIMITED

---

have had and could continue to have a significant effect on private sector entities and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

**8. *After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and entertainment industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

### Notes to Risk Factors

1. The Company had changed its name from Pyramid Entertainment Ltd. To Pyramid Saimira Theatre Ltd. w.e.f. 23/08/2004.
2. Public Issue of [●] Equity Shares of face value of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. 8,444.00 lakhs including Promoters' Contribution of [●] Equity Shares of face value of Rs. 10/- each at a price Rs. [●] for cash aggregating Rs. [●] lakhs and Employee Reservation of [●] Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lakhs
3. The net worth of our Company, as per our restated financial statements as at 30/09/2006 is Rs. 3,940.13 lakhs
4. The average cost of acquisition of Equity Shares by our Promoters, is Rs. 11.51/- per Equity Share.
5. Book value of the Equity Shares of the Company, as per our restated financial statements as at 30/09/2006 is Rs. 18.25 per Equity Share.
6. There have been transactions in the securities of the Company, during the preceding six months, details of which have been disclosed on page 18 of this Red Herring Prospectus.
7. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 78 of this Red Herring Prospectus.
8. Investors are free to contact the BRLM, Co-BRLM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM and Co-BRLM, please refer to the cover page of this Red Herring Prospectus.
9. All information shall be made available by the BRLM, Co-BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. Investors are advised to refer to the paragraph on "Basis of Issue Price" on page 29 of this Red Herring Prospectus before making an investment in this Issue.
11. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, at least 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
12. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled "Issue Procedure" on page 112 of this Red Herring Prospectus.

## 1. SECTION III: INTRODUCTION

### SUMMARY

**This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes beginning on pages x and 80 of this Red Herring Prospectus before deciding to invest in our Equity Shares.**

### INDUSTRY OVERVIEW

Entertainment is always seen as a major source for leisure, relaxation and information and improved living standard translates into higher needs for leisure and entertainment. It is also an established fact that entertainment is generally recession proof. The Indian Entertainment industry primarily consisting of film software, distribution and exhibition, television software and broadcasting, music and radio is one of India's oldest and prominent industries.

Indian Entertainment & Media industry's total revenue pie is estimated to grow at a Compounded Annual Growth Rate (CAGR) of 19% to be worth Rs.83,740 crore by 2010. The current size of the industry is about Rs.35,300 crore. The industry is estimated to out perform the country's GDP growth each year till 2010 according to the 2005 annual edition of FICCI – Price Waterhouse Coopers' report on the Indian E & M industry. The study attributes this to economic growth, rising income levels, consumerism, coupled with technological advancements and policy initiatives taken by the government, that encourage inflow of investments into this sector.

The Indian Film industry is the largest film industry in the world in terms of no. of films produced and admissions each year. Film entertainment sector is expected to get more corporatised and is projected to grow at 18% to become a Rs.15,300 crore industry by 2010 from the current level of Rs.6,800 crores. The growth is expected to be driven by technology advancements in films – production, exhibition and marketing. The film industry comprises of three sectors

- Movie production, which involves making of movies;
- Movie distribution, which involves distribution of movies to theatres, television and video stores; and
- Movie exhibition, which involves exhibiting of movies in theatres.

Over the last 5-7 years, factors such as strong economic growth, falling interest rates, increased interest in real estate development, increased consumption levels, etc. have resulted in a large boom in the Organized Retail sector in India. A number of large organized retail outlets have been trying to attract large footfalls by building attractive properties to have branded food and apparel outlets as well as theatre chains. Emergence of tier 2 and tier 3 cities in India holds a huge potential in the organized film exhibition industry and the organized retail industry. It is estimated that by 2006 – 2007, India will have 910 lakh high consuming households, 740 lakh climbers and 150 lakh aspirant households, which will fuel the demand for entertainment. Further nearly two thirds of India's population is below the age of 35 making it one of the youngest nations in the world on the feasible basis.

The exhibition industry in India presently has about 13,000 cinema screens with 13 screens per million heads of population, the lowest screen average in the world. A combination of highly fragmented ownership, high entertainment tax rates, large cost of setting up new theatres, and unavailability of organized funding has resulted in many such theatres not being able to continuously upgrade or renovate their facilities, thus resulting in a decline in the quality of such theatres. With around 12,900 active screens, over 95% are standalone single screens. In contrast, China, which produces far less films than India, has 65,000 screens while US has 36,000. There is a need for at least 20,000 screens in India as against the current 12,900. (Source: CII-KPMG Report, 2005).

Theatres constitute last mile delivery for films. Excepting a few theatres in cities, majority of the theatres suffer from low occupancy levels and poor quality infrastructure. Currently theatres are owned individually, as well as managed on stand-alone basis. The combination of highly fragmented ownership, unavailability of organized funding, inability to get good films at optimal cost, have resulted in decline in the quality of services and lack of inclination of single screen owners to invest in infrastructure, projection system, etc.

Further, globally, there has been a momentum away from single screen theatres towards chains and multiplexes. The growth opportunity of multiplexes are:

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

- (a) Physical incentives by various Government,
- (b) High quality of experience offered,
- (c) Multiple chances to the customer, and
- (d) Better exploitation of films

It is herein the agglomeration of the single screen into an integrated theatre chain holds significance as it will negate the investment barrier / knowledge barrier / negotiation barrier present in the current individual owned and individually managed single screen theatres.

Cinema industry also has undergone a change in culture & taste. Today no film can dream of 300 day run. The shelf life per film has drastically come down. If the film is good then, unfortunately, the piracy market makes sure that it is available for viewing across the entire geography within a very short period from the date of release. If the film is bad, anyway no body will come to theatres to watch it. Therefore piracy is a lose-lose situation.

Herein comes the basic logic of converting theatres into digital exhibition medium and connecting it through satellite based networking. By this method, a new film can be released across many locations without variable cost of prints and make the new content available on the release day, in many locations, thereby solving supply issue of the content at the right time. Non-availability of new content on the release day, at their respective nearby places, is one of the major reasons for rampant piracy of films. The release of film in many locations simultaneously, reduces risk of box office failure and also reduces piracy. This move will also in one stroke bring multiple content to theatres and theatres will no longer be just film exhibition centers but a place where gamut of entertainment & education can be served.

### **COMPANY OVERVIEW**

Our Company was incorporated on 20/06/1997 as "Pyramid Films International Pvt Ltd. Our Company was then engaged in production of Tamil feature films and releasing them on various modes including theatres. The recent change in name is to reflect current thrust of our company in film distribution and exhibition sector.

Our Company was promoted by Mr. V. Natarajan in the year 1997. Before promoting our company, Mr.V.Natarajan had produced number of films and he has 30 years of experience and domain expertise in entertainment sector. He is a veteran in the film industry and has so far been involved in 55 films in various capacities such as Executive Director, Executive Producer and Producer. Mr. P. S. Saminathan and Mr. N. Narayanan have joined Mr. V. Natarajan as promoters of our Company to facilitate the implementation of our Mega Digital Theatre Chain Project. Mr. P. S. Saminathan has more than 18 years of domain expertise in techno-commercial ventures including stints at M/s. Value Added Funds Management Ltd., a private equity fund, M/s. Jupiter Trades, a cable TV Multi System Operator in Chennai and M/s. Aquastride, a consultancy organization in the field of bio-science. Mr. N. Narayanan has more than 20 years experience in man management in large organizations such as Enfield India Ltd. and Ashok Leyland Ltd., both automobile manufacturers, Our company is adequately represented by professionals in the Board and the advisory panel has representation from cross section of the media and management in the entertainment industry.

### **THE PROJECT**

We are in the process of forming the largest chain of theatres in India. We have christened this project as the "Mega Digital Theatre Chain" project. The key elements of this concept are:

- separation of ownership and management Theatre owners will hand over management of their theatres to professional organizations like our company
- consolidation of last mile delivery platform will create a level playing field between content and reach by building an efficient and cost effective content supply chain.
- significant reduction in distribution cost due to digital exhibition combined with satellite distribution. This will enable simultaneous release of films across all locations without extra film print cost and will eliminate the quality divide between the metros and non-metros.
- transparency in the collection process will create a bankable structured revenue stream to the industry.

Digital Cinema is not about replacing an ordinary Projector with a Digital Projector. It implies a change in the relationship and structure of the exhibition industry as a whole.

The project entails taking existing theatres on long term leases and installing digital exhibition systems such as digital projectors and digital audio equipment. These theatres will be connected through a satellite based communication system, which will enable the distribution of content from a central location such as our Network Operating Centre ["NOC"]. This process will convert existing theatres into a digital exhibition venues whereby apart from new films, other content including educational films, sports programmes and television channels can be exhibited in theatres. We plan to remove existing dis-incentives in theatres and upgrade them to offer a high quality viewing experience with modern amenities. The project will create several service pulls inside theatres exploiting the space and locational advantage of existing theatres.

On completion of the digitalization of theatres, a new film can be released across many locations without variable cost of prints and new content can be made available on the release day itself, in multiple locations simultaneously, thereby resolving the issue of access to new content at the right time. Non-availability of new content on the release day, at their convenient locations, is one of the major reasons why people resort to piracy of films. The release of film in many locations simultaneously, reduces risk of box-office failure of the film and reduces piracy. Recognizing the current reality of low shelf life of films, we plan to release a new film once in 10 –15 days (average) in our chain.

Our company has already tied up with reputed technical service providers and vendors:

Name	Service / Product
Value Media Private Ltd.	Comprehensice Digital Cinema Solutions including Projectors, Servers and other Digital Cinema Equipment on "pay-per-use" basis
Tatanet Ltd.	Communications technology (VSAT)
Prasad Corporation Pvt. Ltd.	Digital Conversion of content
Real Image Technologies Pvt. Ltd.	Servers and software solutions
Bharat Digital Ltd.	Supply of customized digital projectors

In addition to the above, we have tied up with M/s. Spirit Global Constructions Pvt. Ltd. for the provision of screens in the states of Punjab and Himachal Pradesh. We have also tied up with M/s. Swatantra Land & Finance Pvt. Ltd. for 22 malls in the state of Haryana and 20 malls in the state of Rajasthan.

*For further details on the above arrangement, please refer to page 46 of this Red Herring Prospectus.*

The concept of releasing a film across many locations and exhibiting them in a high quality digital theatre is unique and ripe considering communication & technological advancements in the recent past. Our Company has the "First Mover Advantage" and we plan to expand our operations on a national level as well as take our project to countries in South Asia. Our Company will also position itself as a leading service provider in the entertainment sector across South East Asia.

We aim to carve a unique place in the market for mass-access medium, using theatre infrastructure to deliver education, entertainment and information at an affordable price to all sections of the society. In addition, our chain will also be developed as a platform for a retail business.

## **Competitive Strengths**

### ***Single largest theatre chain company in India***

Our company is the single largest theatre chain company in India, present in all categories of exhibition center like malled multiplexes, multiplexes and single screen theatres across various cities and smaller towns. As on the date of this Red Herring Prospectus, our chain currently consists of 148 screens across cities and towns in Tamil Nadu, Andhra Pradesh and Karnataka.

### ***Multi segment presence***

Traditionally film industry is segregated into three sectors:

- Production Sector
- Distribution Sector
- Exhibition Sector.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

Exhibition Sector is further classified into the following:

Class A Locations - Locations in which all new films will be released.

Class B Locations - Locations in which all new films will be shifted from the Class A Locations.

Multiplexes are usually set up and operated in Class A locations.

Our Company is present in all locational segments of the exhibition sector i.e. Multiplexes, Class A and Class B locations. Our Company also acts as a distributor of films where in addition to being the exhibitor, we take on the physical as well as business role distributing the film to various exhibitors, thereby moving a step up in the value chain.

### ***Strong presence in Tamil film exhibition***

Out of our current network of 148 screens, 110 screens are situated in Tamil Nadu. We have received support from 12 reputed Tamil film production houses. In addition we have been able to consistently secure distribution and exhibition rights to major new Tamil film releases in major regions like Coimbatore, Madurai, Salem, among others. Our chairman, Mr. V. Natarajan has a long history in the Tamil film industry having worked as an actor, director and producer on several films. These factors combined, have given us a good base to build up a strong presence in the Tamil film exhibition sector.

## SUMMARY FINANCIAL DATA

The following tables set forth selected financial information of our Company derived from its audited financial statements for the respective periods and as described in the auditor's report included in the section titled 'Financial Statements' on page 80 of this Red Herring Prospectus and should be read in conjunction with those financial statements and the notes thereto.

### SUMMARY OF PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
<b>Income</b>						
<b>Sales</b>						
a. Films/Serial Produced by the Company	32.07	49.05	386.40	291.89	—	—
b. Films /Serial rights distributed & Exhibited	50.12	41.43	13.94	0.00	499.01	5253.00
c. Total	82.19	90.48	400.34	291.89	499.01	5253.00
Other Income	—	0.55	0.14	—	—	—
Grand Total	82.19	91.03	400.48	291.89	499.01	5253.00
<b>Expenditure</b>						
Cost of Pictures/ Rights – Serial & Films	29.91	39.33	381.92	281.27	123.71	2795.97
Cost of Export Rights & Expenses	25.46	26.80	0.98	—	—	—
Expenses of Exhibition at Theatres	177.75	1635.01	—	—	—	—
Selling, Dist. & Admin Expenses	21.72	18.65	15.46	8.35	33.06	218.59
Deferred Revenue Expenses	20.35	44.11	—	—	—	—
Interest, Depreciation & others	3.43	5.81	0.86	0.60	3.61	8.09
Grand Total	80.52	90.59	399.22	290.22	358.48	4701.77
Profit before Tax & Extraordinary items	1.67	0.44	1.26	1.67	140.53	551.23
Taxation – IT, MAT & Fringe Benefit	0.33	—	0.55	0.47	16.98	61.60
— Deferred Tax Liabilities	—	0.02	0.01	0.15	0.60	—
— Deferred Tax (Assets)	(48.59)	—	—	—	—	—
Net Profit before Extraordinary items	1.34	0.42	0.70	1.05	171.54	489.63
Extra-ordinary items (Net of Tax)	—	—	—	—	—	—
Net Profit after Extraordinary items	1.34	0.42	0.70	1.05	171.54	489.63
Distributable profits	2.04	2.46	3.16	4.21	●127.16	616.79

● Deferred tax assets were not considered while arriving at Distributable profit

## PYRAMID SAIMIRA THEATRE LIMITED

### SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

Rupees in Lakhs

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
<b>A. FIXED ASSETS:</b>						
Gross Block	0.61	0.69	0.69	3.67	16.98	44.60
LESS:Depreciation	0.10	0.19	0.26	0.83	4.42	12.51
<b>Net Block</b>	<b>0.51</b>	<b>0.50</b>	<b>0.43</b>	<b>2.84</b>	<b>12.56</b>	<b>32.08</b>
Capital work-in-progress	0.00	0.00	0.00	112.38	540.16	684.03
<b>Net Fixed Assets (a)</b>	<b>0.51</b>	<b>0.50</b>	<b>0.43</b>	<b>115.22</b>	<b>552.72</b>	<b>716.11</b>
<b>B. Current Assets, Loans and Advances:</b>						
Inventories	480.56	480.56	324.74	57.71	145.72	136.32
Sundry Debtors	17.47	2.62	2.65	254.25	389.63	616.61
Cash and Bank Balances	3.23	5.01	0.18	42.64	252.85	84.36
Loans and Advances	67.04	75.48	20.88	29.17	551.04	2266.74
Other Current Assets	0.16	0.32	0.00	0.00	0.00	0.00
Total Current Assets (b)	568.46	563.99	348.45	383.77	1,339.24	3104.04
<b>Less:Current Liabilities and Provisions (c)</b>	<b>233.48</b>	<b>231.61</b>	<b>43.00</b>	<b>8.94</b>	<b>53.78</b>	<b>265.21</b>
<b>Net Current Tangible assets (b-c) (d)</b>	<b>334.98</b>	<b>332.38</b>	<b>305.45</b>	<b>374.83</b>	<b>1,285.46</b>	<b>2838.82</b>
Deferred Revenue Expenditure	—	—	—	—	96.93	385.20
<b>C. Secured and secured loans</b>						
Secured Loans	26.09	3.24	2.20	0.00	0.00	0.00
Unsecured Loans	103.00	103.00	0.00	0.00	0.00	0.00.
<b>TOTAL LOANS (e)</b>	<b>129.09</b>	<b>106.24</b>	<b>2.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>D. Networth represented by:</b>						
1.(a)Share Capital	29.08	29.08	29.08	476.36	1,615.22	1982.50
(b) Share Application Pending Allotment	175.55	195.27	271.58	0.00	182.50	332.00
<u>2.Reserves</u>						
(a) Profit and Loss Account	1.82	2.27	2.99	4.06	175.75	665.38
(b) Securities Premium	0.00	0.00	0.00	9.45	9.45	1008.06
3. Deferred Tax Liability/(Assets)	0.00	0.02	0.03	0.18	(47.81)	(47.81)
<b>NETWORTH (f)</b>	<b>206.45</b>	<b>226.64</b>	<b>303.68</b>	<b>490.05</b>	<b>1,935.11</b>	<b>3940.13</b>
<b>NET TANGIBLE ASSETS (a+d) (g)</b>	<b>335.54</b>	<b>332.88</b>	<b>305.88</b>	<b>490.05</b>	<b>1,838.18</b>	<b>3554.92</b>



## THE ISSUE

<b>Equity Shares Offered:</b> Issue by the Company <b>Of which</b> Promoters' Contribution Employees Reservation Portion <sup>(1)</sup> <b>Net Issue to the Public</b> <b>Of which</b> A) Qualified Institutional Buyers Portion <sup>(2)</sup> - Of which 5% is available for allocation to Mutual Funds B) Non-Institutional Portion <sup>(2)</sup> C) Retail Portion <sup>(2)</sup>  Equity Shares outstanding prior to the Issue Equity Shares outstanding after the Issue Use of Proceeds	[●] Equity Shares aggregating Rs. 8,444.00 akhs.  [●] Equity Shares aggregating Rs. [●] lakhs. [●] Equity Shares aggregating Rs. [●] lakhs. [●] Equity Shares aggregating Rs. [●] lakhs.  [●] Equity Shares aggregating Rs. [●] lakhs, constituting up to 50% of the Net Issue. [●] Equity Shares aggregating Rs. [●] lakhs  [●] Equity Shares aggregating Rs. [●] lakhs, constituting at least 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders. [●] Equity Shares aggregating Rs. [●] lakhs constituting not less than 35% of the Net Issue that will be available for allocation to Retail Individual Bidders. 1,98,25,000 Equity Shares [●] Equity Shares Please refer to chapter titled "Objects of the Issue" on page 23 of this Red Herring Prospectus for additional information.
--	---

<sup>(1)</sup>Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.

<sup>(2)</sup> Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

## PYRAMID SAIMIRA THEATRE LIMITED

### GENERAL INFORMATION

#### Registered Office of Our Company

C-1, II Floor, Temple Towers, # 672 Anna Salai,  
Nandanam, Chennai 600 035  
Ph: +91-44-52123456 Fax: +91-44-52121080  
Mail: pstl@pstl.in Web: www.pstl.in

**Registration Number:** 18-38469

Our Company is registered with the Registrar of Companies, Tamil Nadu situated at Block No. 6, B-Wing, 2<sup>nd</sup> Floor, Shastri Bhawan 26, Haddows Road, Chennai – 600 034.

#### Board of Directors

Our current Board of Directors consists of the following:

Sr. No.	Name	Designation	Status
1.	Mr.V.Natarajan	Chairman	Non Independent and Executive
2.	Mr.P.S.Saminathan	Managing Director	Non Independent and Executive
3.	Mr.N.Narayanan	Whole-time Director	Non Independent and Executive
4.	Dr.S.Ramani	Independent Director	Independent and Non-Executive
5.	Mr.K.Natarahjan	Independent Director	Independent and Non- Executive
6.	Mr.K.S.Kasiraman	Independent Director	Independent and Non-Executive
7.	Mr. Nirmal Kotecha	Director	Non Independent and Non-Executive
8.	Mr. M. S. Narasimhan	Director	Independent and Non-Executive

For further details of our Board of Directors, please refer to the chapter titled “Our Management” on page 69 of this Red Herring Prospectus.

#### COMPANY SECRETARY AND COMPLIANCE OFFICER

##### Mr. R. Manthramurthy,

C-1, II Floor, Temple Towers, # 672 Anna Salai, Nandanam, Chennai 600 035  
Tel: (044) 52123456  
Fax: (044) 52121080  
Email : pstl@pstl.in

#### REGISTRAR TO THIS ISSUE

##### CAMEO CORPORATE SERVICES LIMITED

‘Subramanian Building’,  
No.1, Club House Road,  
Chennai – 600 002.  
Tel.: +91 44 2846 0390  
Fax : +91 44 2846 0129  
E-mail: cameo@cameoindia.com  
Sebi Regn. No.:INR000003753  
Website: www.cameoindia.com  
Contact Person: Mr. R. D. Ramasamy

**Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.**

#### **BOOK RUNNING LEAD MANAGER (BRLM)**

##### **KEYNOTE CORPORATE SERVICES LIMITED**

307, Regent Chambers, Nariman Point,  
Mumbai – 400 021

Tel: +91-22-22025230, Fax: +91-22-22835467

E-mail: pstl.ipo@keynoteindia.net

Website: www.keynoteindia.net

Contact Person: Mr. Vikram Subramaniam

#### **CO-BOOK RUNNING LEAD MANAGER (CO-BRLM)**

##### **CANARA BANK**

Merchant Banking Division

Circle Office 563/1, Anna Salai

Teynampet Chennai 600 018

Phone : +91 44 2434 9369

Fax : +91 44 2432 6229

E-Mail : pstl-ipo@canbank.co.in

Contact Person : Mr. R.Anantharamakrishnan

#### **STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES FOR THE ISSUE**

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLM and Co-BRLM:

<b>No.</b>	<b>Activities</b>	<b>Responsibility</b>	<b>Coordinator</b>
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	KEYNOTE	KEYNOTE
2.	Due diligence of Company's operations/ management/business plans/legal etc.	KEYNOTE	KEYNOTE
3.	Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of Prospectus and ROC filing.	KEYNOTE	KEYNOTE
4.	Drafting and approval of Issue and statutory publicity material, etc.	KEYNOTE CANBANK	KEYNOTE
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	KEYNOTE CANBANK	KEYNOTE
6.	Appointment of Ad Agency and Printers	KEYNOTE	KEYNOTE
7.	Appointment of Registrar and Bankers	KEYNOTE CANBANK	KEYNOTE
8.	Marketing of the Issue, which will cover inter alia, <ul style="list-style-type: none"> <li>● Formulating marketing strategies, preparation of publicity budget</li> <li>● Finalise Media and PR strategy</li> <li>● Finalising centers for holding conferences for brokers, etc.</li> <li>● Finalise collection centres</li> </ul>	KEYNOTE, CANBANK	KEYNOTE

## PYRAMID SAIMIRA THEATRE LIMITED

No.	Activities	Responsibility	Coordinator
	<ul style="list-style-type: none"> <li>Follow up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material</li> </ul>		
9.	Finalisation of Pricing in consultation with the company	KEYNOTE, CANBANK	KEYNOTE
10.	Post bidding activities including management of Escrow Accounts, co-ordination with the Registrars and Banks, Refund to Bidders, etc.	CANBANK	CANBANK
11.	The post-offer activities for the Offer involving essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Company.	CANBANK	CANBANK

### LEGAL ADVISORS TO THE ISSUE

#### CORPORATE LAW CHAMBERS INDIA

Advocates

44A, Nariman Bhavan, Nariman Point, Mumbai – 400 021

Tel: +91-22-66321528/29

Fax: +91-22-66321531

Email: mail@corplawchambers.com

#### SYNDICATE MEMBER

Keynote Capitals Limited

301, Regent Chambers, Nariman Point, Mumbai – 400 021.

Tel: +91-22-66308888

Fax: +91-22-22835467

Contact Person: Mr. Alpesh Mehta

### BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

#### HDFC Bank Ltd.

Trade World, 'A' Wing, 2<sup>nd</sup> Floor,

Kamala Mills Compound,

Senapati Bapat Marg,

Lower Parel, Mumbai – 400 013

Tel: +91-22-24988484

Fax: +91-22-24963871

E-mail: kripa.kalro@hdfcbank.com

#### The Hongkong and Shanghai Banking Corporation Ltd.

52/60, Mahatma Gandhi Road,

Mumbai – 400 001.

Tel: +91-22-22681673

Fax: +91-22-22734388

Email: zedsisirani@hsbc.co.in

#### Canara Bank

Capital Market Service Branch,

11, Homji Street, Varma Chambers,

Ground Floor, Fort,

Mumbai – 400 001.

Tel: +91-22-22692973

Fax: +91-22-22664140

Email: mcity2422@canbank.co.in

#### Kotak Mahindra Bank

5-C/II Mittal Court, 224,

Nariman Point, Mumbai - 400 021

Tel: +91-22-66596022

Fax: +91-22-22817527

#### **Standard Chartered Bank**

270, D. N. Road,  
Mumbai – 400 001  
Tel: +91-22-22683831  
Fax: +91-22-22096067  
E-mail: rajesh.malwade@in.standardchartered.com

#### **ICICI Bank Ltd.**

Capital Markets Division  
30, Mumbai Samachar Marg,  
Fort Mumbai – 400 001  
Tel: + 91-22-22627600  
Fax: + 91-22-22611138  
E-mail: sidhartha.routray@icicibank.com

#### **STATUTORY AUDITORS**

**Mr.R.Mugunthan**, Chartered Accountant,  
“Vanjula”, New No.23, Arisikkara Street,  
Mylapore, Chennai – 600 004.  
Tel. No.: +91-44-24640742  
Fax No.: +91-44-24933289  
Email: mugunth@gmail.com

#### **BANKERS TO THE COMPANY**

##### **ICICI BANK LTD.**

Nungambakkam, Chennai  
**Tel : +91 44 2822 8003 / 8004**  
**Fax: +91 44 2823 3754**

##### **INDIAN BANK**

Abhiramapuram Branch  
Chennai  
**Tel : +91 44 2499 6556**

##### **HDFC BANK**

T. Nagar Branch  
Chennai  
**Tel : +91 44 2860 5959**  
**Fax: +91 44 2815 8254**

##### **TAMILNAD MERCANTILE BANK**

No.194, Anna Pillai Street,  
George Town, 1<sup>st</sup> Floor,  
Chennai – 600 001  
**Tel : +91 44 2522 9159**  
**Fax: +91 44 25226513**

##### **UTI BANK**

Ashok Nagar Branch  
Chennai  
**Tel : +91 44 2471 4227**  
**Fax: +91 44 2471 4237**

#### **CREDIT RATING**

As this is an Issue of Equity Shares there is no credit rating for this Issue.

#### **IPO GRADING**

We have not opted for the grading of this Initial Public Offering.

#### **TRUSTEES**

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

#### **MONITORING AGENCY**

##### **CANARA BANK**

Mount Road Branch,  
781-785, Rayala Towers,  
Anna Salai, Chennai – 600 002  
Tel: +91-44-28521812  
Fax: +91-44-28521075  
Email: chn0911@canbank.co.in  
Contact Person: Mr. G. V. Reddy

## PYRAMID SAIMIRA THEATRE LIMITED

### Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of this Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company
- (2) Book Running Lead Manager, in this case, Keynote Corporate Services Limited
- (3) Co Book Running Lead Manager, in this case, Canara Bank
- (4) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being Keynote Capitals Ltd.
- (5) Registrar to the Issue, in this case Cameo Corporate Services Limited.

SEBI, through its guidelines, has permitted the Issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Undersubscription, if any, in the QIB portion will be allocated to the other categories. Further, at least 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLM to procure subscriptions to the Issue.

**QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details see the chapter titled “Terms of the Issue” on page 108 in this Red Herring Prospectus.**

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the chapter titled “Issue Procedure” on page 111 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

**Illustration of Book Building and Price Discovery Process** *(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 21 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 21. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

**While the process of Book Building under SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.**

#### **Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Tamil Nadu, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Tamil Nadu)*

<b>Name and Address of the Underwriters</b>	<b>Indicated Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (Rs. lakhs)</b>
<b>Keynote Corporate Services Ltd.</b> 307, Regent Chambers, Nariman Point, Mumbai – 400 021	[●]	[●]
<b>Keynote Capitals Limited</b> 301, Regent Chambers, Nariman Point, Mumbai – 400 021.	[●]	[●]
<b>Total</b>	[●]	[●]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [●].

In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 99 of this Red Herring Prospectus.



## PYRAMID SAIMIRA THEATRE LIMITED

### CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below.

#### Share Capital as on the date of filing of this Red Herring Prospectus

#### Amount

	Aggregate Value at Nominal Price	Aggregate Value at Issue Price
<b>A. Authorised Capital</b>		
3,30,00,000 Equity Shares of Rs.10/- each	33,00,00,000	
<b>B. Issued, Subscribed and Paid-Up Capital before this Issue</b>		
1,98,25,000 Equity Shares of Rs 10/- each	19,82,50,000	
<b>C Issue in terms of this Red Herring Prospectus</b>		
[●] Equity Shares of Rs.10/- each issued at Rs.[●] each	84,44,00,000	
<b>D. Promoter's Contribution</b>		
[●] Equity Shares of Rs.10/- each issued at Rs.[●] each	[●]	[●]
<b>E. Reservation for Employees</b>		
[●] Equity Shares of Rs.10/- each issued at Rs.[●] each	[●]	[●]
<b>F. Net Issue to Public</b>		
[●] Equity shares of Rs. 10/- each as net issue to public	[●]	[●]
Of which		
QIB portion of up to [●] Equity Shares	[●]	[●]
Non Institutional Portion of at least [●] Equity Shares	[●]	[●]
Retail Portion of at least [●] Equity Shares	[●]	[●]
<b>G. Equity Share Capital after the issue</b>		
[●] Equity Shares of Rs.10/- each	[●]	
<b>H. Securities Premium Account<sup>(1)</sup></b>		
Before this Issue	10,08,05,939	
After this Issue	[●]	

(1) The amount standing in the Securities Premium Account, on a pre-Issue basis, is Rs. 10,08,05,939. The increase in the Securities Premium Account as a result of the Issue will be completed only after the Issue Price is determined.

The Company was incorporated with an authorised share capital of Rs. 50,00,000 divided into 5,00,000 Equity Shares of Rs. 10/- each. The authorised share capital was increased to Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each pursuant to an ordinary resolution passed at the EGM held on 31/03/2005. This was further increased to Rs. 33,00,00,00 divided into 3,30,00,000 Equity Shares of Rs. 10 each pursuant to a special resolution passed at the EGM held on 23/05/2005.

# 1. Share Capital History of the Company

Date of Allotment/ Reduction	No. of Equity Shares	Cumulative No. of Shares	Face Value	Issue Price	Nature of payment of consideration	Reasons for Allotment/ Reduction	Cumulative Paid -up Capital
26/06/1997	20(2)	20	100	100	Cash	Subscription to Memorandum of Association	200
10/07/2000	3480 (348)	3500	100	100	Cash	Allotment to the Promoters	35,000
31/03/2001	2,87,280	2,90,780	10	10	Cash	Allotment to the Promoters, Relatives and Friends	29,07,800
31/03/2005	44,41,355	47,32,135	10	10	Cash	Allotment to the Promoters, Relatives and Friends	4,73,21,350
31/03/2005	31,500	47,63,635	10	40	Other than Cash in lieu of agreement dated 04/04/2002	Allotment to Associates	4,76,36,350
12/09/2005	22,18,600	69,82,235	10	10	Cash	Allotment to the Promoters, Directors, Friends	6,98,22,350
23/09/2005	60,00,000	1,29,82,235	10	10	Cash	Allotment to Friends and the Strategic Investors	12,98,22,350
22/03/2006	31,70,000	1,61,52,235	10	10	Cash	Allotment to Persons acting in concert with Promoter and friends	17,63,23,000
27/04/2006,	14,80,065	1,76,32,300	10	16.75	Cash	Persons acting in concert with Promoter	17,84,49,350
27/04/2006	9,48,200	1,85,80,500	10	35	Cash	Allotment to friends	18,58,05,000
30/05/2006	7,44,500	1,93,25,000	10	51	Cash	Allotment to friends	19,32,50,000
03/06/2006	5,00,000	1,98,25,000	10	80	Cash	Allotment to Bennett, Coleman & Co. Ltd.	19,82,50,000

## PYRAMID SAIMIRA THEATRE LIMITED

### 2. Promoters Contribution and Lock-In

Name of the Promoter	Date on which Equity Shares were allotted/ transferred and made fully paid up	Number of Equity Shares	Face Value (in Rs)	Issue/ Transfer price in Rs.	Consideration (cash, bonus, consideration other than cash)	Percentage of post-Issue paid-up capital
Mr.V.Natarajan	20/06/1997	10	10	10	Cash	[●]
	10/07/2000	10	10	10	Cash	[●]
	10/07/2000	480	10	10	Cash	[●]
	31/03/2001	184,930	10	10	Cash	[●]
	31/03/2005	2,594,500	10	10	Cash	[●]
	12/9/2005	100,000	10	10	Cash	[●]
	23/09/2005	681,355	10	10	Cash	[●]
	13/07/2006	1,140,715	10	10	Cash	[●]
	Less Transfers					
	17/09/2005	(1,500,000)	10	10	Cash	[●]
Less Transfers	28/03/2006	(2,000,000)	10	10	Cash	[●]
	24/11/2006	(200,000)	10	45	Cash	[●]
<b>TOTAL (A)</b>		<b>1,002,000</b>				
Mr.P.S.Saminathan	31/03/2005	1,046,000	10	10	Cash	[●]
	12/9/2005	1,398,600	10	10	Cash	[●]
	23/03/2006	150,000	10	15	Cash	[●]
	23/03/2006	250,000	10	10	Cash	[●]
	27/03/2006	2,100,000	10	10	Cash	[●]
	17/04/2006	300,000	10	10	Cash	[●]
	27/04/2006	400,000	10	10	Cash	[●]
	29/04/2006	5,000	10	10	Cash	[●]
	8/5/2006	295,000	10	10	Cash	[●]
	2/6/2006	1,000,000	10	10	Cash	[●]
	8/6/2006	300,000	10	10	Cash	[●]
	23/06/2006	270,000	10	10	Cash	[●]
	4/7/2006	450,000	10	10	Cash	[●]
	12/7/2006	300,000	10	10	Cash	[●]
	16/8/2006	600,000	10	29	Cash	[●]
	03/10/2006	100,000	10	30	Cash	[●]
	16/10/2006	600,000	10	29	Cash	[●]
	21/11/2006	170,000	10	45	Cash	[●]
	24/11/2006	450,000	10	29	Cash	[●]
	24/11/2006	200,000	10	45	Cash	[●]
	Less Transfers					[●]
	17/09/2005	(1,200,000)	10	10	Cash	[●]
	19/04/2006	(850,000)	10	10	Cash	[●]
	22/05/2006	(2,000,000)	10	10	Cash	[●]

Name of the Promoter	Date on which Equity Shares were allotted/ transferred and made fully paid up	Number of Equity Shares	Face Value (in Rs)	Issue/ Transfer price in Rs.	Consideration (cash, bonus, consideration other than cash)	Percentage of post-Issue paid-up capital
	13/07/2006	(2,018,715)	10	10	Cash	[●]
	15/09/2006	(395,000)	10	80	Cash	[●]
	21/09/2006	(125,000)	10	80	Cash	[●]
	17/10/2006	(25,000)	10	30	Cash	[●]
	17/10/2006	(70,000)	10	35	Cash	[●]
	18/10/2006	(70,000)	10	35	Cash	[●]
	20/10/2006	(65,000)	10	40	Cash	[●]
	30/10/2006	(50,000)	10	45	Cash	[●]
	1/11/2006	(90,000)	10	45	Cash	[●]
	14/11/2006	(40,000)	10	45	Cash	[●]
	18/11/2006	(60,000)	10	60	Cash	[●]
	24/11/2006	(400,000)	10	80	Cash	[●]
<b>TOTAL (B)</b>		<b>2,925,885</b>				
Mr. N. Narayanan	31/03/2005	15,000	10	10	Cash	[●]
	12/9/2005	700,000	10	10	Cash	[●]
	13/07/2006	1,078,000	10	10	Cash	[●]
Less Transfers	17/09/2005	(300,000)	10	10	Cash	[●]
<b>TOTAL (C)</b>		<b>1,493,000</b>				
<b>TOTAL (A+B+C)</b>		<b>5,420,885</b>				

Out of the existing pre-issue shareholding of the Promoters totaling 54,20,885 equity shares of Rs. 10/- each, 47,22,635 equity shares are eligible towards calculation of Promoters' Contribution and will be locked in for a period of 3 years. In the event that the promoters' holding of the post issue paid up capital is less than 20% of the post issue equity share capital of the Company, the short fall will be brought in by the promoters at the issue price and the same would be subject to a lock-in of three years as required by the Guidelines.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

## PYRAMID SAIMIRA THEATRE LIMITED

### 3. Transactions in the Company's Equity Shares by the Promoters/Promoter Group and the directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI

Except as stated below, there have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.

Date of Transaction	Transaction	Name of the Transferee	Name of the Transferor	No. of Equity Shares	Price per Equity Share (in Rs.)
02/06/2006	Purchase	P.S. Saminathan	Accord Capital Markets	8,00,000	10.00
02/06/2006	Purchase	P.S. Saminathan	Jagdish Choudhury	1,50,000	10.00
02/06/2006	Purchase	P.S. Saminathan	Shaswata Choudhury	50,000	10.00
08/06/2006	Purchase	P.S. Saminathan	Rubina Bhandari	50,000	10.00
08/06/2006	Purchase	P.S. Saminathan	Ashu Bhandari	50,000	10.00
08/06/2006	Purchase	P.S. Saminathan	Bharat Kumar Bhandari	50,000	10.00
08/06/2006	Purchase	P.S. Saminathan	Gaurav Bhandari	50,000	10.00
08/06/2006	Purchase	P.S. Saminathan	U.C. Bhandari	50,000	10.00
23/06/2006	Purchase	P.S. Saminathan	S. Ganapathy	2,70,000	10.00
04/07/2006	Purchase	P.S. Saminathan	U.C. Bhandari	4,50,000	10.00
12/07/2006	Purchase	P.S. Saminathan	Mercury Fund Management Co. Ltd	3,00,000	10.00
13/07/2006	Purchase	P.S. Saminathan	U.C. Bhandari	2,00,000	10.00
13/07/2006	Inter-se promoter transfer	V. Natarajan	P.S. Saminathan	11,40,715	10.00
13/07/2006	Inter-se promoter transfer	N. Narayanan	P.S. Saminathan	10,78,000	10.00
16/08/2006	Purchase	P.S. Saminathan	Accord Capital Markets	6,00,000	29.00
15/09/2006	Sale	Aditya P. Kapadia	P.S. Saminathan	1,35,000	80.00
15/09/2006	Sale	Harshadray Pvt. Ltd.	P.S. Saminathan	1,35,000	80.00
15/09/2006	Sale	Udaipur Cotton Mills Ltd.	P.S. Saminathan	1,25,000	80.00
21/09/2006	Sale	Rita Kothari	P.S. Saminathan	68,750	80.00
21/09/2006	Sale	Shobha Kothari	P.S. Saminathan	56,250	80.00
03/10/2006	Purchase	Infrastructure Leasing & Financial Services Ltd.	P.S. Saminathan	1,00,000	30.00
16/10/2006	Purchase	Accord Capital Markets	P.S. Saminathan	6,00,000	29.00

17/10/2006	Sale	Infrastructure Leasing & Financial Services Ltd.	P.S. Saminathan	25,000	30.00
17/10/2006	Sale	Nirmala Navinchandra Haria	P.S. Saminathan	5,000	35.00
17/10/2006	Sale	Pritesh Amritlal Nandu	P.S. Saminathan	20,000	35.00
17/10/2006	Sale	Amrutlal Morarji Nandu	P.S. Saminathan	20,000	35.00
17/10/2006	Sale	Amrutlal Morarji Nandu HUF	P.S. Saminathan	10,000	35.00
17/10/2006	Sale	Pritesh Amrutlal Nandu HUF	P.S. Saminathan	15,000	35.00
18/10/2006	Sale	Rajesh Devchand Prasad	P.S. Saminathan	55,000	35.00
18/10/2006	Sale	Daksha M. Haria	P.S. Saminathan	5,000	35.00
18/10/2006	Sale	Shamji Thukushi Dedhia	P.S. Saminathan	5,000	35.00
18/10/2006	Sale	Mahesh K. Haria	P.S. Saminathan	5,000	35.00
20/10/2006	Sale	Deepak Thakker	P.S. Saminathan	65,000	40.00
30/10/2006	Sale	Chandrika Dpiresh Gala	P.S. Saminathan	5,000	45.00
30/10/2006	Sale	Rupal Dhiren Haria	P.S. Saminathan	5,000	45.00
30/10/2006	Sale	Aruna Amrutlal Nandu	P.S. Saminathan	25,000	45.00
30/10/2006	Sale	Vishali Pritesh Nandu	P.S. Saminathan	10,000	45.00
30/10/2006	Sale	Dipesh Vijpal Gala	P.S. Saminathan	5,000	45.00
01/11/2006	Sale	Dhiraj Anopchand Mehta	P.S. Saminathan	50,000	45.00
01/11/2006	Sale	Sanjiv Sanghvi	P.S. Saminathan	20,000	45.00
01/11/2006	Sale	Shantilal Kubadia	P.S. Saminathan	10,000	45.00
01/11/2006	Sale	Rajesh Morabia	P.S. Saminathan	5,000	45.00
01/11/2006	Sale	Madhu Rajesh Morbia	P.S. Saminathan	5,000	45.00
14/11/2006	Sale	Mickin Mukund Sheth	P.S. Saminathan	10,000	45.00
14/11/2006	Sale	Hiren Mohanlal Shah	P.S. Saminathan	30,000	45.00
18/11/2006	Sale	Nikhil Meswani	P. S. Saminathan	30,000	60.00
18/11/2006	Sale	Elina N. Meswani	P. S. Saminathan	30,000	60.00
21/11/2006	Promoter Group transfer	Nirmal Kotecha	P. S. Saminathan	1,70,000	45.00
24/11/2006	Sale	Emirates Family of Funds	P. S. Saminathan	4,00,000	80.00
24/11/2006	Purchase	P. S. Saminathan	Accord Capital Markets	4,50,000	29.00
24/11/2006	Inter-se Promoter transfer	P. S. Saminathan	V. Natarajan	2,00,000	45.00

## PYRAMID SAIMIRA THEATRE LIMITED

### 4. Shareholding pattern of the Company prior and post this Issue

Name of the Shareholders	Pre-Issue Equity Capital		Post-Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
<b>Promoters</b>				
Mr.V.Natarajan	10,02,000	5.05	[●]	[●]
Mr.P.S.Saminathan	29,25,885	14.76	[●]	[●]
Mr. N. Narayanan	14,93,000	7.53	[●]	[●]
<b>Sub-total (A)</b>	<b>54,20,885</b>	<b>27.34</b>	[●]	[●]
<b>Promoter Group</b>				
Mr. Nirmal Kotecha	83,10,065	41.92	[●]	[●]
<b>Sub-total (B)</b>	<b>83,10,065</b>	<b>41.92</b>	[●]	[●]
<b>Others (C)</b>	<b>60,94,050</b>	<b>30.74</b>	[●]	[●]
<b>Public (D)</b>	<b>Nil</b>	<b>—</b>	[●]	[●]
<b>Total (A+B+C+D)</b>	<b>1,98,25,000</b>	<b>100.00</b>	[●]	<b>100.00</b>

### 5 a) Particulars of top ten shareholders on the date of filing this Red Herring Prospectus with RoC

No.	Name of the shareholder	Number of Equity Shares	% holding
1	Mr.Nirmal N.Kotecha	83,10,065	41.92
2	Mr.P.S.Saminathan	29,25,885	14.76
3	Mr.N.Narayanan	14,93,000	7.53
4	Mr.V.Natarajan	10,02,000	5.05
5	M/s.Bennett Coleman & Co.Ltd	5,00,000	2.52
6	Emirates Family of Funds	4,00,000	2.02
7	M/s.Silver Cross Marketing Pvt.Ltd	3,40,000	1.72
8	M/s.Mercury Fund Mangement Co.Ltd.	2,50,000	1.26
9	Mr.Hiren Mohanlal Shah	2,30,000	1.16
10	Mr.Laxmichand Manshi Shah	2,00,000	1.01
10	Mr.Mohanlal Manshi Shah	2,00,000	1.01
	<b>TOTAL</b>	<b>1,58,50,950</b>	<b>79.95</b>



**5 b) Particulars of top ten shareholders ten days prior to filing this Red Herring Prospectus with RoC**

No.	Name of the shareholder	Number of Equity Shares	% holding
1	Mr.Nirmal N.Kotecha	84,80,065	42.77
2	Mr.P.S.Saminathan	25,65,885	12.94
3	Mr.N.Narayanan	14,93,000	7.53
4	Mr.V.Natarajan	12,02,000	6.06
5	M/s.Prudential Stock and Secutities Limited	6,00,000	3.03
6	M/s.Bennett Coleman & Co.Ltd	5,00,000	2.52
7	M/s.Silver Cross Marketing Pvt.Ltd	3,40,000	1.72
8	M/s.Mercury Fund Mangement Co.Ltd.	2,50,000	1.26
9	Mr.Hiren Mohanlal Shah	2,30,000	1.16
10	Mr.Laxmichand Manshi Shah	200000	1.01
10	Mr.Mohanlal Manshi Shah	200000	1.01
<b>TOTAL</b>		<b>1,60,60,950</b>	<b>81.01</b>

**5 c) Particulars of the top ten shareholders 2 years prior to the date of filing of this Red Herring Prospectus with RoC**

No.	Name of the shareholder	Number of Equity Shares	% holding
1.	Mr.V.Natarajan	1,85,430	63.77
2.	Mr.V.Venkatesan	40,500	13.93
3.	Mr.V.Naagarajan	46,500	15.99
4.	Mrs.Meera Naagarajan	7,000	2.41
5.	Mr.Thiagarajan	4,000	1.38
6.	Mr.Anand Agarwal	3,350	1.15
7.	Mr.Abhay Kumar	2,500	0.86
8.	Mr. Kumar Natarajan	500	0.17
9.	Mr. Ganesh Padmanavan	500	0.17
10.	Mr. Vijay Bhaskar	500	0.17
<b>TOTAL</b>		<b>2,90,780</b>	<b>100.00</b>

6. Our Company, its Directors, the Promoters and their Directors, the BRLM and the Co-BRLM, to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of the Company from any person
7. The total number of members of our Company as on the date of filing this Red Herring Prospectus with RoC is 139.
8. Our Company has not raised any bridge loan against the proceeds of this Issue.
9. [●] Equity Shares have been reserved for Allocation to the Employees on a proportionate basis, subject to valid bids being received at or above the Issue Price and subject to the maximum bids in this portion being the number of shares reserved under this category, which is [-] Equity Shares. Only the Employees as defined in the chapter titled "Definitions and Abbreviations" of this Red Herring Prospectus would be eligible to apply in this Issue under the reserved category for our Employees. Employees may also bid in the Net Issue to public portion and such Bids shall not be treated as multiple Bids. Any under subscription in the Equity Shares under the Employee Reservation Portion would be added to the Net Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.

## PYRAMID SAIMIRA THEATRE LIMITED

---

10. The bids in the Employee Reservation Portion are subject to a maximum bid for [...] Equity Shares. If the aggregate demand in the Employee Reservation Portion is greater than [...] Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis.
11. In the case of over-subscription in all categories, not more than 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this Issue Price. Under-subscription, if any, in the Non Institutional and Retail categories would be allowed to be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM.
12. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off while finalizing the Basis of Allotment.
13. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed.
14. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
15. Our Company has not revalued its assets since inception.
16. Our Company has not capitalized any of its reserves since inception.
17. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. Our Company has not made any public issue since its incorporation.
19. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of the Company and the Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
20. As on the date of filing of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by the Promoters are not pledged to any party. The locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan to the Company.

## OBJECTS OF THE ISSUE

The objects of the Issue are to achieve the benefits of listing on the Stock Exchanges and to raise capital. We believe that listing will enhance the Company's brand image and provide liquidity to the Company's existing shareholders. Listing will also provide a public market for the Equity Shares in India.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enable us to undertake the existing activities and the activities for which the funds are being raised through this Issue.

The main objects of this Issue are:

1. To create a theatre chain having a tie up with theatres and multiplexes on long lease and invest in infrastructure up-gradation of the theatres.
2. To convert theatres into digital exhibition systems by installing Digital Projectors, Servers, VSAT terminals and such other audio & video equipments as needed.
3. To invest in a central network operating system control center which will enable Service Provisioning for and including Content Conversion, Transmission, Rights management, Theatre management & Networked collection / revenue management.
4. To meet working capital requirement including procurement of films and non film based contents, expenses in the nature of marketing of the business of the company and to provide margin money for working capital borrowing.
5. To meet the general corporate expense as well as pre-operative expenses including Interest during construction period.
6. To meet the expenses of this public issue.

### REQUIREMENT OF FUNDS AND MEANS OF FINANCE

Total fund requirement is estimated as follows:

Particulars	Amount (Rs. Lakhs)
Cost of renovation & upgradation of Theatres & other Footfall rights	3,680.00
Plant & Machinery & Installation cost for digitalisation of Theatres	2,414.00
Plant & Machinery and other cost for Central Network Operating Center	301.00
Recoverable Security Deposit with Theatres & Multiplexes	2,034.00
Recoverable Security Deposit with VMPL	710.00
Preliminary expenses	150.00
Brand Building	400.00
Working Capital	780.00
Cost relating to Public Issue	500.00
Contingencies	150.00
<b>TOTAL</b>	<b>11,119.00</b>

### MEANS OF FINANCE

Public Issue of [●] Equity shares of Rs. 10/- each for cash at a price of [●] (including promoters contribution and employees reservation)	8,444.00
Pre-issue capital and internal accruals	2,675.00
<b>TOTAL</b>	<b>11,119.00</b>

An amount of Rs. 488.75 lacs has already been brought in by the promoters as on 10/11/2006, towards their contribution to the Issue. As on 10/11/2006, an amount of Rs. 2,993.49 lacs has been deployed by our Company on the Objects of the Issue. For further details, please refer to "Sources and Deployment of Funds" on page 28 of this Red Herring Prospectus.

## PYRAMID SAIMIRA THEATRE LIMITED

### NET ISSUE PROCEEDS

The details of the proceeds of the Issue are summarized below:

	Estimated Amount (Rs. Lakhs)
Gross proceeds of the Issue	8,444.00
Issue related expenses	500.00
<b>Net Proceeds of the Issue</b>	<b>7,944.00</b>

### USE OF PROCEEDS OF THE ISSUE

The project is already under implementation. We have started tying up with theaters under long lease to form the chain. Please refer to the "Sources and Deployment of Funds" certificate dated 16/11/2006 prepared by our statutory auditor R. Mugunthan on page 28 of this Red Herring Prospectus.

The following table summarizes use of the fund over fiscal 2007 and fiscal 2008, as estimated by the management:

Particulars	Amount (Rs. In lakhs)		
	Fiscal 2007	Upto June 2007	Total
Cost of acquisition, renovation & upgradation of Theatres	2,760.00	920.00	3,680.00
Plant & Machinery & Installation cost for Digitalisation of Theatres	1,810.00	604.00	2,414.00
Plant & Machinery and other cost for Central Network Operating Center	301.00	-	301.00
Recoverable Security Deposit with Theatres & Multiplexes	1,774.00	260.00	2,034.00
Recoverable Deposit with VMPL	532.00	178.00	710.00
Preliminary expenses	150.00	-	150.00
Brand Building	400.00	-	400.00
Working Capital	780.00	-	780.00
Cost relating to Public Issue	500.00	500.00	
Contingencies	135.00	15.00	150.00
<b>TOTAL</b>	<b>9142.00</b>	<b>1,977.00</b>	<b>11,119.00</b>

Our Company proposes to deploy the funds as under:-

#### A] TIE UPS & UPGRADATION OF THEATRES

As part of the plan to form a chain of digital theatres in India, we have begun the process of identifying and tying up with owners of traditional theatres and multiplexes for their renovation and upgradation to digital theatres. The average length of the lease varies from five to fifteen years with options for renewal at the end of each lease period.

The renovation and upgradation of the traditional theatres and multiplexes entails but is not restricted to the following:

- improvement of quality of seats and seating arrangement,
- improved toiletry facilities,
- parking facilities,
- high quality food & beverages,
- standardizing the outlook of the theaters
- upgradation to the other aspects of the theatre's infrastructure.

We plan to tie-up with 120 theatres in “A” locations and 235 theaters in “B” and “C” locations by March 2007. The following table outlines the cost per theatre for the upgradation and acquisition of remunerative footfall rights:

Activity	Cost per theatre (Rs. Lakhs)	
	A Locations	B & C Locations
Renovation and Upgradation Expenditure	10.00	6.00
Acquisition of F&B and other footfall rights	5.00	2.00
<b>TOTAL</b>	<b>15.00</b>	<b>8.00</b>
Number of theatres proposed to be tied-up	120	235
<b>Estimated total expenditure to be incurred</b>	<b>1,800.00</b>	<b>1,880.00</b>

#### B] DIGITALISATION OF THEATRES

The conversion of the existing traditional theatres into Digital Theatres involves installation of certain equipment at each theatre. In order to defray the heavy investment involved in the digitalization of traditional theatres, we have entered into an agreement dated 20/04/2006 with M/s. Valuable Media Private Limited [“VMPL”] for the installation of comprehensive digital cinema systems which include digital projectors, servers and various digital cinema services including delivery of content to the theatres in our chain. The provision of these equipment and services will be on a “pay-per-use” basis. As per the agreement, VMPL will provide the required equipment and services for upto 1,000 theatres on the current terms and conditions of the agreement.

The following table sets forth the equipment required for digitalization of each theatre and the costs of the rest of the equipment that will be purchased by us:

Sr. No.	Item	(Rs. / Theatre)	Total Cost For 355 theatres (Rs. Lakhs)
1	Digital Projectors	To be provided by VMPL on a “pay-per-use” basis	
2	Video Servers		
3	Communication System		
4	Audio System	5,22,000	1,853.10
5	Software Solutions	1,13,000	401.15
6	Installation Cost	45,000	159.75
	<b>TOTAL</b>	<b>6,80,000</b>	<b>2,414.00</b>

In addition to the above, a payment of Rs. 2.00 lakhs per theatre will be made to VMPL as a refundable deposit for the installation and use of their machinery on a pay-per-use basis. The total outlay in this regard for 355 theatres is Rs. 710.00 lakhs.

We propose to have uniform quality standard of digitalisation in all our theatres irrespective of its location to achieve high quality cinema viewing. The equipment that will be provided by VMPL will meet our standard specifications.

In addition, we have also identified various suppliers of equipment required for digitalization and have entered into agreements with each vendor, details of which are set forth as under:

- (i) **Digital Projectors:** We have entered into an agreement dated 11/04/2005 with M/s Bharat Digitals Ltd [“BDL”] and placed an order with them for an initial lot of 50 projectors. BDL has, in turn, entered into an agreement with Delta Electronics, Taiwan, for the supply of digital projectors are designed to operate in the conditions prevalent in India.

## PYRAMID SAIMIRA THEATRE LIMITED

- (ii) **Video Servers:** We have entered into an agreement dated 06/04/2005 with Real Image Media Technologies Pvt. Ltd. ["Real Media"] for the supply of digital video play out servers for our theatres.
- (iii) **Communication Systems:** We have entered into an agreement dated 22/08/2004 with Tatanet, for the utilization of their Broadband VSAT infrastructure and network of partners for the provision of enterprise networking solutions and internet access over satellites all across India and system integration across the world.
- (iv) **Audio Systems:** The existing audio systems of theatres in our chain will be upgraded by the installation of digital audio servers at each location by us. The audio track output from the video servers will be fed in to each theatre's audio server and piped through the speaker system in the theatre. This will facilitate digital audio output in various industry standards across all location. We will upgrade the audio system in those theatres where the existing quality of audio is low or incompatible with digital audio standards. This may entail the installation of amplifiers and speakers wherever required to augment the sound quality and output.
- (vi) **Software Solutions:** We have entered into an agreement dated 27/03/2005 with Voice Snap Software Ltd ["VSSL"] wherein VSSL shall develop customer relationship management software. This software package would include – ticketing, customer database, radio frequency identification, customer relationship management and other Relational Database Management System (RDBMS) applications

### C] CENTRAL NETWORK OPERATING CENTRE ["NOC"]

The Network Operating Centre is the nerve center for managing and controlling our entire theatre chain. The NOC will have addressability to all the theatres in our chain via VSATs with back up provisioning on a broadband network. The digital rights management, show timing, play list, advertisement management, etc., will be controlled from the NOC. The server pool and back up pool along with library management will form part of the NOC. The NOC will also monitor the entire ticketing process online. It may be noted that as part of the modernization of the theatres in our chain, all ticketing mechanisms of the theatres will be computerized and controlled centrally to allow greater flexibility in reservations and pricing of seats in any of our theatres.

The NOC will consist of the following equipment, details and quoted costs of which are set forth as under:

Description	(Rs. Lakhs)
Servers	22.20
Storage	55.84
Firewall servers	6.97
CISCO pix firewall	10.72
CISCO router	12.88
CISCO switch	17.28
APC ISX Server	2.19
Replicator	58.47
Commissioning and deployment of storage Replicator solution	25.90
LAN – Passive components	2.20
Software	86.61
<b>TOTAL</b>	<b>301.26</b>

The contract for the setup of the NOC is proposed to be placed with M/s. AXIS Info Services, an IBM partner, whose quotation has been used as the basis of the cost estimates mentioned in the table above.

#### D] RECOVERABLE SECURITY DEPOSIT AGAINST LEASE RENT

This includes payment of refundable security deposits to be made to the owners of the theatres and multiplexes and the same will be refunded on determination of the lease period. We have estimated a deposit equivalent to three months rent for this purpose.

Rs. in Lakhs

Activity	A Locations	B & C Locations	Total
Refundable Security Deposit per theatre	4.50	2.10	6.60
Number of theatres proposed to be tied-up	120	235	355
<b>SUB TOTAL</b>	<b>540.00</b>	<b>493.50</b>	<b>1,033.50</b>
Refundable Security Deposit for multiplexes			<b>1,000.00</b>
<b>GRAND TOTAL</b>			<b>2,033.50</b>

#### E] PRELIMINARY AND PRE-OPERATIVE EXPENSES:

Preliminary and pre-operative expenses consist of expenditure on project personnel, overheads and trial runs during implementation of the project and are part of the project. We have considered **Rs. 150.00** lakhs as preliminary & pre-operative expenses of the project.

#### F] BRAND BUILDING

Our Company has earmarked Rs.400.00 lakhs for the purpose of advertising and creating awareness about the Company.

#### G] WORKING CAPITAL

We need working capital primarily to procure films and non-film based content and pay advance lease rental to theatre owners. The total working capital requirement is set forth as follows:

Particulars	Amount (Rs. in lakhs)
Lease rent for theatres	150.00
Operation expenses	30.00
Content Advance	600.00
<b>Total Working Capital requirement</b>	<b>780.00</b>

#### H] CONTINGENCIES:

We have provided for Rs. 150.00 lakhs to cover price increases and any unforeseen costs.

#### I] ISSUE EXPENSES

The estimated Issue expenses are as follows:

Activity	(Rs. in lakhs)
Lead Management Fee, Underwriting Commissions and Selling Commissions	240.00
Advertising and Marketing Expenses	80.00
Printing and Stationery	130.00
Others (Registrar's Fee, Legal Fee, etc.)	50.00
<b>Total estimated Issue expenses</b>	<b>500.00</b>

## PYRAMID SAIMIRA THEATRE LIMITED

### INTERIM USE OF FUNDS

Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

### SOURCE AND DEPLOYMENT OF FUNDS

We have received the Sources and Deployment Funds Certificate dated 16/11/2006 from Mr. R. Muguthan Chartered Accountants and Statutory Auditors of our Company. The certificate states that the Company has till 10/11/2006, deployed amounts aggregating Rs. 2,993.49 lakhs. Details of the sources and deployment of funds as per the certificate are as follows:

Particulars	Rs. Lakhs
<b>Application of Funds</b>	
Cost of renovation & upgradation of theatres and other foot fall mall rights	
- Locations in Category "A" centres	78.45
- Locations in Category "B" centres	56.02
Plant & Machinery (including advances) & Installation cost for digitalization of theatres	663.53
Plant & machinery and other cost for Central Network Operating Centre	52.35
Recoverable security deposit with theatre & multiplexes	
- Locations in Category "A" centres	531.94
- Locations in Category "B" centres	424.46
Recoverable security deposit for digital theatre equipments	35.00
Advance pending utilization	212.31
Advances for brand building and launch cost	313.72
Working capital	580.52
Cost relating to public issue	45.19
<b>TOTAL</b>	<b>2,993.49</b>
<b>Source of Funds</b>	<b>Rs. Lakhs</b>
Share Capital (01/04/2005 to 10/11/2006)	1506.13
Share Premium (01/04/2005 to 10/11/2006)	998.61
Share Application Money towards Promoters Contribution in the Public Issue - pending allotment	488.75
<b>TOTAL</b>	<b>2,993.49</b>

### Monitoring of Utilization of Funds

M/s. Canara Bank, Mount Road Branch, located at 781-785, Rayala Towers, Anna Salai, Chennai – 600002, have given their consent to act as the Monitoring Agency to monitor the utilization of funds. The Monitoring Agency will file periodic monitoring reports with SEBI as per the format specified at in the SEBI (DIP) Guidelines, 2000, on a half yearly basis, till the completion of project, for the purposes of record. We will disclose the utilisation of the proceeds of the issue under a separate heading in our Directors' Reports clearly specifying the purpose for which such proceeds have been utilised. We will also, in our Directors' Reports provide details, if any, in relation to all such proceeds of the issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the issue.



## BASIS OF ISSUE PRICE

The Price Band for the Issue Price will be decided by us in consultation with the BRLM and specified in the Red Herring Prospectus that will be filed with the Registrar of Companies. The Price Band will also be advertised in an English language newspaper, a Hindi language newspaper with wide circulation and a regional newspaper. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 8.8 times the face value at the lower end of the Price Band and 10 times the face value at the higher end of the Price Band

### QUALITATIVE FACTORS

**Industry:** Entertainment industry is poised for a very high growth and film industry is the most important raw material for the entire entertainment industry. Currently PSTL is the only company having a holistic approach to this industry and has a first mover advantage. In South India, there has been no competition at all and in North India, other players are only malled segment.

**Project:** Our “Mega Digital Theatre Chain” project, currently under implementation, is the first of its kind in India. We have the first mover advantage in the field of digitalization of theatres and digital exhibition of films. Our project, which was launched in November 2005, has already started generating revenue.

**Segment:** Our Company addresses all the industry segments such as malls, multiplexes, cine-plexes, single screen theatres, etc. The company’s presence is geographically wide spread and across various socio-economic categories of customers. Currently PSTL is the only theatre chain company present in the all segments of the exhibition industry.

**Value Chain:** Our strategy of tying up various types of exhibitions venues, as well as our presence in the distribution segment gives us a grip on two key segments in the value chain of the film industry viz. exhibition and distribution.

**Financing tie-ups:** We have tied up equipment and services for the digital cinema system on a “pay-per-use” basis with Value Media Pvt. Ltd. for upto 1,000 theatres. This agreement is worth approximately Rs. 160.00 crores and gives our company a high level of operational scalability.

**Professional Management Team:** Our promoters bring with them substantial domain experience and credibility in areas of film production, project financing, project implementation and enterprise administration. Our company is supported by a strong advisory board and the company has an experienced and qualified senior management team.

**Strong / Credible & Proven Technical Support tie-ups:** Our project has achieved technical closure. We have entered into technical agreements for the provision of various systems and services with several reputed providers in India and abroad such as Tata Net, Delta Electronics, Arasor Technology, Value Media and Real Image. For details of these agreements kindly refer to page 46 of this Red Herring Prospectus.

**Scaleability:** On account of the fact that we are tying up theatres and multiplexes on long term leases rather than purchasing them, our project entails much leaner utilization of capital, allowing us to tie large numbers of theatres and multiplexes within short periods of time. The equipment that is required for the digitalization of the theatres is being procured on a “pay-per-use” basis rather than outright purchases, further reducing the capital requirements. This gives the project high scalability across the country.

### QUANTITATIVE FACTORS

The information about us that has been presented in this section is derived from our restated financial statements prepared in accordance with the applicable Accounting Standards.

Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

## PYRAMID SAIMIRA THEATRE LIMITED

### 1. Earning Per Share (EPS)

YEAR	EPS (Rs.)	Weight
31/03/2006	1.35	3
31/03/2005	0.36	2
31/03/2004	0.24	1
Weighted Average	0.84	

For the six month period ended 30/09/2006, the Company has generated an EPS of Rs. **2.57**, which translates to an EPS of Rs. **5.14** on an annualized basis.

### 2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]

### 3. Return on Net Worth (RONW)

YEAR	RONW (%)	Weight
31/03/2006	7.25	3
31/03/2005	3.16	2
31/03/2004	2.18	1
Weighted Average	5.04	

For the six month period ended 30/09/2006, the RONW of the Company is **13.54%** on an annualized basis.

### 4. Minimum Return on Increased Net Worth to maintain pre-issue EPS - [●]

### 5. Net Asset Value (NAV) per share

YEAR	EPS (Rs.)
NAV as on 30/09/2006	18.25
Issue Price	[●]
NAV after the Issue	[●]

### 6. Industry Average P/E

We have identified four listed companies viz. Adlabs Films Ltd., Inox Leisure Ltd., PVR Ltd. and Shringar Cinemas Ltd., who are engaged in a similar line of business as our company. The P/E Multiples set forth below have been extracted from this peer set only.

Name of the company	P/E Multiple
Highest (Shringar Cinema Ltd.)	286.1
Lowest (Adlabs Films Ltd.)	35.4
Average	108.55

**Source:** Capital Market –Nov 20 – Dec 03, 2006; Segment – Entertainment/Electronic Media Software,

## 7. Comparison with Peer Group

The comparative analysis of the financial performance of companies engaged in similar nature of business is mentioned below:

*(figures are for the trailing twelve months ended 30/09/2006)*

Name of the company	Sales (Rs.in crore)	Net Profit (Rs. in crore)	Book Value (Rs.)	EPS (Rs.)	P/E Multiple based on the Market Price as on 13/11/2006(times)
Adlab Films Ltd.	167.29	44.46	85.1	11.2	35.4
Inox Leisure Ltd.	131.55	23.24	36.0	3.9	50.1
PVR Ltd.	158.18	8.73	75.4	3.8	62.6
Shringar Cinemas Ltd.	37.66	0.64	16.8	0.2	286.1

**Source:** Capital Market –Nov 20 – Dec 03, 2006; Segment – Entertainment/Electronic Media Software

*(figures are for the six month period ended 30/09/2006)*

Pyramid Saimira Theatre Ltd.	52.53	4.89	18.25	5.14 (annualized)	[●]
------------------------------	-------	------	-------	----------------------	-----

## 8. The face value of Equity Shares of PSTL is Rs. 10 and the issue price is [●] time of the face value.

The Issue Price of Rs. [●] has been determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building.

On the basis of the above parameters the issue price of Rs. [●] per share is justified.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **STATEMENT OF TAX BENEFITS**

The Board of Directors  
Pyramid Saimira Theatre Limited  
C-1, 2<sup>nd</sup> Floor, Temple Tower,  
672, Anna Salai,  
Chennai.

Dear Sirs,

Under the current provision of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter alia, will be available to the Company and the members. A member is advised to consider in his /her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

Under the Income Tax Act, 1961 ('Act')

Benefits available to the Company

1. Any Dividend received by the Company as referred to in section 115-O from the other domestic Companies is exempt u/s 10(34) of the Income Tax Act, 1961.
2. Under Section 35(1)(iv) of the Income Tax Act, the Company will be entitled to a deduction of the entire Capital expenditure (other than acquisition of land) incurred on Scientific Research related to the business carried on by the Company in the year such expenditure is incurred.
3. The Company will be entitled to amortization of expenses over a period of 5 years under the provisions of section 35D of the Income Tax Act, in respect of the expenditure incurred by the Company being in nature of preliminary expenses and Share issue expenses such as underwriting Commission, Brokerage other charges etc, subject to the limits prescribed under the said section.
4. Under Section 115JAA(1A), for the amount of tax paid under Section 115JB(1), credit shall be allowed in accordance with the provisions of that Section, which can be adjusted against future tax liability.

**Benefits available to resident shareholders**

**Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company as referred to in Section 115 O of the Income Tax Act, 1961, are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

**Computation of Capital Gains**

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units or UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

Under section 10(38) of the Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after 01.10.2004 such transaction chargeable to Securities Transaction Tax Shall be exempt from tax.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of Indian Company forming part of an "eligible issue of share capital" within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are transferred. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- The issue is made by a public company formed and registered in India; and
- The shares forming part of the issue are offered for subscription to the public.

Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Under Section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 01.10.2004 shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).

Under section 112 and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the company not covered by section 10(38) of the Act, shall be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder. However, as per the proviso to section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

### **Benefits available to Non Residents**

By Virtue of Section 10(34) of the IT Act, Income earned by way of dividend income from a domestic company referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the recipients.

### **Tax on Investment Income and Long Term Capital Gains**

Under section 10(38) OF THE Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after 10.10.2004, such transaction chargeable to Securities Transaction Tax Shall be exempt from tax.

Under Section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 01.10.2004 shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).

A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 viz., "Special Provisions Relating to certain Incomes of

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

Non-Residents. Under Section 115E of the Income Tax act, 1961, where shares in the company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(36) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge) without indexation benefit but with protection against foreign exchange fluctuation. Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases. Under Provisions of Section 115F of the Income tax Act, 1961, long term capital gains (not covered under Section 10(36) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. Return of Income not to be filed in certain cases. Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non Resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from. Other Provisions: Under Section 115-I of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 if the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply. Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost Indexation benefits will not be available in such as case. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain is invested within a period of 6 months from the date of transfer in the bonds issued by National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988. Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. Under Section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains tax if the capital gains I invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition. Under Section 54F of the Income Tax Act, 1961 and Subject to the condition and to the extent specified therein. Long Term Capital gains (in case not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before and to year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. Under Section 112 of the Income Tax Act, 1961, and other relevant provisions of the act, long term capital gains (not covered under Section 10(36) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 10% (plus applicable surcharge) after indexation as provided in the second proviso to Section 48; indexation not available if investments made in foreign currency as per the first proviso to section 48 stated above) or at 10% (plus applicable surcharge) (without indexation), at the option of assessee.

### **Benefits available to Mutual Funds**

Under Section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorised by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

---

**Benefits available to Venture Capital Companies / Funds**

Under Section 10(23FB) of the Act, all venture capital companies / funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

**Benefits available to the shareholders under the Wealth Tax Act, 1957**

Shares of the Company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

**Benefits available to the shareholders under the Gift Tax Act, 1958**

Gift of shares of the Company made on or after October 1, 1988 would not be liable to Gift Tax provided the gift is made to related persons. Gift of shares of the company to unrelated persons exceeding Rs. 25,000/- would however be taxed as income in the hands of the recipient as per amendment made by the Finance Act, 2004.

**CHENNAI**

**Date: 10/11/2006**

**R. MUGUNTHAN**  
**CHARTERED ACCOUNTANT**  
**Membership No. 21397**

## **SECTION IV: ABOUT US**

### **INDUSTRY**

The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified. (Source of information for this section: FICCI & Capital Market, Cinema Systems (Trade magazine))

#### **INTRODUCTION**

Entertainment is always seen as a major source for leisure, relaxation and information. Improved living standard translates into higher needs for leisure and entertainment. It is also an established fact that entertainment is generally recession proof. The Indian Entertainment industry, which primarily consists of film software, distribution and exhibition, television software and broadcasting, music, radio, is one of India's oldest and prominent industries.

#### **INDUSTRY OUTLOOK**

There are a number of key factors, which make the Indian media and entertainment industry today an attractive proposition. Favorable Indian demographics, growing population, urbanization, rising income and education levels, change in life style, etc have lead to an increased demand for entertainment and the willingness to spend for entertainment has also increased exponentially, besides

- 1) India's film and television industries are increasingly adopting digital technology.
- 2) The Government of India is keen to sustain this growth and has positioned itself as a proactive facilitator so that India can be a 'hub' for the 21st century. It is removing barriers to foreign investment, fast tracking procedure and introducing legislation to control piracy and under-declaration. It has granted the film sector 'industry' status and has introduced "clean money through state controlled banks".
- 3) A much needed corporatisation of the industry is beginning to take place with the growth of professional management and accountability and the introduction of insurance and completion bonds.

Thus the Indian entertainment industry is witnessing the positive trend due to combination of high technology, efforts of corporatisation, a very large domestic as well as overseas customer base, enhanced income levels and government support. Competition will be another impetus for increased efficiencies and new media such as CAS, DTH and Digital cinema will force the more conventional formats to rethink their strategies.

According to FICCI-Ernst & Young report on "The entertainment industry", the industry has out-performed the economy in 2003, by growing 15% to Rs.19,200 crore. The entertainment business in India has enormous potential for growth due to to inherent drivers such as growing demand for localized, quality entertainment by a heterogeneous population having varied tastes. The growing disposable income of Indians backed by a desire to spend on entertainment has further spurred this industry.

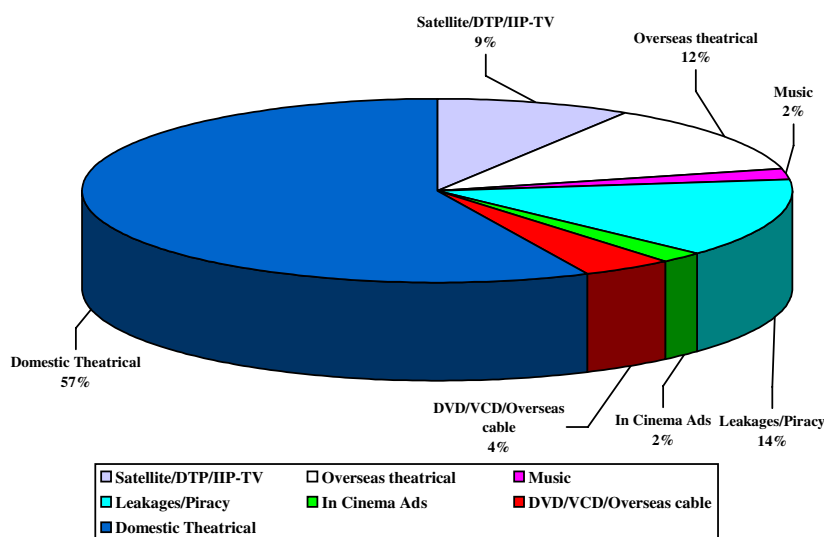
#### **FILM INDUSTRY**

The film industry is the oldest and the most prominent and popular form of entertainment in India and it is the largest film industry in the world in terms of the number of films produced and admissions each year. (Source: Indian Entertainment Industry Focus 2010: Dreams to Reality, Confederation of Indian Industry - KPMG, 2005 (Source: CII - KPMG Report, 2005)

The Indian film industry revenue for 2004 was estimated at Rs. 5900 crores (USD 1.3 billion), which was less than 1% of global film industry revenue and a fraction of the U.S. film industry revenue, which was US\$9.49 billion in 2003 (Source: CII - KPMG Report, 2005)



The pie chart below sets forth the percentage contribution of various revenue sources to the total revenue of the Indian film industry in 2004.



Source: CII-KPMG Report, 2005

The Indian film industry currently realizes almost 70% of its total revenues (around 80% of legitimate revenues) from domestic and overseas box office sales compared with the U.S. film industry, which earns only 35% of its revenue from box office sales and the remaining 65% of revenue is derived from other revenue sources such as sales of DVDs and VHS tapes and the sale of cable and satellite television rights. (Source: CII - KPMG Report, 2005.)

Over the last 5-7 years, factors such as strong economic growth, falling interest rates, increased interest in real estate development, increased consumption levels, etc. have resulted in a large boom in the Organized Retail sector in India. A number of large organized retail outlets have been trying to attract large footfalls by building attractive properties such as branded food and apparel outlets as well as theatre chains.

The film industry comprises of three sectors:

- Movie production, which involves making of movies;
- Movie distribution, which involves the distribution of movies to cinemas, television and video stores; and
- Movie exhibition, which involves exhibiting the movies in cinemas.

Analysis is arranged in the following sections

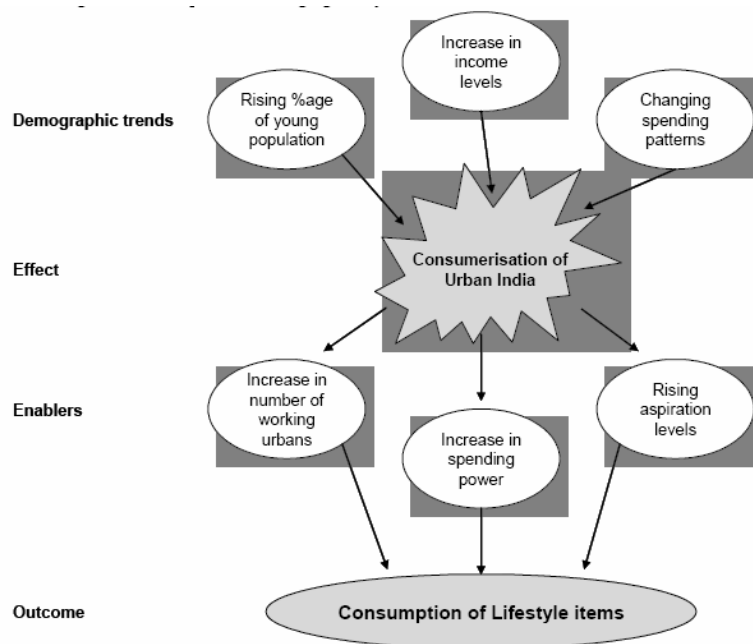
- Organised Retail in India
- Consumerism and Demographics – emergence of middle class as well as tier 2 & 3 towns in India
- Film and Film production Industry
- Film distribution industry
- Film exhibition industry

## PYRAMID SAIMIRA THEATRE LIMITED

### A. ORGANISED RETAIL IN INDIA

In the last 5-7 years we have witnessed a significant growth in organized retail in India. Favorable demographics, rising consumer incomes, real estate developments especially with emergence of new shopping malls, availability of better sourcing options both from within India and overseas, and changing lifestyles bring the Indian consumer closer to the consumers in more developed markets.

The diagram below depicts this changing lifestyle:



Source: Lifestyle Consumption, Edelweiss Securities Pvt. Ltd. 2005

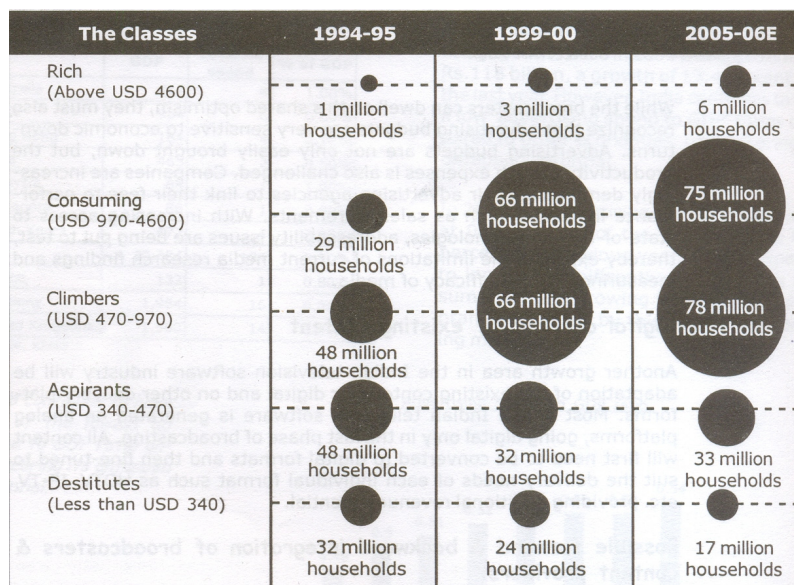
### INCREASED CONSUMPTION LEVELS OF INDIAN CONSUMERS

Over the last few years, there has been a rise in the overall consumption levels of Indian consumers. The key reasons for this growth in Consumption are: (1) The great Indian Middle Class (2) Lower Liquidity Constraints and (3) Favourable demographics are creating a new consumer class (4) Changing lifestyles

## B. CONSUMERISM AND DEMOGRAPHICS

The emergence of the Indian middle class with greater earning power and a higher disposable income is one of the key factors that will drive the growth of the Indian entertainment sector. Demographic analysis clearly shows the evidence of this growth. The consumption chart below indicates the continued progression of people into higher income and consumption segments.

### Rise of India's earning and consuming classes



Source: NCAER 2005

A number of economic trends are testimony to this advancement :

- Automobile sales are rising across the country. In two wheeler sales, India now ranks second in the world, while car sales are over 10 lakhs per annum, growing at about 25 percent annually.
- India is the sixth largest market for mobile handsets (160 lakh units per annum) and is growing at 50 percent a year
- The country is the fifth largest market for colour televisions and is growing at 25 percent per annum

As the average Indian gets richer and his more compelling needs are met, his propensity to spend on discretionary items such as entertainment increases. Further, as his consumption of various goods and services rises, companies try to reach out to him through more marketing and advertising. Higher demand and an increased investment would result in an expansion of the entertainment industry in the years to come.

## C. FILM & FILM PRODUCTION INDUSTRY

In film making first in the value chain is conception of a story by writers / directors. The next major task lies in the production house that takes care of pre and post production aspects such as dealing with artists', technicians, locations for shooting and editing etc. Distributors have major role in financing films. The production houses sell theatre rights to distributors who in turn earns by ticket sales. The distributor bears the risk of film being a flop or reaps fruits with film being a hit. The distributor takes theatre rights based on territory concept such as Class A, Class B etc. The last in the value chain is theatre owners and they may rent out for a period or enter into agreement for revenue sharing with distributors.

## PYRAMID SAIMIRA THEATRE LIMITED

Cinema industry also has undergone a change in culture & taste. Today no film can dream of 300 day run. The shelf life per film has drastically come down. If the film is good then, unfortunately pirated CD market makes sure that it is seen across the entire geography in a very short period. If the film is bad, anyway no body will come to theaters to watch it. Therefore piracy is a lose-lose situation.

### Film Production Sector

The film production industry has been recognized as an "industry" in the year 2000. Since then the film industry has been moving towards corporatization. Corporatization is not only limited to the structural changes involving the emergence of corporations and studios to replace individuals for movie production but also implies a fundamental shift in the way different elements of the film industry, including pre-production, financing, production, post-production and distribution, are managed and run. This is likely to result in a scenario where movie making is governed by transparent and written contracts and is carried out in accordance with global best practices. This should convert the Indian film production industry from an aggregation of creative endeavor to a volume driven business.

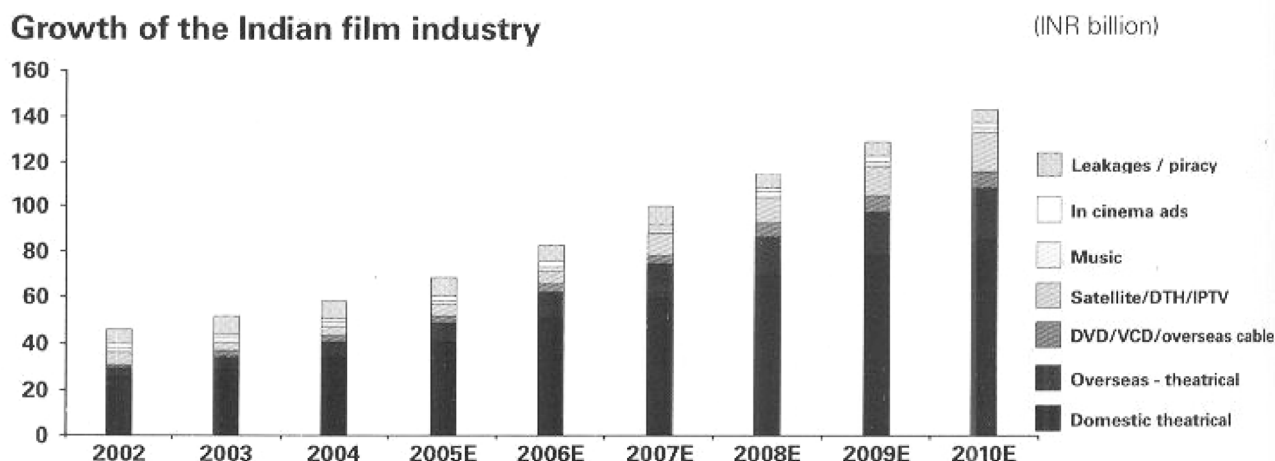
Corporate tie-ups, sponsorships and merchandising are new trends which help in financing the production of movies in India. Although these sources of finance have been effectively tapped in developed markets such as the United States, they have just emerged as a viable source of finance in India and are likely to play a major part in the future, with producers trying to recover part of their film costs through brand associations. For instance, brands such as Thumsup, Pepsi, Coke and Seagrams now regularly sponsor movies in India.

The overseas market (theatrical, video and television) is becoming increasingly lucrative for Indian film productions because of a large and fast growing Indian diaspora, which is estimated at 200 lakh people. Some films are realizing 15-20% of their total proceeds from overseas. (Source: FICCI - EY Report, 2004.)

### Industry outlook

Indian film industry revenues are expected to grow annually at 16% from Rs. 59 billion (USD 1.3 billion) to cross the Rs. 100 billion (USD 2.2 billion) mark by 2007 and reach Rs 143 billion (USD 3.2 billion) in 2010. Revenue generation from releases in domestic market is expected to grow annually at 17% from Rs.34 billion (USD 0.75 billion) in 2004 to Rs. 86 crores (US\$2.0 billion) in 2010.

### Growth of the Indian film industry



Source: KPMG Research

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.
- Increasing corporatisation of the film production sector should result in an increase in the number of high quality films produced, which should increase demand for movies. In an increasingly corporate environment, unviable movies with weak scripts should find it difficult to garner funding. Consequently, although the average number of films produced annually in India is expected to fall from over 900 in 2004 to around 600 by 2010, the quality of the movies produced is expected to increase. (Source: CII - KPMG Report, 2005.)
- A significant increase in the number of digital cinemas should also fuel growth of the film exhibition industry in B and C-class centers.

#### **D. FILM DISTRIBUTION INDUSTRY:**

Film Distributors are an important link in the film value chain. Film Distributors buy theatrical distribution rights from Film Producers for exhibiting the films in a defined territory. Film Distributors play various roles including:

- part-financing of films (in case of minimum guarantee / advance based purchase of movie rights)
- localized marketing of the film
- selection of exhibition halls, and
- managing the logistics of physical prints distribution

The Distributors' business models include two parts viz. the Revenue Model (Exhibitor - Distributor) and the Cost Model (Distributor – Producer). These models are explained below:

##### **D1. Revenue Sharing Model (Exhibitor – Distributor)**

The distributor sells the theatrical right of the films to the exhibitor. One of the following four models is normally adopted:

- a) **Theatre Hire Model:** The Exhibitor collects the entire box office collections, net of entertainment tax. The Exhibitor retains a fixed amount and hands the balance net collection to the distributor. The entire risk of box office performance of the film is borne by the Distributor.
- b) **Fixed Hire Model:** The Distributor receives a fixed amount, from the Exhibitor, irrespective of the Film's performance at the box office. The entire risk of box office performance of the Film is borne by the Exhibitor.
- c) **Minimum Guarantee plus Royalty Model:** The Distributor receives a minimum guaranteed amount from the Exhibitor. Collections, in excess of the minimum guaranteed amount is shared between the Distributor and Exhibitor in a pre-agreed ratio. The entire risk of box office performance of the film is borne by the Exhibitor.
- d) **Revenue Share Model:** The box office collections, net of entertainment tax, are shared between the Distributor and Exhibitor in a pre-agreed ratio. The risk of box office performance of the Film is shared between the two. In recent past, especially with the advent of multiplexes, the Revenue Share Model is gaining grounds.

## PYRAMID SAIMIRA THEATRE LIMITED

### D2. Cost Model (Distributor – Producer)

The key cost elements for a Distributor include cost of acquiring distribution rights, film print (positives / reels used for screening) costs and publicity costs. The Distributor procures domestic/overseas theatrical distribution rights and DVD rights of a film from a Producer for distributing in a specified distribution territory. In the Indian Film Industry, the distribution territories are divided as follows:

DOMESTIC	Major Areas covered
Bombay, Goa	Bombay city and suburbs, Thane district, Gujarat, Saurashtra and parts of Maharashtra and Karnataka
Delhi-UP	Delhi city and suburbs and Uttar Pradesh
East Punjab	Punjab, Haryana, Himachal Pradesh and Jammu and
Kashmir	
Eastern circuit	West Bengal, Bihar, Nepal, Assam and Orissa
Central Province, Central India & Rajasthan	Rajasthan and parts of Madhya Pradesh and
Maharashtra	
South	Andhra Pradesh, Tamil Nadu, Kerala and parts of
Maharashtra and Karnataka	
INTERNATIONAL	USA, UK and the rest of the world

### D3. Revenue Sharing Model (Distributor – Producer)

There are three types of Distributor – Producer revenue sharing models, which are summarized below:

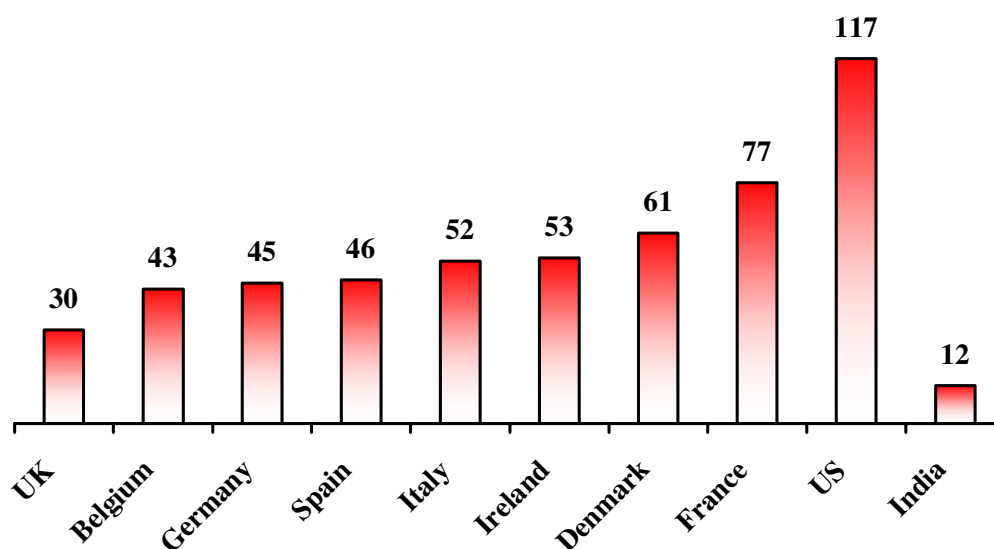
- a) **Minimum Guarantee plus Royalty Model:** The Distributor acquires the right to distribute a film in a particular territory, for a limited period, by paying a minimum guarantee to the Producer. The excess of Distributor revenues over the minimum guarantee, print & publicity costs and distributor's commission is called 'Overflow'. The Distributor shares the Overflow with the Producer in a pre-agreed ratio.
- b) **Commission Model:** The Distributor retains a Commission on the total amount collected from the Exhibitor, and remits the rest to the Producer. The Distributor may pay a recoverable advance to the Producer, while acquiring the distribution rights. Such advance is usually adjusted against the remittances to be made to the Producer. The Distributor does not bear any risk of the box office collections.
- c) **Outright Sale Model:** The Distributor purchases the entire rights for the territory from the Producer.

## E. EXHIBITION INDUSTRY

The Exhibition industry consists of basically theatres. However other forms of exhibition include school auditoriums, pre-show displays, video parlours, etc. Currently there are over 100,000 cinema screens world-wide with about 6000 new screens replaced / added per annum.

India's screen density is very low. A combination of highly fragmented ownership, high entertainment tax rates, large cost of setting up new theatres, and unavailability of organized funding has resulted in many such theatres not being able to continuously upgrade or renovate their facilities, thus resulting in a decline in the quality of such theatres. With around 12,900 active screens (down from 13,000 in 1990) out of which over 95% are standalone single screens,. In contrast, China, which produces far less films than India, has 65,000 screens while US has 36,000. **There is a need for at least 20,000 screens in India as against the current 12,900.** (Source: CII-KPMG Report, 2005).

Screen per million populationThe following table will illustrate Cinema spending per head of population. It may



be observed that India is at the bottom of the table which also shows the dormant potential for these exhibition segments once accessibility, quality of service and of course new content issues are addressed.

#### Cinema spending per head of population

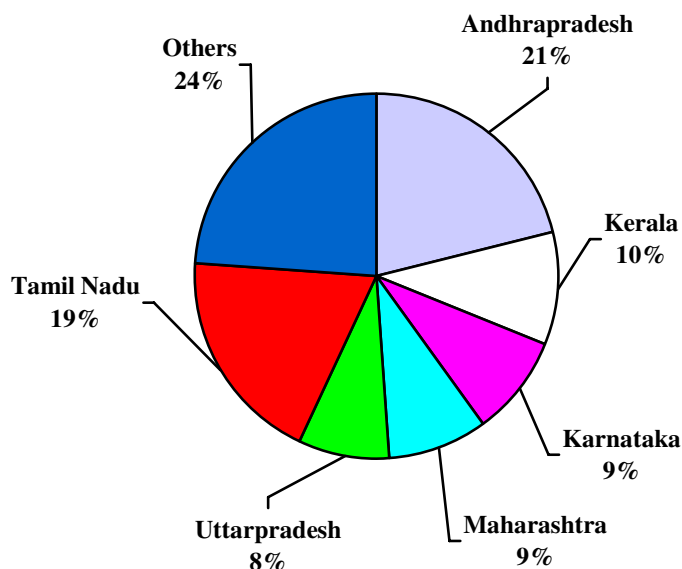
	2003 \$
USA	33.44
Singapore	20.45
Hong Kong	16.07
EU average	14.94
Korea, Rep	12.09
Taiwan	10.91
Mexico	3.99
Thailand	1.47
South Africa	1.36
Russia	1.28
Turkey	1.03
Malaysia	1.01
India	0.59
Egypt	0.20
China	0.09

## PYRAMID SAIMIRA THEATRE LIMITED

---

### Geographic distribution of theaters across India

#### Distribution of Theatres



Source: The Indian Entertainment Industry: Emerging Trends & Opportunities – FICCI – E&Y Report, 2004

The Southern Indian states of Tamil Nadu, Karnataka, Kerala and Andhra Pradesh account for 59% of the number of theatres in India, while servicing 22% of the Indian population. As a result, the rest of India is significantly under-screened in comparison to the national average. This also reflects appetite for films in South India.

#### Box office Revenue:

The total revenue of the Indian Film Industry in 2003 is estimated at Rs. 4,500 crores. Going forward, with improvement in distribution, exhibition infrastructure, advent of digital cinema and better exploitation of films, the Indian Film Industry is likely to grow at a CAGR of 18% to gross Rs. 10,100 crores by 2008.

Source: The Indian Entertainment Industry: Emerging Trends & Opportunities – FICCI – E&Y Report, 2004

### FILM INDUSTRY: GOVERNMENT POLICY & REGULATIONS

The major impediment to the industry is the higher rate of entertainment tax levied by the respective state government. For instance, in Bihar the tax rates were 110% of the basic admission rates, in Delhi, it ranges from 40% to 60% on basic admission rates. In West Bengal, the rates are classified as per the language of the movie, say, 70% for Hindi films and 20% for Bengali films. Fortunately in Tamil Nadu, the Government has drastically reduced the Entertainment Tax rate to an average rate of only 12.5% and also has removed the compound tax.

Next setback to industry is piracy, whether it may be of cable or CD form and it is estimated that 20% of the revenue is taken away due to piracy.

### CONCLUSION

The Indian Entertainment Industry is in an enviable position – it operates within a robust macro economic framework and the Indian creative product is fast becoming a global power-brand. The domestic scenario is bursting with prospects and the industry seems ideally positioned to capitalize on them. With its increasing focus on organized and innovative delivery mechanisms, the industry is setting higher standards for itself and for its deliverables to the end consumer.



## OUR BUSINESS

### OVERVIEW

We have been engaged in the production of films and have produced 10 films since inception. We have taken a strategic decision to concentrate on the film distribution and exhibition sectors. We aim to carve a unique space in mass content distribution using the theatre infrastructure to deliver education, entertainment and information at an affordable cost to all sections of the society. To achieve this objective, we are in the process of implementing an infrastructure project in the film exhibition sector by creating a nationwide chain of theatres under our management and operational control.

Through this, we have evolved into a theatre chain company, integrating the last mile access platform for content delivery. We have christened our project as the “Mega Digital Theatre Chain”. We launched the project in November 2005.

### THE “MEGA DIGITAL THEATRE CHAIN” PROJECT

- We are currently engaged in the business of film exhibition. We are a “Theatre Chain” company having presence in all categories of theatres including Mall, Multiplexes, Cine-plexes and Standalone Theatres. We have been acquiring theatres on long term leases and improving their infrastructure to bring it on par with modern standards to offer a high quality viewing experience.
- We are in the process of establishing an integrated Network Operating Center (NOC) which will convert films into digital formats and transmit these films using satellites to various theatres in our chain across India in a secured encryption mode. Using Digital Rights Management [“DRM”] we will exhibit films and other content in digital mode without physical film prints. This will save Rs.60,000 – Rs.70,000 per movie per theatre and approximately save Rs. 20.00 lakhs per theatre per annum.
- Our project entails the conversion of existing theatres into digital theatres. This conversion will take place in all theatres in our chain including those situated in Class B & C centers. This will enable the simultaneous release of new films at these centers too, without the cost implications of physical film prints. This will also help to combat the problem of piracy of films as new films can be released across many places simultaneously, which are not the case today.
- Digital theatres will also function as the delivery medium for other entertainment content, as well as educational centers by incorporating features and services such as video conferencing, virtual class rooms etc. We will be able to exhibit live sports events, conduct educational and refresher courses and conduct examinations in these theatres.
- We aim to implement a standardized system for process management for the exhibition industry. The digitalization and centralization of exhibition facilities will be offered as “outsourced services” to other theatre chains.

### RATIONALE OF THE PROJECT:

The following are major pain points in exhibition sector :

The cycle of low occupancy levels and loss of revenue is on account of the following factors:

- Piracy – Supply side problems & high variable cost of film prints.
- New films not available in nearby theatres. – 20% of the film collects 80% of the revenue & ultimately results in stand alone theatres’ inability to aggregate good content consistently at the right prices.
- Poor quality of theatrical infrastructure & poor quality of service due to lack of inclination and ability of single screen owners to invest in infrastructural and qualitative improvements; unhygienic conditions, poor seating, outdated equipment & poor quality of food and beverage offerings..

**Our Company proposes to address the above issue in the following manner:**

- Remove the existing dis-incentives associated with theatres by improving the quality of infrastructure
- Remove the barriers of investment, infrastructural knowledge & negotiation caused by theatres being owned by single investors and more importantly managed also on “Stand Alone” basis, by acquiring theatres on lease and

## PYRAMID SAIMIRA THEATRE LIMITED

integrate them into a national chain of theatres under our management. This will separate management from ownership on a professional note, in a manner similar to the hospitality industry.

- Create a vertically integrated theatre chain by moving a step up the value chain and taking over the responsibility of distribution of films. This will create a content supply chain through agglomeration of content and the elimination of intermediaries.
- Recognize the current reality of, low shelf life of films and therefore make a carpet release of new films by
  - Introducing digital distribution and increasing the number of simultaneous exhibition points while avoiding print and other costs associated with traditional methods of film releases.
  - Digitalizing exhibition by installing digital projectors and digital sound systems to offer a high quality viewing experience.
- Use our theatre infrastructure & locations to create multiple service pulls and become an infrastructure and service facility provider for organized retail industry.
- Improve & structure new revenue streams like advertisements, live events, interactive content, educational content, cross packaging, etc
- Build an aspirational brand

### The aforementioned acts would lead to:

- Creation of large entertainment and retail hubs with large footfalls
- Last mile agglomeration which can deliver an “*experience*” both in services as well as products
- Leverageable centrally located infrastructure with brand identification and recall.
- Pull across major consumption centres in Tier I, II & III locations.

### COLLABORATIONS / TIE-UPS

CONTENT PROCUREMENT	Leading production houses in South India have agreed to provide new contents for digital mode distribution. Some of the production houses are listed below:AVM Productions Lakshmi Movie MakersKavithalayaa Productions Vasanth BrothersSathya Jyothi Films Popular FilmsSivasri Pictures Sri Surya MoviesSuper Good Films (P) Ltd. GV Films Ltd.Vaigai Cine Arts Sri Mahalakshmi CombinesWe have received written commitments from each of the parties mentioned above. For further details, please refer to page no. 64
CONTENT CONVERSION	We have an arrangement with Prasad Corporation Pvt. Ltd. for setting up of a Telecine at Chennai and conversion of traditional film to HD digital format.
CONTENT DISTRIBUTION	We have entered into an agreement dated 22/08/2004 with Tatanet Ltd. (erstwhile Nelco Ltd.) – for the provision of turn key connectivity & Bandwidth and to link our NOC with theatres on a Closed User Group Network.
SERVER & PLAY OUT	We have entered into an agreement dated 06/04/2005 with Real Image Technologies Pvt. Ltd. for the provision of servers for digital playout systems.
PROJECTORS	We have entered into an agreement dated 12/04/2005 with Bharat Digitals Ltd. for the development, manufacture and supply of digital projectors according to our specification.
SERVICE PROVIDER	We have entered into an agreement dated 20/04/2006 with Valuable Media Pvt. Ltd. for installation of digital cinema systems which includes, digital projectors, servers, and communication system, on a “pay-per-use” basis.

THEATRE / MULTIPLEX MANAGEMENT	<p>1] We have entered into individual, long term, lease / revenue sharing agreements with theatre owners in the state of Tamil Nadu for the exclusive rights for the management of their theatres, details of which are given from the following page.</p> <p>2] We have entered into an agreement dated 08/07/2006 with Spirit Global Constructions Pvt. Ltd. for 60 malls with multiplexes that Spirit is developing in the states of Punjab and Himachal Pradesh. The brief terms of this agreement are laid out on page 51 of this Red Herring Prospectus.</p> <p>3] We have entered into an agreement dated 07/09/2006 with Swatantra Land &amp; Finance Ltd. for 22 malls in the state of Haryana and 20 malls in the State of Rajasthan. The brief terms of this agreement are laid out on page 51 of this Red Herring Prospectus.</p>
--------------------------------	---

The following matrix details the list of existing theatres which we have tied up as part of our theatre chain. It also provides details on the number of screens and seats in each theatre as well the split between auditorium space and free space available at each location:

#### THEATRE MATRIX

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT.	AUDITORIUM		OPEN SPACE	
COIMBATORE REGION										
A	Coimbatore	The New Karnatic Talkies	1	31/12/2005	973	26,000	7,000	27%	19,000	73%
A	Coimbatore	K G Complex	4	18/05/2006	2,989	30,000	12,000	40%	18,000	60%
A	Gopichettipalayam	Shanthi	1	18/10/2005	593	28,340	4,000	14%	24,340	86%
A	Pollachi	R.R.	1	14/10/2005	604	16,132	5,000	31%	11,132	69%
A	Pollachi	Om Prakash	1	8/11/2005	832	24,150	6,050	25%	18,100	75%
A	Pulliampatti	Shanmuga	1	15/10/2005	336	5,400	5,400	100%	0	0%
A	Singanallur	Jai Shanthi	1	12/7/2005	1,052	46,652	30,520	65%	16,132	35%
A	Singanallur	Sri Venkatesa	1	1/1/2006	671	25,288	5,800	23%	19,488	77%
A	Sundarapuram - Cbe	Palaniappa	1	1/9/2005	667	26,160	6,000	23%	20,160	77%
A	Thirupur	M P S	1	17/10/2005	848	23,200	6,720	29%	16,480	71%
A	Thirupur	Prakash	1	17/10/2005	713	15,570	6,120	39%	9,450	61%
A	Thirupur	Ram Lakshman	1	25/10/2005	925	14,112	4,935	35%	9,177	65%
A	Udumalpet	Kalpana	1	1/6/2006	838	34,880	6,469	19%	28,411	81%
A	Vadavalli	Sri Ram	1	12/7/2005	714	21,000	6,000	29%	15,000	71%
B	Ammappettai	Sri Murugan	1	21/01/2006	633	5,254	5,254	100%	0	0%
B	Anthiyur	Sellakumara	1	4/11/2005	553	29,080	23,982	82%	5,098	18%
B	Avinashi	Chitralaya	1	8/6/2006	523	21,000	5,400	26%	15,600	74%
B	Dharapuram	Vasantha	1	10/3/2005	660	18,000	2,000	11%	16,000	89%
B	Edayarpalayam	Krithiga	1	1/9/2005	706	34,880	6,760	19%	28,120	81%
B	Kamnknplym	Saradha	1	6/11/2005	445	30,520	4,500	15%	26,020	85%
B	Kangayam	Swargam	1	10/1/2005	695	4,560	4,560	100%	0	0%
B	Kangayam	Senniappa	1	1/6/2006	484	26,160	10,500	40%	15,660	60%
B	Karattadipalayam	Jaya Maruthi	1	1/5/2006	649	43,500	9,270	21%	34,230	79%
B	Kottur Malaiyandipuram	Sri Ram Murugn	1	11/6/2005	881	86,400	6,000	7%	80,400	93%
B	Kurichi	Padmanabha	1	16/10/2005	763	22,890	14,628	64%	8,262	36%
B	Palladam	Sabari	1	6/11/2005	352	28,340	2,800	10%	25,540	90%
B	Perumanallur	Sree Bhuvanam	1	12/7/2005	373	18,915	3,360	18%	15,555	82%
B	Perunthozhuvu	Sri Shanthi	1	1/2/2006	364	34,880	7,200	21%	27,680	79%
B	Sirumugai	V.N.K	1	12/7/2005	486	10,600	6,050	57%	4,550	43%
B	Sirumugai	Mahalakshmi	1	12/7/2005	486	24,500	9,730	40%	14,770	60%
B	Vellakoil	Sriveerakumar	1	5/11/2005	650	28,537	7,106	25%	21,431	75%
B	Vellakoil	Manivel	1	28/11/2005	616	47,524	9,000	19%	38,524	81%
B	Vellakoil	Karmegam	1	28/11/2005	616	27,302	4,050	15%	23,252	85%
B	Vettaikaranpudur	Shenbaga	1	22/11/2006	655	6,000	5,000	83%	1,000	17%
	TOTAL		37		24,245	916,354	259,364		656,990	

## PYRAMID SAIMIRA THEATRE LIMITED

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT.	AUDITORIUM		OPEN SPACE	
MADURAI REGION										
A	Aruppukottai	The Tamilmani	1	11/10/2005	772	29,100	6,875	24%	22,225	76%
A	Bodinayakkanur	Meenakshi	1	10/10/2005	586	25,100	16,700	67%	8,400	33%
A	Dindugal	Shan	1	10/8/2005	924	28,169	14,850	53%	13,319	47%
A	Dindugal	Naga & Lakshmi	2	23/11/2005	1,470	43,600	18,050	41%	25,550	59%
A	Madurai	Alankar	1	23/11/2005	1,071	15,000	8,148	54%	6,852	46%
A	Madurai	Sakthi A/C Sivam Complex	1	12/1/2006	1,050	15,000	7,200	48%	7,800	52%
A	Madurai	Chinthamani	1	10/2/2006	1,010	21,000	9,600	46%	11,400	54%
A	Madurai	Cinepriya	1	10/2/2006	1,104	19,000	12,000	63%	7,000	37%
A	Madurai	Natana, Natiya, Narthana	3	16/11/2006	1,820	23,000	19,000	83%	4,000	17%
A	Virudhunagar	Amirtraj	1	30/09/2005	864	27,730	4,839	17%	22,891	83%
B	Bathala Gundu	Parimalam	1	19/10/2005	700	41,420	24,069	58%	17,351	42%
B	Chinnalapatti	Om Sri Lakshmi	1	27/01/2006	955	18,000	2,000	11%	16,000	89%
B	Cumbam	Devabala / Sakthibala	2	10/1/2006	1,216	43,124		0%	43,124	100%
B	Sivagangai	Vasantham	1	11/10/2005	259	16,000	9,000	56%	7,000	44%
B	Thirumangalam	Banu	1	10/10/2005	584	3,980	3,980	100%	0	0%
B	Usilampatti	Kannan	1	10/7/2005	750	21,800	4,000	18%	17,800	82%
	TOTAL		20		15,135	391,023	160,311	230,712		

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT	AUDITORIUM		OPEN SPACE	
SALEM REGION										
A	Salem	Rajeswari	1	1/11/2005	914	19,200	19,200	100%	0	0%
A	Salem	Arns Multiplex	1	1/1/2006	601	51,000	14,400	28%	36,600	72%
B	Ammappattai	Srinivasa	1	13/01/2006	565	19,250	6,680	35%	12,570	65%
B	Ammappattai	Sri Saraswathi	1	13/01/2006	361	26,200	12,410	47%	13,790	53%
B	Bargur-Krishnagiri	Duraisamy Paradise	1	2/11/2005	816	19,000	5,000	26%	14,000	74%
B	Bommudi-Dharmapuri	Sri Palaniyappa	1	31/03/2006	452	21,500	8,000	37%	13,500	63%
B	Harur	Dass	1	17/10/2005	484	30,000	11,076	37%	18,924	63%
B	Kariamangalam	Sri Bagyalkshmi	1	11/2/2005	904	32,700	21,800	67%	10,900	33%
B	Kolathur - Salem	Shanthi	1	18/02/2006	432	18,000	3,200	18%	14,800	82%
B	Malla Samuthram	Arunachalam	1	1/3/2006	354	50,965	10,933	21%	40,032	79%
B	Mettur Dam	Karpagam	1	12/10/2005	527	22,000	8,778	40%	13,222	60%
B	Mettur Dam	Lakshmi	1	24/01/2006	405	26,000	5,000	19%	21,000	81%
B	Mettur Dam	Mtc Annai Kaveri	1	24/01/2006	819	19,000	4,500	24%	14,500	76%
B	Namakkal	Jothi	1	4/11/2006	604	54,000	30,000	56%	24,000	44%
B	Omalur	Jaya	1	22/10/2005	827	5,208	5,208	100%	0	0%
B	Rasipuram	Sri Devi	1	11/11/2005	811	24,000	6,000	25%	18,000	75%
B	Thiruchencode	Deivam	1	1/9/2005	586	32,700	17,000	52%	15,700	48%
	TOTAL		17		10,462	470,723	189,185	281,538		

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT	AUDITORIUM		OPEN SPACE	
TIRUNELVELI AND KANYAKUMARI		REGION								
A	Kadayanallur	Maharaja	1	24/01/2006	482	23,100	700	3%	22,400	97%
A	Senkottai	Kaleeswari	1	24/10/2005	465	21,600	7,590	35%	14,010	65%
A	Tuticorin	Ksps Ganapathy	1	20/10/2005	624	18,000	5,000	28%	13,000	72%
B	Alangulam	Sri Lakshmi Narayanan	1	27/01/2006	658	56,192	5,022	9%	51,170	91%
B	Arumuganeri	Sri Santhi	1	19/11/2005	700	22,600	4,503	20%	18,097	80%
B	Avudayanoor	Sri Ratna	1	27/01/2006	358	23,235	7,150	31%	16,085	69%
B	Kalakadu	Hema Talkies	1	27/10/2005	636	42,228	5,253	12%	36,975	88%
B	Kovilpatti	Shanmugha	1	21/11/2005	444	37,932	7,000	18%	30,932	82%
B	Naynaragaram	Ganesh	1	24/01/2006	468	22,236	3,845	17%	18,391	83%
B	Sambavar Vadakarai	Seethalakshmi	1	22/02/2006	269	12,000	2,800	23%	9,200	77%
B	Sankarankoil	Gowri Shankar	1	29/05/2006	543	19,000	4,500	24%	14,500	76%
B	Senkottai	Anand	1	11/11/2005	435	9,515	5,665	60%	3,850	40%
B	Surandai	Kavitha	1	25/10/2005	574	30,956	9,000	29%	21,956	71%
B	Udangudi	Ayyanar Thiriarangam	1	27/10/2005	672	6,700	6,700	100%	0	0%
B	Valliour	Sri Arunatakies	1	25/10/2005	807	39,240	6,148	16%	33,092	84%
B	Valliour	Chitra	1	19/11/2005	598	27,250	5,406	20%	21,844	80%
	TOTAL		16		8,733	411,784	86,282	325,502		

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT	AUDITORIUM		OPEN SPACE	
NSC REGION										
A	Ambur	Ramu	1	17/05/2006	700	22,000	6,000	27%	16,000	73%
A	Neyveli	Sri Ranga Theatre	1	30/12/2005	714	59,296	8,002	13%	51,294	87%
A	Pondicherry	Rukmani	1	31/05/2006	464	14,800	9,000	61%	5,800	39%
A	Pondicherry	Jeeva	1	31/05/2006	947	14,800	6,000	41%	8,800	59%
A	Thiruvannamalai	Hari Haran	1	16/06/2006	242	10,000	5,000	50%	5,000	50%
A	Vellore	Apsara	1	11/3/2006	901	26,000	15,824	61%	10,176	39%
A	Vellore	Gowri Prabha	1	17/05/2006	224	16,000	2,800	18%	13,200	83%
B	Arni	Karthikeyan	1	1/1/2006	360	26,754	12,000	45%	14,754	55%
B	Jolerpet	Kkc	1	24/05/2006	440	21,000	4,500	21%	16,500	79%
B	Kalavai	Sri Murugan	1	11/8/2005	350	14,393	10,120	70%	4,273	30%
B	Vaniyambadi	Sangeetha	1	18/05/2006	466	18,000	3,200	18%	14,800	82%
B	Vaniyambadi	Sivaji	1	8/6/2006	694	25,620	967	4%	24,653	96%
B	Vaniyambadi	Vijay	1	8/6/2006	445	19,607	4,500	23%	15,107	77%
	TOTAL		13		6,947	288,270	87,913	200,357		

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT	AUDITORIUM		OPEN SPACE	
TRICHY TANJAVUR REGION										
A	Pattukottai	Neela	1	29/05/2006	650	21,000	4,500	21%	16,500	79%
A	Thanjavur	Parveen	1	14/11/2006	761	18,000	7,000	39%	11,000	61%
B	Swamymalai	Sri Murugan	1	17/05/2006	510	8,650	8,650	100%	0	0%
	TOTAL		3		1,921	47,650	20,150	27,500		

CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MOU	NO. OF SEATS	TOTAL SQ.FT	AUDITORIUM		OPEN SPACE	
CHENNAI REGION										
A	Chennai	Abirami	4	12/5/2006	2,113	25,000	11,200	45%	13,800	55%
	TOTAL		4		2,113	25,000	11,200	45%	13,800	55%

## PYRAMID SAIMIRA THEATRE LIMITED

### ANDHRA PRADESH

REGION	CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MoU	NO. OF SEATS
ADILABAD	A	Adilabad	Nataraj Delux	1	11/11/2006	550
	A	Adilabad	Nataraj 70 Mm	1	11/11/2006	550
KHAMMAM	A	Khammam	Sundar Max	1	11/11/2006	530
	B	Madhira	Santhi Dts	1	11/11/2006	400
	B	Yellandu	Lalith Kala Mandir	1	11/11/2006	500
KARIMNAGAR	B	Palvoncha	Venugopal	1	11/11/2006	550
	B	Sattupally	Venkateswara Talkies	1	11/11/2006	400
	A	Karimnagar	Raja Deluxe	1	11/11/2006	650
	B	Jagtial	Durga Raja	1	11/11/2006	600
	B	Huzoorabad	Annapurna Deluxe	1	11/11/2006	475
	B	Jammikunta	Annapurna Dts	1	11/11/2006	500
	B	Peddapally	Srinivasa Dts	1	11/11/2006	500
	B	Vemulawada	Gokul Talkies	1	11/11/2006	450
MEDAK	B	Sangareddy	Nataraj	1	11/11/2006	650
	B	Siddipet	Venkateswara Theatre	1	11/11/2006	675
MAHABUBNAGAR	A	Mahabubnagar	Balaji	1	11/11/2006	500
	B	Achampet	Satyalexmi	1	11/11/2006	450
NIZAMABAD	A	Nizamabad	Tirumala	1	11/11/2006	650
	B	Kamareddy	Naaz Deluxe	1	11/11/2006	600
NALGONDA	A	Nakirekal	Raghu Rama Talkies	1	11/11/2006	500
	A	Nalgonda	New Prem	1	11/11/2006	550
	B	Huzoornagar	Srinivasa Theatre	1	11/11/2006	525
WARANGAL	B	Kodada	Shakuntala P. Palace	1	11/11/2006	600
	B	Suryapeta	Ramalingeswara	1	11/11/2006	625
	B	Tirumalaghiri	Malleswari	1	11/11/2006	550
	A	Warangal	Kakateeya	3	11/11/2006	1,800
	B	Mahabubabad	Laxmi	1	11/11/2006	700
	B	Mahabubabad	Venkatrama	1	11/11/2006	700
	B	Torrur	Ashwini	1	11/11/2006	475
	B	Torrur	Venkateswara Talkies	1	11/11/2006	325
	B	Narasampet	Jayasri	1	11/11/2006	600
	B	Janagoan	Devi 70mm	1	11/11/2006	700
			<b>TOTAL</b>	<b>34</b>		<b>18,830</b>

### KARNATAKA

REGION	CATEGORY	PLACE	NAME OF THEATRE	NO. OF SCREENS	DATE OF MoU	NO. OF SEATS
	A	Bagalkot	Sri Vasavi	1	15/11/2006	573
	A	Belgaum	Ritz Sri Krishna	1	17/11/2006	519
	B	Banahath	Shringar Theatre	1	15/11/2006	594
	B	Ranebennur	Veena Chitramandir	1	15/11/2006	834
			<b>TOTAL</b>	<b>4</b>	<b>2,520</b>	

Note: The area available (in sq. ft.) to PSTL is yet to be finalized for the theatres in Andhra Pradesh and Karnataka.

In all as on the date of filing of this Prospectus, we have tied up a total of 148 screens of existing theatres in the states of Tamil Nadu, Andhra Pradesh and Karnataka. The combined number of seats available across the theatres in our chain in these three states is 90,906. In addition to the exhibition business, we have also tied up rights to use the open area available in these theatres for the purpose of establishing food and beverage outlets (food courts, restaurants, etc.), retail outlets, parking areas, and other entertainment facilities such as children's area, electronic entertainment arcade, etc.

#### Agreements with Spirit Global Constructions Pvt. Ltd. and Swatantra Land and Finance Ltd.

In order to expand our footprint to other states in India, we have entered into agreements with reputed developers like Spirit Global Constructions Pvt. Ltd. and Swatantra Land and Finance Ltd. for the development of malls with multiplexes in the northern Indian states. Brief terms of these agreements are as follows:

##### Spirit Global Constructions Pvt. Ltd. ["SPIRIT"]:

We have entered into an agreement with Spirit dated 08/07/2006. Under the terms of this agreement, Spirit will construct 60 malls with multiplexes in the states of Punjab and Himachal Pradesh in locations which will be approved by our Company. On completion of construction of each mall, PSTL will take over the entire mall including the screens, retail space, food courts and entertainment areas on a ten year lease, which is renewable upto a period of 25 years. As per this agreement, PSTL will pay a fixed lease per month to Spirit and will manage the entire operations of the 60 malls. The ten year lease period will be exclusive to each mall and will commence from the day of handover of the completed mall to PSTL. The locations for the mall to be constructed under this agreement are in the process of being identified.

##### Swatantra Land and Finance Ltd. ["SLFL"]

We have entered into an agreement dated 07/09/2006 with SLFL. This is a walk-in agreement wherein, PSTL will takeover the management and operations of 22 malls in Haryana and 20 malls in Rajasthan. The malls will be fully complete with all the facilities such as multiplex screens, food courts, entertainment zones, retail space, parking space, etc. as per our specifications. The location of each mall will be approved by our Company in the centres mentioned below:

HARYANA			RAJASTHAN		
CATEGORY	PLACE	STATUS OF LAND ACQUISITION	CATEGORY	PLACE	STATUS OF LAND ACQUISITION
A	Ambala	To be identified	A	Jaipur	To be identified
A	Bahadurgarh	To be identified	A	Jodhpur	To be identified
A	Dharuhera	Complete	A	Udaipur	To be identified
A	Faridabad	Complete	B	Ajmer	To be identified
A	Gurgaon	To be identified	B	Alwar	To be identified
A	Karnal	Complete	B	Bharatpur	To be identified
A	Karukshetra	To be identified	B	Bhilwara	To be identified
A	Panchkula	Complete	B	Bhiwadi	Complete
A	Panipet	To be identified	B	Bikaner	To be identified
A	Rohtak	To be identified	B	Chittourgarh	To be identified
A	Sonepat	To be identified	B	Jagn-Kota Road	To be identified
B	Agroha	To be identified	B	Jaisalmer	To be identified
B	Bhiwani	To be identified	B	Jhalore	To be identified
B	Chakri Dadri	To be identified	B	Kishangarh	To be identified
B	Hansi	To be identified	B	Kota	To be identified
B	Hissar	To be identified	B	Mount Abu	To be identified
B	Jajjhar	To be identified	B	Pholera	To be identified
B	Jind	To be identified	B	Pushker	To be identified
B	Palwal	To be identified	B	Ranakpur	To be identified
B	Rewari	To be identified	B	Sawai-Madhopur	To be identified
B	Sirsa	To be identified			



## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **BUSINESS STRATEGY**

The first and foremost strategy of the our company is to create a pan India theatre chain. The second step is to convert the existing methods of exhibiting content into the digital form and then distribute content through digital distribution media. To achieve this we propose to take over the management of the distribution and exhibition of film and other audio visual content as well as operate and manage the physical locations used to exhibit the content.

Through this we will evolve into a multifaceted theatre chain company with expertise in mall and multiplex management.

### **THEATRE MANAGEMENT**

PSTL will provide update the facilities, amenities and ambience at all theatres in our chain to bring them at par with modern consumer expectation levels. All the theatres will have certain basic features like quality seating, modern sound and lighting equipment, good house keeping, proper parking, good food and beverage facilities, fire control and safety features, etc.. Many theatres will have additional facilities.

#### ***Seating***

Seating in the theatres is unique from other traditional theatres.

- Larger leg space
- Couple seating (two seats in a separate bay), Family seating (four or five seats in a bay)
- Food table for each bay
- Wider arm rests
- Comfortable neck rests
- Full push back seats
- Customized seats for the physically handicapped.

#### ***Housekeeping***

- Proper Housekeeping to ensure hygiene and cleanliness with trained Housekeeper.
- Clean & hygienic washroom with proper facilities.
- First-Aid equipments in the premises to ensure attention to medical emergencies

#### ***Food & Beverages (F&B)***

F & B is a major source of income in Cinema other than ticket sales. PSTL plans to tie up with major food chains to offer multi variety fare. These food outlets will serve general public also. Food will also be offered as a package along with Transportation & Ticket. Special food like Health / Diabetic food will also be available.

#### ***Parking***

Integrated parking management is planned. Valet parking will also be available. Car park/ two wheeler parking will have tie-up for general water wash & service.

#### ***Transportation***

One of the major issues for theatre is access and lack of affordable transportation facilities. PSTL will tie up transportation facilities like Cabs, Auto, Share Vans etc along with ticket sale. Coming to PSTL theatre chain should be a pleasurable experience.

#### ***Kids Corner***

The theatre chain will have a professionally run Child Care center along with Kids play area. Trained staff will be there to feed the children also. Women can safely leave their kids in this place and enjoy film without worrying about their kids.



### ***Other Services***

- Cloak room / locker facilities where one can keep their luggage
- Bank ATM's, Cheque drop collection boxes, credit card collections, Internet banking terminals.
- Courier Agency, Post Box.
- Browsing / Computer/ Business Center with Video Conferencing.
- STD/ISD/ fax receiving & sending.
- Gaming Centers
- Complaint centers for Cable TV/ Utilities
- Financial services selling centers
- Tele Shopping counters

### ***Other Features***

- High Quality Lighting
- Good Air Conditioning
- Exhaust Fans
- Standby Pedestal Fans
- Clearly marked Floor Plan
- Lobby/ Lounge
- Fountain
- Water Outlets
- Decorated Sidewalls

### ***Customer Service***

Customer satisfaction is another key factor in the Pyramid-Saimira Theatres. Complaints will be attended and rectified at once. Complaint / Suggestions book will be prominently placed. Customer Service will be ensured for the audience right from the booking of the ticket till he leaves the theatre after the show.

### ***Security***

All statutory guidelines will be adhered to in letter & spirit. Metal Detectors will be placed in the auditorium to ensure proper security. There will be proper Fire-fighting equipments & Smoke-alarms. Emergency Exits will be marked and lighted properly. Baggage Checking will be done.

### **ADVANTAGES OF DIGITAL CINEMA**

Parallel to the creation of our theatre chain, we propose to install digital exhibition equipment such as digital projector, networked servers and communication equipment at each of the theatres. By this each of the theatres becomes part of a Closed User Group ["CUG"]network. This will enable simultaneous delivery of content to these theatres using satellites or broadband networks. The following are the advantages of Digitilisation:

- First, the high cost of film prints (Rs 60,000/print for a conventional release) is avoided. By avoiding the high cost of prints, which can be anywhere from 15 to 20 percent of a film's production budget, a much wider release would be possible.
- Considerable handling costs to get the bulky film prints from the lab to the theatres and back after the run are also avoided. No need to be concerned about disposal of the old prints.
- Response to demand can be much more efficient. Producers and distributors would not have to guess how a film is likely to fare in order to decide how many prints to make. A small movie can be released in a small number of theatres and if it becomes popular, the number of theatres can be increased very quickly.
- No worry about courier services not getting the films to the theatres in time for opening day.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

- Prints can “disappear” only to show up in hundreds of bootleg copies in the streets.
- No “multiple inventory” problems for various sound formats or foreign language releases.
- Film’s quality does not deteriorate with age unlike celluloid, which becomes scratched and sprocket cut, especially with the older projectors used in India.
- Quality of the presentation is consistent from show to show & every show of a movie is as good as the premiere.
- Playback system could allow accurate and secure reporting of playback details to ensure that no unauthorized screenings are shown.
- Threat of piracy could be reduced, as the media would be highly encrypted.

### **ADVANTAGES OF DIGITAL THEATERS**

- Digital system will extend the presentation capabilities beyond just showing movies. Special showings of live events and other programmes open up many new entertainment venues for the theatre segment. The large-screen experience offers an unmatched capability for viewing such non-traditional programming and could bring significant new revenue to theatres over time.
- Digital system makes screen scheduling easy, accurate, and flexible for the theatre operation like a movie can be scheduled to show at a certain time in a given auditorium and with a defined set of trailers and promotions, which can be changed at each show time. This provides more efficient theatre operation management.
- Better Reporting and Tie-in to Concessions, Ticketing, Marquees, and Promotions.
- Theatre management will have unprecedented ability to monitor and track all aspects of theatre operation. Once the Digital Cinema system is tied-in to other theatre operations, comprehensive control and reporting of ticketing, concessions, marquees, environmental controls and promotions are all possible from both the local theatre and/or centralized theatre centers.
- Smaller Theatres are Cost Effective due to Low Distribution Costs.
- Automatic Diagnostics: The Digital Cinema system will monitor its own operation and will include fault-tolerant design. This allows the system to not only detect failures in equipment and report these failures for maintenance activity, but also allows the presentations to go on uninterrupted during most failure events. Equipments will perform self-calibration to maintain consistently high presentation quality. The show must go on and with the Digital Cinema system it will!

### **DETAILS OF BUSINESS MODEL**

Our Business Model consists of the following distinct business propositions:-

1. Creation of a Mega Theatrical Chain with management and operational control of exhibition locations
2. Content Agglomeration
3. Application & Outsourcing of Technical Services

Each of these services constitutes separate Strategic Business Units (SBU). Though these services will now be under one organizational banner, they will operate on strict profit center basis. Ultimately these distinct services will be spanned off into separate Organizational Units and each of these units need not limit the service to in-house alone. Each of these SBU will expand their sphere of market independently and will also be located based on the needs & imperatives of the respective business.

## 1. CREATING A MEGA THEATRICAL CHAIN WITH MANAGEMENT AND OPERATIONAL CONTROL OF EXHIBITION LOCATIONS

### 1.1 Business Process

Our aim of establishing a theatrical chain is that the exhibition industry should move towards separation of ownership and management. The chain can be built by a combination of the following methods:-

- a. **Outright Purchase of Theatres:** - This will be resorted to only very sparsely, since the focus is in creating of chain and not owning Real Estate. However our company proposes to create a secondary market for Theatrical real estate by sale and lease back method.
- b. **Long term Full Lease of theatres:** -. In this method, our company will take on lease the theatre 'as is where is' basis and invest in up-gradation of the physical infrastructure as well as digital conversion in the theatre. This method will be the one more frequently applied in the first phase of operation. We have focused on using this model to tie up the theatres forming part of our theatre chain as it is comparatively less capital intensive to an outright purchase.
- c. **Theatres On Revenue Share / Franchisee basis:** - In this method existing theatre owners will invest in up-gradation of infrastructure to company's specification. The company will invest in Digital conversion and take over content management / exhibition management & facilities management. The theatre owner will get a share of revenue generated in that theatre.

### 1.2 Revenue

- Ticket sales revenue for the film shows
- Revenue share from various facilities and service providers for the food courts, childrens entertainment facilities, etc
- Revenue from the leasing of retail space in the theatres and malls.
- Revenue from advertising during shows, in the lobbies & hoardings on the property.

### 1.3 Cost

- Payment to theatre owners either as fixed rental or on a revenue share basis
- Payment to service providers for the digital cinema equipment and associated services

## VALUE ADDED FACILITIES

We will provide a modern ambience in the theatres in our chain. These theatres will have certain basic comfort features like quality seating, good house keeping, proper parking, good fire control & safety features etc. Many theatres will have additional facilities depending on the cities in which they are located like high end shopping outlets, children's entertainment facilities, escalators, etc.

### Seating

Seating in the Theatres is going to be the unique from other traditional theatres.

- Larger leg space
- Seats for a couple (Two-seats in a cozy bay), for a small family (Four or Five Seats in a bay)
- Food Table for each bay
- Wider Arm rest
- Cozy neck rest
- Fullest Pushback seats
- Cozy cushion
- Designer Seats for physically handicapped.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### ***Housekeeping***

- Proper Housekeeping to ensure hygiene and cleanliness with trained Housekeeper.
- Clean & hygienic washroom with proper facilities.
- First-Aid equipments in the premises to ensure attention to medical emergencies

### ***Food & Beverages (F&B)***

F & B is a major source of income in Cinema other than ticket sales. PSTL plans to tie up with major food chains to offer multi variety fare. These food outlets will serve general public also. Food will also be offered as a package along with Transportation & Ticket. Special food like Health / Diabetic food will also be available.

### ***Parking***

Integrated parking management is planned. Valet parking will also be available. Car park/ two wheeler parking will have tie-up for general water wash & service.

### ***Transportation***

One of the major issues for theatre is access and lack of affordable transportation facilities. PSTL will offer transportation facilities like taxi cabs, auto rickshaws, shared transportation etc. at the time of sale of tickets.

### ***Children's Facilities***

The theatre chain will have a professionally run Child Care center along with kids play area. Trained staff will be there to take care of the children's nutritional requirements. Families can safely leave their children in this place and enjoy film without worry.

### ***Other Services***

- Cloak room / locker facilities where one can keep their luggage
- Bank ATM's, Cheque drop collection boxes, credit card collections, Internet banking terminals.
- Courier Agency, Post Box.
- Browsing / Computer/ Business Center with Video Conferencing.
- STD/ISD/ fax receiving & sending.
- Gaming Centers
- Complaint centers for Cable TV/ Utilities
- Financial services selling centers
- Tele Shopping counters

### ***Other Features***

- High Quality Lighting
- Good Air Conditioning
- Exhaust Fans
- Standby Pedestal Fans
- Clearly marked Floor Plan
- Lobby/ Lounge
- Fountain
- Water Outlets
- Decorated Sidewalls

## 2. CONTENT AGGLOMERATION

### 2.1 Business Process

We will agglomerate content and maintain a digital library. This will enable us to play out any type of content to any theatre in the chain. The content will include:-

- New films of various languages
- Old films which continue to enjoy high demand
- Films for children
- Non film content like sports events
- Educational content

### 2.2 Revenue

- Revenue Share of Gate Collection from Theatres / from Theatre Chain SBU
- Sale / Rent / Royalty / Lease of content to other segments like Broadband, Satellite, DVD etc

### 2.3 Cost

- Payment to Content owners for rights either on Outright or as Share of Revenue collection basis
- Payment to NTASP

## CONTENT ACQUISITION PROCESS

We shall acquire rights either on outright basis or as share of revenue collection basis. Presently distribution rights of films are sold as: -

1. Circle wise Theatrical Rights
2. Satellite rights
3. Overseas Rights

Current film distribution method involves Film Producer, Distributor & Theatre owners. Once the Film is completed, the Producer calls for Distributors for distribution. Distributors buy the right to exhibit the films in their areas. Thereafter, a distributor analyzes the theatres he feels fit to exhibit the films in his distribution area. Then the distributor and the theatre owner come into an agreement whereby the profit arising out of the exhibition of the film is shared between them. The distributors then make copies of master needed for their areas and physically move the films to the theatres. In this method the distributors and the theatre owners take the financial risk.

But nowadays distributors, except for some star value films, desist from taking the risk. In these cases they only act as pure distributors like any consumer durable product distributor and take commission percentage on revenue realized from their area. Previously distributors did: -

- Contribute to finance of the films
- Took risk in the result
- Made prints and handled physical distribution

But now for most of the films they are involved only in making print copies and physical distribution. This is one of the reasons that many films struggle for decent release especially regional language films. We do not need physical prints for distribution since every thing end-to end is digital and distributed through satellites. Therefore, we propose to acquire / distribute the entire Theatrical Rights of a film.

## PYRAMID SAIMIRA THEATRE LIMITED

---

### 3. APPLICATION & TECHNICAL SERVICES

#### 3.1 Business Process

We will provide digital exhibition of any content including Theatre Management Service to any independent theatre / theatre chain and manage the Rights as well as other services which includes :-

- Digital Exhibition which includes content conversion, content transmission & play out at theatres
- Digital Rights Management
- Advertisement Management
- Theatre Management
- Collection Management
- Facilities Management

These services require network management & integration. This service can be located in a place which has excellent communication connectivity, satellite up-linking facility and quality technical manpower base.

Ultimately, the company's business model will ensure the following:

- a. Transparency in collection
- b. Bankability of collection
- c. Ability to create escrow against collection

Currently, the film financing stops at the production cycle and does not extend to the collection / distribution cycle. This infirmity is due to lack of transparency and lack of bankability of box office collection. Since the our transparent accounting and immediate bankability of collection will remove this impediment, organized finance can get extended to the distribution / collection cycle also and therefore the company need not block its fund for distribution rights. Further, due to content agglomeration of all categories of films the company's risk on flops will minimize substantially. This method will ultimately provide more exhibitor share i.e. share of the company in the box office collection. This organized move will also create a positive fall out environment and will increase the total number of film produced as well as will get PSTL the best of the contents without major risk or exposure.

The company has started putting the above into practice and has already distributed some movies purely on revenue share basis.

### TECHNOLOGY

#### Existing Technology

Currently the movies are shot in raw film (Negative). From processed negative, as many copies as needed will be made. For each release theatre, one print is required. This will be sent physically through various modes of transportations. This method suffer from the following problems :

- a. Cumbersome copying process and distribution methodology requiring high lead-time with huge cost to increase the number of prints
- b. Projection quality will vary from theatre to theatre and from day to day will vary depending upon quality and local environmental conditions
- c. The print can be and is often hijacked in the transportation process for piracy
- d. Quality variable over time with dust/ scratches/ mis handlings / coatings etc
- e. Exhibition quality depended on multi-various local conditions including qualitative variable like operator skill set
- f. Non standardized distribution
- g. Need huge time & effort to ramp up supply side in case of success.
- h. Risk of piracy
- i. Huge variable Cost per print

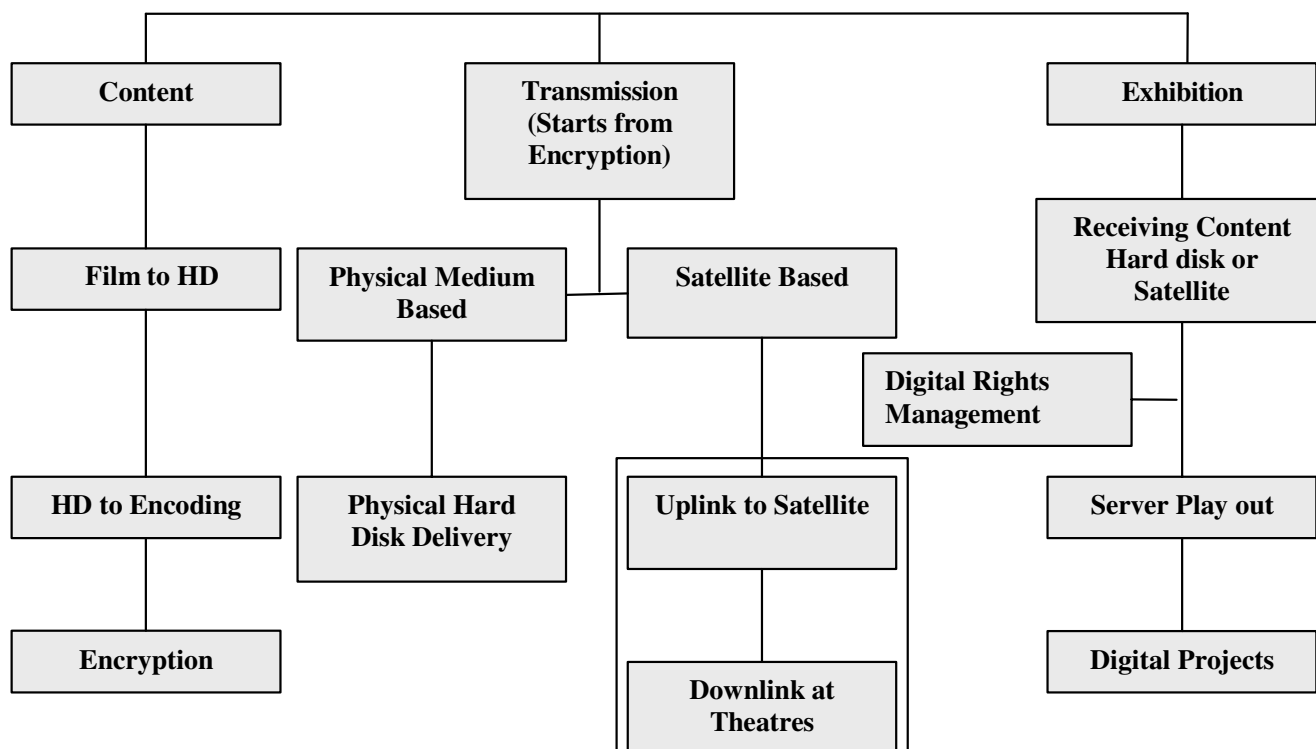
## New Technology

PSTL has evolved a composite satellite distribution mechanism to replace the existing film based mechanism. Here the production can be in the existing film based method itself (Film negative). This negative will be converted into digital and the digital copy will be encrypted using highest encryption mode available to prevent tampering copy right violation and piracy. This encrypted file will be sent via satellite which will be received at the theatres and stored in the respective servers at the theatres. Upon authorization from the central control room, the server will play movie using Digital projector. Though live broadcast is also possible Pyramid Saimira is using store and forward method for content distribution. In our process a simultaneous release of 12 new films is possible at any number of locations.

## TECHNICAL PROCESS

- ❖ Content conversion
- ❖ Encryption & copy protection
- ❖ Distribution
- ❖ Rights Management
- ❖ Digital Exhibition
- ❖ Centralized Theatre management & Facilities Management System

The following is the bird's eye view of the whole technological process:-



## PYRAMID SAIMIRA THEATRE LIMITED

---

### 1 Tie-ups for activities

For each of the above processes, competent technical service providers have been identified and we have reached commercial agreements with them. They are:-

- Convert film negative to HD: by EFX –a division of Prasad Corporation Pvt. Ltd.
- Transmission – satellite broad band – two way: by Tata Net
- Theatre Server & play out: by Real Image Media Technologies
- Digital Projectors: from Bharat Digitals Limited in tie-up with M/s Delta Inc., Taiwan, based on DLP Chipsets by M/s Texas Instruments, USA.

### 2. Technology for Content conversion

The process starts from Conversion of Film negative to Electronic Format called HD (High Definition format). From HD the content will be encoded in display file format. The general format that will be used includes MPEG; windows Media with multipole frame rates and Compression will be done to reduce the total amount of data necessary to represent the program. Image compression would be performed at the telecine studio or some other central facility.

The next and most vital process is Electronic Encryption. Once the content is converted to the digital domain and compressed, a strong cryptographic protection against unauthorized use and duplication will be applied. A properly designed encryption system will prevent piracy without any degradation to the image quality. This cryptographic operation would also be performed at a central facility prior to distribution/transmission of the program to the theatres.

### 3. Technology for Distribution

Currently films are printed and there are film rolls for each screen. These rolls are stored in big boxes & physically carted to the theatres. But in digital cinema there are two types of delivery systems:

1. Physical-media based
2. Server Based Approaches with Cartridges / Electronic transmission-based methods.

Media based systems require physical delivery of the electronically stored programs from a distribution center to the theatre, much like film as distributed today. Transmission based approaches use a network solution, with the digital information being transferred to the theatres through an electronic means such as a Fiber line or over a satellite broadcast. Each approach offers unique attributes and characteristics as well as advantages and limitations. PSTL plans to adopt Satellite based IP delivery.

#### 3.1 Media based approaches

Media based distribution approaches depend on the mass duplication of an electronic master of each motion picture onto physical mass storage media and the subsequent shipment of the digital copies to the theatres.

#### 3.2 Satellite based Digital Cinema system

In this mode there will be a resident server at theatres which will receive the digital file in encrypted format. Based on Digital Rights management authorization the server will play out the file to projectors. The receiving of digital film can be physical (say Physical hard disk cartridge or through Broad band connectivity (fiber / Satellite)

We have tied up with Tata Net VSAT network, whereby the film content from their Network operating center will be uplinked in IP broadcast mode to Satellite and the theatres authorized to receive this broadcast will receive the same using a VSAT dish antenna. This will be stored in the server at the theatre in the encrypted format and based on the rights authorization, the server will play out the film / content to the digital projector.

Satellite delivery allows simultaneous reliable delivery virtually worldwide. In addition to the motion picture programs, movie trailers and advertising can be delivered to theatres via the same satellite system.



Automated programming of complete theatre program will ensure that proper promotional programs are shown with the intended feature. No human intervention, involving the potential for human error, is involved with the transmission, storage or presentation of the programs. A theatre manager has instant flexibility to schedule a particular program to show at a predetermined time on a selected screen, but does not have to depend on a human operator to carry out that plan.

Going beyond just “showing movies”, satellite delivery enables new capability to transmit and present “live events” as they happen. Premium programs such as concerts, sporting events, fashion shows, live interviews of movie stars in conjunction with sneak previews, corporate events, and distance learning are now possible. These open opportunities for additional revenue streams for theatres. Worldwide, theatres are generally open from noon onward. Adding new presentations in the morning hours and providing new programming that will fill more seats translates directly into profits.

#### 4. Digital Rights Management (DRM)

Traditionally rights management is physical, by controlling the physical copy of the Film roll. This method has huge disadvantages like inventory management issues, piracy issues, almost impossible to track the usage etc. Digital Theatres bring in Digital Rights Management as an integral part of the system.

Digital Rights Management is the method by which content protection is flexibly managed to suit the needs of business. DRM is an integral part of both electronic content protection and the electronic distribution of content and includes Copy Protection, Encrypted Content and usury rights monitoring & management and other processes in the effort to preserve copyrights and prevent theft of content in the digital world.

DRM embodies the set of rules that govern the business, providing an electronic means to manage business transactions. The movie exhibition business engages in the business-to-business transfer of content. The DRM would contain the business rules that exhibitor and content owner agree to, which are read and obeyed by the devices that play the digital movie content. (Though Pyramid saimira will own the theatrical rights and operate the theatre in its name, they plan to adopt a profit center approach, where each theatre is treated as a distinct entity)

One of the many promises of digital distribution of cinematic content is that a wider number of sources for content could develop. Digital distribution lowers the investment barrier for both content production and distribution. This could eventually lead to growth in the number of content providers, and most certainly will expand the types of content available from today's providers. By automating the business agreement, DRM is one of the mechanisms for lowering the cost of distribution, and thus aiding in that growth. DRM, by providing a universal means to digitally express the business agreement, will allow any content provider to employ these new distribution channels.

#### 5. Projection systems

Projectors are the last link in the digital system. In the existing projector, physical film is rolled over; powerful light is thrown against the film, which reflects upon the lens to throw the image to screen. In the digital projection system there are no physical films; only files containing information, this file is read and played out by the server to the DLP chip processor in the projector and the chip processes this information and mirrors image to DMD (digital Micro mirror device) which is reflected upon the powerful light and thrown via a lens to the screen.

The white light generated by the lamp in a DLP projection system passes through a color wheel as it travels to the surface of the DMD panel. The color wheel filters the light into red, green, and blue, from which a single- chip DLP projection system can create at least 167 lakh colors. And the 3-DMD-chip system found in DLP Cinema projection systems is capable of producing no fewer than 35 trillion colors.

It may be noted the basic technology of projectors has been developed by Texas Instruments and many Hardware companies use DLC and DMD along with TI reference design to produce projectors.

We plan to use standard 3 chip DLP projection system with 7 true ANSI lumens, 1: 1000 contrast ratio projection, Anamorphic long throw lens for uniform brightness across screen & Hi-gain screen which enhances the vividity and also protects bulb life.

Projection System is the crucial link for the catalyst for Digital conversion. So far projectors of acceptable theatrical quality were very costly. Hence the conversion processes from normal theatres to Digital Theatres was hampered. PSTL focused on:-

## PYRAMID SAIMIRA THEATRE LIMITED

---

- a. Bringing down the cost of Projection System to an affordable level
- b. Creating the Projection System specifically tailored for Indian hazardous, environmental, electrical and operative conditions.

PSTL has tied up with Bharat Digital Limited for supply of Projectors. Bharat Digital in turn has entered into a Memorandum of Understanding on 12.04.05, with M/s Delta Electronics, Inc., Taiwan, a renowned project manufacturer

### 6. Network Operating Center (NOC) & System Integration

A central Network operating center to coordinate the various technical processes will be created at Chennai.

The main tasks for this NOC include the following: -

- Receive HD in D5 and encode / compress the content (film)
- Transmit the content to Tata Net Data center
- Remote broadcast (IP Broadcast) the content and cause the theaters to receive the content through Broadband VSAT. The above two tasks will be done through Tatanet, who have taken turn key responsibility for the same.
- Manage Digital Rights. This is the most important task for the NOC. From here, the server at respective theaters will get authorization for play out the content. From NOC all theaters can be remotely controlled.
- Manage Central database and Ticketing server. NOC will manage the entire reservation system for all theaters and ensure networking of our system with other third party switches.
- NOC will be the central node for the closed user group network using VSAT with all our chain theaters. Complete theatre management will be monitored from here.
- NOC will also have MIS function.

### 7. Brief about technology organizations that support PSTL

#### 7.1 Real Image

Real Image Media Technologies Pvt. Ltd. has a clear focus on film, video, audio and entertainment technology. Real Image is highly regarded in the film, video and audio industries for having heralded two significant revolutions in India – Digital Non-Linear Editing (AVID) and Digital Surround Sound for cinema (DTS).

Real Image has also made a considerable impact in the broadcast industry with Orad Virtual Sets from the stable of Orad Hi-tec Systems, Israel. Orad specializes in the development and manufacture of video and real-time image processing technologies for the TV broadcast and post-production markets. The divisions of Real Image Group include:

- (a) Media Artists – Audio Post Production Studios is the first studio in India to introduce several technologies including multi-track synchronization, time-code, digital audio and digital cinema sound. It is also the first studio in India to work in a totally computer based Pro Tools environment for film post- production and mixing. It is the only mix facility in the country which is THX certified. This global industry standard certification for technical excellence puts the studios in the same league as premier studios worldwide.
- (b) JS Films – Advertising Film Production. Over the last 16 years, the Company has produced over 450 commercial / advertisement films.
- (c) Software Divison – Qjam Music Solution: The Software Division is engaged in the development of creative solutions for the global entertainment market in the areas of film, video and audio. Their first product is an innovative digital jukebox called QjamTM. Qjam is a hard disk based music jukebox that is controlled by the user through a touch-screen interface.

We have entered into arrangements with Real Image for the following solutions:-

- (a) At NOC : Solution to convert HD to compressed, transferable file in Windows Media / MPEG.
- (b) Encryption and modular conditional access system.
- (c) At NOC: Digital Rights Management.
- (d) At Theatres: Play Out server.

## **7.2 Tata Net**

Tatanet, a Tata Group company owns and operates VSAT networks across India. Tatanet is PSTL's technical partner in their digital theatre roll out. Under the agreement entered between Tatanet & PSTL, Tatanet will install commission and maintain VSAT at our theatres and also make available requisite bandwidth facilities to transmit the movie file. Tatanet has accepted full responsibility for Transmission of Films to all our theatres..

We will use the Tatanet in the following manner: -

- a. Each theatre will have two-way VAST installed
- b. The content from our NOC will go to Tata Data center and from there it will be up-linked to Ku band satellite using VSAT and theatres will receive the content.
- c. VAST two-way connectivity will make all theatres in our chain and NOC as one seamless Closed User Group. This will also be used for Centralized ticketing, Digital Rights Management and other MIS function for us.

## **7.3 EFX - A Division of Prasad Corporation (P) Ltd.**

Founded by the legendary film industry personality L. V. Prasad, EFX is in the forefront of introducing cutting edge digital film processing technologies in India. Prasad Corporation Pvt. Ltd. recently commissioned Asia's first digital film lab coupled with telecine and has the capacity to process films exceeding 20 million feet per month with labs in Bhuvaneshwar, Thiruvanthapuram, Bangalore, Hyderabad and Chennai.

We have tied up with EFX for conversion of films on to HD (D5) format.

## **7.4 Valuable Media Pvt. Ltd. ["VMPL"]**

VMPL's digital cinema solution is a highly comprehensive end to end digital cinema system which is equipped with many advanced features. This system is capable of providing real time satellite delivery, smart card based licensing and high end management information systems for producers and distributors. VMPL will deliver digitally mastered high quality film content through satellites directly to servers in our cinema halls. Our current agreement with VMPL is for the supply of comprehensive digital cinema equipment and solutions on a pay-per-use basis for 1000 theatres. The services will include the provision of digital cinema equipment such as projectors, servers and communication hardware as well as allied services such as content digitization and delivery via satellite to our theatres. The services of VMPL will be provided under its digital cinema initiative which is named "UFO Moviez".

## **8. Ticket Sale management**

We plan to create a networked ticketing system similar to the system employed by the Indian Railways. Consumers can book tickets in advance for any show on any date in any theatre at any location.. Apart from seats, they can book facilities like transport, amusement for children, food, requests for disability assistance etc.

We have introduced multiple mechanisms like virtual cards, smart cards, pre-paid cards, scratch cards, package schemes, etc. as part of innovative and ease of use of collections. These include:-

- Counter Walk-in
- Over the phone / Cell Phone / SMS
- Through Internet
- Through Retail Outlets with specialized terminals.

## PYRAMID SAIMIRA THEATRE LIMITED

---

- **Bank ATM's:-** We plan to tie up with banks ATM network switch, which will enable any bank ATM card holder to purchase ticket for any of our theatres.
- **Physical smart card:** Smart cards will be sold which are re-chargeable just like Cell phone pre-paid cards. This can be used across locations. Based on the programmes watched by the customer the card balance will go down.
- **Virtual Card:** This operates like Phone Cards. Here cards will have value with inbuilt programming combination - say one can purchase 5 Film Cards. The Cards will have a scratchable secret number. The customer scratches and can input the number via Telephone, Cell, and Internet or inform at the counter in theatre.
- **Credit/ Debit Card:** All their theaters will have credit card interfaces and customers can purchase the same on any point of sale machine.

### Film Productions House Support

Our project has the fullest support from Tamil Film Community. Many producers have expressed full support for this venture and assured us with supply of content. Some of them include: -

1. **AVM Productions:** Pioneer in the industry and owners of Asia oldest and biggest studio. Has produced over 165 films. AVM Productions have expressed their support vide their letter date 13/05/2005.
2. **Kavithalayaa Productions:** Headed by living legend Padmashri K. Balachander, this house has produced more than 40 films and introduced most successful Artists of Tamil film industry. Kavithalaya have expressed their commitment to our endeavor vide their letter dated 18/05/2006.
3. **Lakshmi Movie Makers:** Produced more than 25 films, with four current projects under way. They have expressed their support of our project vide their letter dated 20/04/2005.
4. **Vasan Brothers:** The house is of 1950 era and produced number of films with MGR and Shavaji. Currently have more than 3 projects underway. They have vide their letter dated 23/05/2005, expressed their willingness to support our efforts.
5. **Sathya Jyoti Films:** A very prestigious production house credited with lot of state & national awards. Produced films like "Moondram Pirai", "Kizahku Vasal" etc. Sathya Jyoti Films have expressed their support of our project vide their letter dated 18/05/2005.
6. **Popular Films :** Popular Films has agreed to support our company vide their letter dated 20/05/2005.
7. **Sivasri Pictures:** vide their MOU dated 28/03/2005 agreed to produce/procure and sell to PSTL on full rights basis, a minimum of 12 Tamil motion pictures per annum, i.e one film in a month starting from August 2005. Till date two films have been produced under the terms of this agreement.
8. **Sri Surya Movies :** Headed by Mr. A. M. Rathnam, vide their letter dated 18/02/2006
9. **Super Good Films (P) Ltd. :** Headed by Mr. R.B. Choudary, vide their letter dated 19/04/2006
10. **GV Films Limited :** Headed by Mr. P. Raghuraman, vide their letter dated 22/04/2006
11. **Sri Mahalakshmi Combines** has expressed their support of our project vide their letter dated 21/05/2005
12. **Vaigai Cine Arts** has expressed their support of our venture vide their letter dated 20/05/2005

All the above entities have confirmed their consent in writing to support PSTL.

---

## REGULATIONS AND POLICIES

Our main objective, which includes production, distribution and exhibition of films and other contents, does not require any specific regulatory licenses and approvals.

Our business of content agglomeration, network service providing and mega digital theatre chain by taking theatres on lease do not require any specific license or government approval. However, operation of theatres requires license from the State government and the respective theatres must have license from the concerned State government. While taking the theatres on lease we will ensure that the theatres have valid operating licenses.

No further approval from any Government authority is required by the company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in granting the above approvals the GOI and the RBI does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any statements made or opinion expressed in this regard.

## PYRAMID SAIMIRA THEATRE LIMITED

### HISTORY AND OTHER CORPORATE MATTERS

#### HISTORY AND BACKGROUND OF OUR COMPANY:

Our Company was incorporated on 20/06/1997 as "Pyramid Films International Private Limited. The company was engaged in production of Tamil feature films and releasing them on various modes including theatres. The Company was converted to a Public Limited company and changed to Pyramid Films International Limited w.e.f. 10/08/2000 and was changed to Pyramid Entertainment and Softsystems Limited w.e.f. 14/08/2000 and was then changed to Pyramid Entertainment Limited w.e.f. 01/01/2002. The name was further changed to Pyramid Saimira Theatre Limited w.e.f. 23/08/2004 under the Companies Act, 1956 and a fresh certificate of Incorporation was received from the Registrar of Companies, Tamilnadu. The recent change in name is to reflect current thrust of the company in film distribution and exhibition sector.

Our Company has been promoted by Mr. V. Natarajan in the year 1997. Even before promoting the company, Mr.V.Natarajan produced number of films and he has 30 years of experience and domain expertise in entertainment sector. He is a veteran in the film industry and produced so far 55 films in various capacities such as Executive Director/ Executive Producer/Producer. Mr. P. S. Saminathan and Mr. N. Narayanan have joined Mr. V. Natarajan as Promoters to promote Mega Digital Theatre Chain Project. Mr. P. S. Saminathan has more than 10 years domain expertise in techno-commercial ventures. Mr. N. Narayanan has more than 20 years experience in man management in large organisations. The company is adequately represented by professionals in the Board and the advisory panel has representation from cross section of the media and management in the entertainment industry.

Our Company now operates in the following Industry Segments:-

- Digital theatre Chain, Exhibition of films in theatres & Content Agglomeration
- Management of malls, theatres, multiplexes and other avenues of exhibition
- Last Mile Access for Education and other non film content Using Theatrical infrastructure
- Network Theatrical Application service providing across the globe

#### MAJOR EVENTS

The company was engaged in production of films, procurement of other contents and export of the same. The company has also exported television software to various countries such as Singapore, Malaysia, Mauritius, France and United Kingdom.

Our company has produced 10 films. Our company had taken a strategic decision in the year 2004 to discontinue the film production line and decided to concentrate on Exhibition sector, more specifically in the field of IT Enabled Services to Exhibition Sector.

The milestones achieved in the course of our project implementation are given below:

Date	Event
September 2005	Addition of first theatre in our chain
December 2005	Addition of fiftieth theatre in our chain
May 2006	First two multiplexes added in our chain
June 2006	Addition of the hundred screen in our chain
July 2006	Agreement with Spirit Global Constructions Pvt. Ltd.
September 2006	Agreement with Swatantra Land & Finance Ltd.

### Changes in Registered Office of our Company

Pursuant to a Resolution passed in the meeting of our Board on 01.10.2004, the registered office of the company was shifted as under:

Previous Address	New Address	Reasons for Change in Office	Date of Change
Royal Court, 3-B, III Floor No.44, Venkatanarayanan Road, T.Nagar, Chennai – 600 017	C-1, II Floor, Temple Towers, Premises No. 672, Old No. 476, Anna Salai, Chennai – 400 035	Requirement of additional space	01/10/2004

The requisite Form 18 for the shifting of the Registered Office was duly filed with the Registrar of Companies.

### MAIN OBJECTS OF THE COMPANY

The main objects of our Company as contained in our Memorandum of Association are as set forth below:

1. To carry on business as film producers (sound and /or silent), hippodrome & circus proprietors, proprietors of cinema houses, theatres, concert halls and picture for amusement and/or entertainment for both private and public.
2. To carry on business as producers of feature films and /or documentary films (Indian/English) in all its branches and through all processes that may be discovered or offered from time to time, and as distributors, hirers, exhibitors and negatives holders of documentary and feature films of all languages.
3. To make, trade in, act as agents for (wholesale and /or retail) and produce cinematographic films (silent and talkie) and deal in sound producing, synchronized, stereoscopic, 3-D, coloured, bioscopic, cinemascope and Cinerama pictures and to deal in and/or act as agents for blank and /or pre-recorded videos and/or audio cassettes.
4. To carry on business as proprietors and/or lessees of film studios, erecting and running studios, film laboratories, cinema halls, theatres, television studios for exhibiting films and/or musical performances and to carry on business as owners of touring cinemas and theatres and give such touring cinemas, studios or theatres either on lease or on rent.
5. To carry on business as film publicity agents, designers, engravers for film publicity materials and as printers for film publicity and photography, either alone or in partnership with individuals and/or bodies.
6. To lend and/or supply artists, artistic talents and technicians to producers of cinematograph films and for that purpose to employ artists as paid servants of the company to be readily available for such business.
7. To purchase or otherwise takeover, acquire and undertake the whole of the business of any person, firm or company carrying on any business which the company is authorized and to pay for the properties, rights or privileges acquired by this company in shares of this company.

The clause of the Memorandum of Association of our Company enables us to undertake activities for which funds are being raised in this Issue. The existing activities of our Company are in accordance with the object clause of our Memorandum of Association.

### CHANGES IN MEMORANDUM OF ASSOCIATION

Date	Amendments
10/07/2000	Face value of the Equity shares were reduced from Rs.100/- per share to Rs.10/- per share
10/07/2000	Object clause was amended
10/08/2000	The company was converted to Public Limited and the name was changed to Pyramid Systems International Ltd.
14/08/2000	Name of the company was changed to Pyramid Entertainment and Softs System Ltd. to reflect activities of this company in IT enabled industry
01/01/2002	Name changed to Pyramid Entertainment Ltd.
23/08/2004	Name changed to Pyramid Saimira Theatre Ltd.
31/03/2005	Increase in the authorized share capital of the company from Rs. 50 lakhs to Rs. 5 crores
23/05/2005	Increase in the authorized share capital of the company from Rs. 5 crore to Rs. 33 crore



## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **SHAREHOLDERS' AGREEMENT**

We have entered into a Shareholders' Agreement dated 31/05/2006 with Bennet, Coleman & Company Ltd. ["BCCL"], wherein BCCL agreed to subscribe to 5,00,000 Equity Shares of Rs. 10/- each of our Company at a price of Rs. 80/- per Equity Share. The allotment for the same was completed on 03/06/2006. The salient features of the agreement are as follows:

- a. The shares allotted to BCCL shall be subject to lock-in for a period of 36 months from the date of allotment or for such period as may be determined under applicable law at the time of the IPO in accordance with the SEBI (DIP) Guidelines, 2000 and subsequent amendments thereto.
- b. Our Company and our promoters shall make reasonable endeavours to conduct an IPO within 3 years from date of allotment of shares to BCCL
- c. In the event that our Company makes any further issue of Equity Shares at a price lower than the subscription price, our Company shall issue fresh Equity Shares as part of the further issue at a price such that the weighted average price of the shares held by BCCL and the shares acquired in the fresh offering shall be equal to the price at which the shares are being issued in the further issue. In the event that our Company is unable to offer the shares to BCCL, our Promoters shall sell such number of shares held by them at a price such that the weighted average price of the shares held by BCCL and the shares acquired from the Promoters shall be equal to the price at which the shares had been issued in the further issue.
- d. Our Promoters shall not either alone or jointly with any other person, directly or indirectly engage in any business which competes with our business.
- e. In case the price at which shares are issued in our IPO is lower than Rs. 80/- per share, our Promoters shall transfer such number of shares to BCCL, at no consideration, such that the weighted average price of the shares held by BCCL and the shares transferred by our Promoters to BCCL is equal to the Issue Price of our IPO as determined by the Book Building mechanism.
- f. In the event that our Company's IPO is not completed within 3 years from the date of allotment of shares to BCCL i.e. 03/06/2006, BCCL shall have the right to require our Promoters to purchase all or some of the shares held by BCCL at a price not less than the sale price as determined as per the clauses of the Shareholders' Agreement.
- g. In case our Promoters decide to sell or dispose of all or part of their holding in our Company to a third party who is not an affiliate of our Promoters, our Promoters shall provide notice of such proposed sale to BCCL no later than 30 days prior to the closing of such sale. Our Promoters shall not be permitted to carry out such a sale unless the concerned third party makes an offer in writing to BCCL to purchase a pro-rata portion of the shares held by BCCL on the same terms and conditions as that offered to our Promoters.



## OUR MANAGEMENT

### BOARD OF DIRECTORS

Sl. No.	Name, Qualification, Address and Designation	Age (In Yrs)	Nationality	Other Directorships
1	<b>Mr. V. Natarajan</b> S.S.L.C.New No.42 (Old No.48A), Mahadevan Street, West Mambalam, Chennai 600 033 <b>Chairman</b>	62	Indian	Nil
2	<b>Mr. P.S. Saminathan</b> B.Com., I.C.W.A., 2/540, Kumaran Street, Balaiah Gardens, Madipakkam, Chennai 600 091 <b>Managing Director</b>	39	Indian	M/s Bharat Digitals Ltd.
3	<b>Mr. N. Narayanan</b> B. Com. B.G.L., M.B.A., No.1, I Floor, Viswa Kamal, No.245, R.K. Mutt Road, Mylapore, Chennai 600 004 <b>Director</b>	58	Indian	Nil
4	<b>Dr. S. Ramani</b> B.E. (Mechanical Engg.), B.E. (Electrical Engg.), P.G.D.M., Ph.D.No.48, Sathyadev Avenue MRC Nagar, R.A. Puram, Chennai 600 028 <b>Director</b>	70	Indian	M/s Easun Reyrolle Ltd.
5	<b>Mr. K. Natarahjan</b> B.Sc (Maths), C.A.No. 57/2, Soundarya Apt. 5 <sup>th</sup> Cross, Logaiah Colony, Saligramam, Chennai 600 083 <b>Director</b>	60	Indian	Nil
6	<b>Mr.K.S.Kasiraman</b> M. Com., LL. B. FCS. ACIS No.57/2, Dr. Rangachari Road Chennai – 600 018 <b>Director</b>	68	Indian	Nil
7	<b>Mr. Nirmal Kotecha</b> B.Com601, Sukh Niwas, Opp HDFC Bank Bhandarkar Road, Kings Circle, Matunga CR, Mumbai – 400 019 <b>Director</b>	29	Indian	SKYZ Financial Consultants Pvt. Ltd. Nishwet Management Services Pvt. Ltd. Nirman Management Services Pvt. Ltd.

## PYRAMID SAIMIRA THEATRE LIMITED

Sl. No.	Name, Qualification, Address and Designation	Age (In Yrs)	Nationality	Other Directorships
8.	<b>Dr. M. S. Narasimhan</b> PHD (Electrical Engineering) Flat D – 2 Krishna Paradise No. 6 Ramachandra Road, Luz., Mylapore, Chennai – 600 004 <b>Director</b>	65	Indian	Nil

### BRIEF BIOGRAPHY OF OUR DIRECTORS

The Board of Directors of Pyramid Saimira Theatre Limited comprises of:

#### Mr. V. Natarajan

Mr. V. Natarajan aged 62 year has done S.S.L.C. He is popularly known as Pyramid Natarajan and has experience spanning over 4 decades in Film / content production, management and distribution. He started his career with historic Gemini Studios and then joined hands with K.Balachander to nurture “Kavithalayaa”, which seeded the Golden era in Tamil Film Industry. He is experienced in the industry and has presided over many context changes in the Industry for over 20 years. He is an executive committee member of various Trade Bodies like Tamil Film Producers Council & South Indian Film Chamber of Commerce. He is also a member of the government body formed to deal with film industry and also an advisory committee member on Film Taxation. He has successfully seeded and nurtured various content producing companies and is a leading light in this venture.

#### Mr. P. S. Saminathan

Mr. P. S. Saminathan aged 39 years is a graduate in commerce from Loyola College, Chennai and is a Cost Accountant. He has worked in an Investment Company in the capacity of Head – Finance, where he has handled appraisal, disbursement, monitoring and recovery. Mr. P. S. Saminathan has more than 18 years of domain expertise in techno-commercial ventures including stints at M/s. Value Added Funds Management Ltd., a private equity fund, M/s. Jupiter Trades, a cable TV Multi System Operator in Chennai and M/s. Aquastride, a consultancy organization in the field of bio-science. He is experienced in Convergence Field and is a businessman with wide and varied experience in Cable and Television, Communications, Networking.

#### Mr. N. Narayanan

Mr. N. Narayanan aged 58 years is a graduate in commerce from Delhi University. He has also done B.G.L. from Madurai Kamaraj University and M.B.A from Indira Gandhi Open University. He has senior level management exposure from 1970 onwards. His exposure is in the field of Leadership, Man-Management, and providing cohesion among diverse experts. Mr. N. Narayanan has more than 20 years experience in man management in large organizations such as Enfield India Ltd. and Ashok Leyland Ltd., both automobile manufacturers. He is also active in various spheres of business, culture and social activities.

#### Dr. S. Ramani

Dr. S. Ramani, an educationalist par excellence was Professor in IIT Chennai. He went on to become the vice- chancellor of Sankara University. He serves as an advisor in scores of universities and guides innumerable PhD scholars. His specialization includes Industrial engineering, Knowledge management, Application of technology in practice and most importantly in Education as a means of social development. He has served in many state & central panels and also distinguished in being a Director of State Bank of India for eight years.

#### Mr. K. Natarajan

A Chartered Accountant by profession started his career in Fraser & Ross in the year 1970, and had a distinguished service in Ashok Leyland from 1972 to 2000. He has designed the entire gamut of internal control systems, Audit systems and other procedures for Ashok Leyland.

#### **Mr. K.S. Kasiraman**

Mr.K.S.Kasiraman was previously the Chairman of Southern India Regional Council of Institute of Company Secretaries of India .He is an Associate Member of Chartered Institute of Secretaries, London, Fellow Member of Institute of Company Secretaries, India and also an Associate Member of All India Management Association. He has 45 years of experience in Secretarial and Management affairs of public companies. He was also the man behind Fund mobilization and Public issue of Ashok Leyland Finance and other Ashok Leyland group companies.

#### **Mr. Nirmal Kotecha**

Mr. Nirmal Kotecha aged 29 years is a Graduate in Commerce. He is an investment advisor and an active participant in investment and financial fields.

#### **Dr. M. S. Narasimhan**

Dr. Narasimhan holds a doctorate in Electrical Engineering from IIT Bombay and was a distinguished Faculty member of IIT Madras. During his tenure with IIT Madras he held many important positions including heading the Centre for Systems and Devices. He is versatile in Telecommunication Engineering.

### **BORROWING POWERS OF DIRECTORS**

The Members have authorized the board to borrow, at the EGM held on 31/03/2005, the extract of which is as follows:

**RESOLVED THAT** the unanimous consent of the Members of the Company be and is hereby accorded in term of Section 293 (1) (d) and other applicable provisions if any, of the Companies Act, 1956 to the Board of Directors of the company for borrowing from time to time as it may consider fit upon such terms and conditions as it may deem fit, any sums of money which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers / Financial Institutions or any other Lenders in the Ordinary Course of Business. May exceed the aggregate of the paid up capital and free reserve and surplus of the company, that is to say, reserves not set apart for any specific purposes, provided that such excess as determined by the amount so borrowed by the Board shall not, at any time exceed Rs.500 crores (Rupees Five Hundred Crores only)

### **SHAREHOLDING OF OUR DIRECTORS**

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as stated below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

<b>S. No.</b>	<b>Names of our Directors</b>	<b>No. of Equity Shares</b>
1.	Mr.V.Natarajan	10,02,000
2.	Mr.P.S.Saminathan	29,25,885
3.	Mr.N.Narayanan	14,93,000
4.	Mr.K.Natarahjan	10,000
5.	Dr.S.Ramani	NIL
6.	Mr.K.S.Kasiraman	NIL
7.	Mr. Nirmal Kotecha	83,10,065
8.	Dr. Narasimhan	NIL

### **INTEREST OF PROMOTERS, DIRECTORS AND SIGNIFICANT SHAREHOLDERS**

All Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

## PYRAMID SAIMIRA THEATRE LIMITED

---

### REMUNERATION OF OUR MANAGING DIRECTOR / WHOLETIME DIRECTORS

#### *Extract of resolution passed at the EGM on 05/07/2005:*

**Resolved that** pursuant to Sections 198, 269, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956 and the laws prevailing for the time being and subject to the Schedule XIII to the Act, with such alterations and modifications if any, that may be effected by the Central Government, pursuant to any change in policies, or laws, guidelines, rules and regulations relating to the managerial remuneration, consent of the members of the company be and is hereby accorded for following remuneration package payable to Mr.P.S.Saminathan, as Managing Director of the company for his remaining tenure as Director:

**Salary Scale :** Minimum Rs.1,00,000/- to maximum of Rs.2,00,000/- per month as may be determined by the Board from time to time.

**Perquisites:** Perquisites shall be restricted to an amount equal to annual salary or Rs.24,00,00/- whichever is less.

**Further resolved that** the aforesaid salary and perquisite shall be payable to Mr.P.S.Saminathan even in case of inadequate profit or losses in any financial year of the company.

#### *Extract of resolutions passed at the AGM held on 09/09/2006:*

- (a) **RESOLVED THAT** pursuant to Section 198, 269, 309 and under applicable provisions, if any of the Companies Act 1956, and the laws prevailing, for the time being and subject to Schedule XIII to the Act, with such alterations and modifications, if any, that may be effected by the Central Government, pursuant to any change in policies, or laws, guidelines, rules and regulations relating to the managerial remuneration, approval and consent of the member of the Company be and is hereby accorded for the appointment of Mr. V.Natarajan as a Whole Time Director of the Company and for the following remuneration package payable to him with effect from 1.09.2005 for a period of 3 years.

**Salary Scale :** Minimum of Rs.1,00,000/-(Rupees One Lakh only) to maximum of Rs.2,00,000/-(Rupees Two Lakhs only) per month as may be determined by the Board from time to time.

**Perquisites :** Perquisites shall be restricted to an amount equal to annual salary of Rs.24,00,000/-(Rupees Twenty Four Lakhs only) whichever is less.

**RESOLVED FURTHER THAT** the aforesaid salary and perquisites shall be payable to Mr.V.Natarajan even in case of absence or inadequacy of profit in any financial year, during his term of Office as Whole Time Director in accordance to the Provisions of Section II of Part II of Schedule XIII to the Companies Act 1956.

- (b) **RESOLVED THAT** pursuant to Section 198, 269, 309 and under applicable provisions, if any of the Companies Act 1956, and the laws prevailing, for the time being and subject to Schedule XIII to the Act, with such alterations and modifications, if any, that may be effected by the Central Government, pursuant to any change in policies, or laws, guidelines, rules and regulations relating to the managerial remuneration, approval and consent of the member of the Company be and is hereby accorded for the appointment of Mr. N.Narayanan as a Whole Time Director of the Company and for the following remuneration package payable to him with effect from 1.09.2005 for a period of 3 years.

**Salary Scale :** Minimum of Rs.1,00,000/-(Rupees One Lakh only) to maximum of Rs.2,00,000/-(Rupees Two Lakhs only) per month as may be determined by the Board from time to time.

**Perquisites :** Perquisites shall be restricted to an amount equal to annual salary of Rs.24,00,000/-(Rupees Twenty Four Lakhs only) whichever is less.

**RESOLVED FURTHER THAT** the aforesaid salary and perquisites shall be payable to Mr.N.Narayanan even in case of absence or inadequacy of profit in any financial year, during his term of Office as Whole Time Director in accordance to the Provisions of Section II of Part II of Schedule XIII to the Companies Act 1956.

## CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name of the Director	Date of Joining	Date of Resignation
V. Natarajan	20/07/1997 Reappointed on 04/04/2004	15/03/2004
V. Naagarajan	05/10/2001	02/08/2004
S. Padmanabhan	06/05/2003	02/08/2004
V. Vengatesan	01/07/2000	07/05/2003
S. Meera Naagarajan	01/07/2000	07/12/2002
Vijay Baskar	07/12/2002	07/05/2003
S. Mohan	05/10/2001	07/05/2003
Kumar Natarajan	15/03/2004	02/08/2004
P.S.Saminathan	02/08/200430/09/2004 (appointed as MD by the shareholders at their EGM)	—
N. Narayanan	02/08/2004	—
Dr.S. Ramani	09/11/2004	—
K. Natarahjan	09/11/2004	—
K.S .Kasiraman	21/02/2006	—
Niramli Kotecha	28/06/2006	—
T. M. Venkataram	28/06/2006	16/10/2006
Dr. M. S. Narasimhan	17/10/2006	—

## CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, including with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration/Compensation Committee and the Share Transfer and Investor Grievance Committee. However, at present the following committees have been formed:

### Audit Committee

We have an Audit Committee, which has been constituted pursuant to provisions of the Companies Act. The Audit Committee was approved and constituted and formed by a meeting of the Board of Directors held on 22<sup>nd</sup> June 2005, comprising of :

### Members of the Audit Committee:

Mr.K. Natarahjan	Chairman	Independent Director	Chartered Accountant
Mr.P.S. Saminathan	Member	Director	Cost Accountant
Dr.S. Ramani	Member	Independent Director	Doctorate in Engineering

## PYRAMID SAIMIRA THEATRE LIMITED

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

1. to oversee the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible;
2. to recommend appointment or removal of statutory auditor and to recommend remuneration payable to the auditors;
3. to review with management the financial statements before the board in the context of change in accounting policies, qualifications in the audit report, compliance of accounting standards, significant adjustments, arising out of audit and any related party transactions that may have the potential conflict with the interest of the Company;
4. to review the adequacy of internal audit function including structure, reporting, coverage and frequency of internal audit, discussion with the internal auditor for any significant findings and follow up thereof;
5. to review findings of any internal investigations by the internal auditors where there is suspected fraud or irregularity or failure of internal control system of material nature which require reporting to the board; and
6. to look into any other matters as may be required by the Companies Act, 1956 or by rules framed thereunder.

### Remuneration/Compensation Committee

The Remuneration/Compensation Committee was approved and constituted by a meeting of the Board of Directors held on 1<sup>st</sup> June 2005, comprising of:

Members of the Remuneration / Compensation Committee:

Mr. K. Natarahjan	Chairman	Independent Director	Chartered Accountant
Mr. N. Narayanan	Member	Director	MBA
Dr. S. Ramani	Member	Independent Director	Doctorate in Engineering
Mr. K. S. Kasiraman	Member	Independent Director	Company Secretary

The broad terms of reference of the Remuneration/Compensation Committee are as follows:

- (i) to recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/Deputy Managing/Whole time/ Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- (ii) to be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/Deputy Managing/Whole time/ Executive Directors, including pension rights and any compensation payment;

### Share Transfer and Investor Grievance Redressal Committee

The committee was approved and constituted by a meeting of Board of Directors held on June 22, 2005, comprising of following Directors:

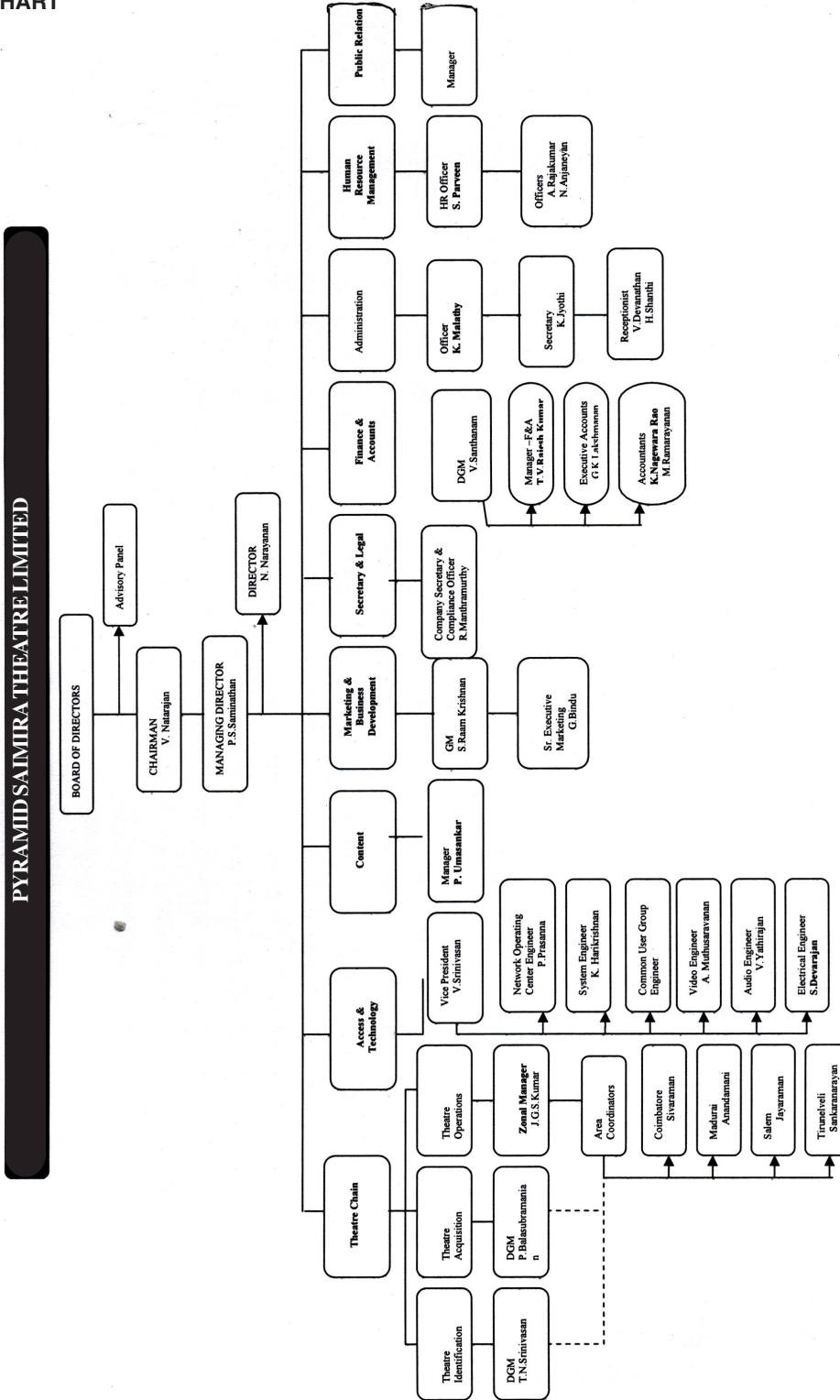
Dr.S.Ramani	Chairman	Independent Director	Doctorate in Engineering
Mr.K.Natarahjan	Member	Independent Director	Chartered Accountant
Mr.V.Natarajan	Member	Director	Film Producer

### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 prior to listing of our Equity Shares.

# ORGANISATION CHART

## ORGANISATION CHART





## PYRAMID SAIMIRA THEATRE LIMITED

### OUR KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company are as follows:

S. No	Name, Address & Designation	Age (years)	Qualification	Date of appointment	Total No. of years of Experience & the nature of experience
01	<b>Mr. R. Manthramurthy</b> G-4, Benco Flats, Flat No. 47, 1st Cross Street, Besant Nagar, Chennai - 600 090 <b>Company Secretary</b>	54	ACS B.com	10/06/2005	23 Years Experience in Finance, Accounting and Company Secretarial practices
02	<b>Mr. Srinivasan Varadarajan</b> No.16, South Canal Bank Road, Mandaveli, Chennai - 600 025 <b>Vice President – Technical</b>	29	PDGCA B.Com	02/05/2005	8 Years Experience in Software, Hardware MIS Reporting expertise and System Analysis design
03	<b>Mr. T.N.Srinivasan</b> No.11, Tagore Street, MMDA Nagar, Chitlapakkam, Chennai - 600 064 <b>DGM – Theatre Identification</b>	47	B.Com M.B.A (Marketing)	02/05/2005	17 Years Experience in Cinema Theatre Industry & Marketing
04	<b>Mr. P. Balasubramanian</b> #32/12, South Mada Street, Thiruvottiyur, Chennai - 600 019 <b>DGM – Theatre Acquisition</b>	58	B.Com	01/09/2005	34 Years Experience in Accounting & HR
05	<b>Mr. V. Santhanam</b> # 28, Gandhi Nagar, Alwar Thirunagar Post, Chennai - 600 087 <b>DGM– Finance &amp; Accounts</b>	50	M.B.A. (Finance)	04/11/2005	27 Years Experience in Finance & Statuary Accounting

The above personnel are on the permanent rolls of our Company.

### SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

Our key managerial personnel do not hold any shares of our Company.

### CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

Our Company has started the Project only recently. All our employees have been appointed in the past 18 months, as referred to the list of Key Management Personnel. The changes in the key managerial personnel during the last three years is given below:

S. No	Name	Designation	Date of Appointment	Date of Resignation
01	Mr. E. Sreenivasan	Manager – VSAT Networking	26/12/2004	30/09/2005
02	Mr. Ravi Selvarajan	VP – Finance & Accounts	05/04/2005	03/06/2005
03	Mr. Pradeep Kumar Baid	President – Finance and Accounts	05/10/2005	28/03/2006



---

**RELATIONSHIP WITH DIRECTORS / OTHER KEY MANAGERIAL PERSONNEL**

Mr. V. Srinivasan, Vice President (Technical), is the son-in-law of Mr. N. Narayanan, Director of the Company. Besides this, none of our key managerial personnel are related to our promoters, directors and other key managerial personnels.

**EMPLOYEE STOCK OPTION SCHEMES**

Our Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

**INTEREST OF KEY MANAGERIAL PERSONNEL**

No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

**PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY**

No amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Company's Directors.

## PYRAMID SAIMIRA THEATRE LIMITED

---

### OUR PROMOTERS AND THEIR BACKGROUND



**Mr. V. Natarajan** aged 62 year has done S.S.L.C. He is popularly known as Pyramid Natarajan and has experience spanning over 4 decades in Film / content production, management & distribution. He started his carrier with Gemini Studios and then joined hands with K.Balachander to nurture “Kavithalayaa”. He is Executive Committee member of various Trade bodies like Tamil Film Producers Council & South Indian Film Chamber of Commerce. He is also a member in the government body formed to deal with film industry & also an advisory committee member on Film Taxation.

The voter ID of Mr. V. Natarajan is TN/03/009/0174365 and driving license no is R/TN/009/027468/2003



**Mr. P. S. Saminathan** aged 39 years is a graduate in commerce from Loyola College, Chennai and is a fellow member of Institute of Cost and Works Accountant of India (ICWA). He has worked in an Investment Company in the capacity of Head – Finance, where he has handled appraisal, disbursement, monitoring and recovery. He has experience and exposure in various industries like construction, engineering and fabrication, aquaculture, consumer durables etc. He has also worked in the capacity of a Senior Consultant for M/s Aquastride, a Consultancy Organisation in Bio-science. He is active in the field of convergence with wide and varied experience in Cable and television, Communications, Networking.

The voter ID of Mr. P. S. Saminathan is TN/03/020/0288177



**Mr. N. Narayanan** aged 58 years is a graduate in commerce from Delhi University. He has also done B.G.L. from Madurai Kamaraj University and M.B.A from Indira Gandhi Open University. He has senior level management exposure from 1970 onwards. His exposure is in the field of Leadership, Man-Management, and providing cohesion among diverse experts. He is also active in various spheres of business, culture and social activities.

The voter ID of Mr. N. Narayanan is TN/03/013/0216315

We confirm that the Permanent Account Numbers, Bank Account Numbers, Passport Numbers have been submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus. Further, our Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

### OUR PROMOTER GROUP COMPANIES

There are no group companies under the same management

### RELATED PARTY TRANSACTIONS

For details of our related party transactions, please see Annexure 9 of our Restated Financial Statements beginning on page 91 of this Red Herring Prospectus.

---

## **DIVIDEND POLICY**

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the members interim dividend if it considers justified by the profits generated by the company.

We have not declared or paid any dividends since inception.

**SECTION V: FINANCIAL STATEMENTS**

**REPORT OF OUR STATUTORY AUDITORS**

The Board of Directors,  
**Pyramid Saimira Theatre Limited**  
C-1, II Floor, 'Temple Tower'  
#672, Anna Salai, Nandanam,  
Chennai 600 035

- A a) We have examined the annexed financial information of Pyramid Saimira Theatre Limited (formerly Pyramid Entertainment Limited) for the five financial years ended 31st March, 2002, 2003, 2004, 2005 and 2006 and the six months period ended on 30<sup>th</sup> September 2006, being the last date to which the accounts of the Company have been made up and audited. The financial information is based on the accounts audited by us and approved by the Board of Directors of the company for the purpose of disclosure in the Red Herring Prospectus of the company in connection with the proposed Public Issue of Equity Shares of the Company.
- b) In accordance with the requirement of
- (i) Paragraph B of Schedule II to the Companies Act, 1956 ('the Act')
  - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to section 11 of Securities and Exchange Board of India, 1992 and related amendments and
  - (iii) On request from the Company to carry out work in connection with the offer document as aforesaid,
- We report that the restated profits / losses of the Company for the financial years ended March 31 of fiscals - 2002, 2003, 2004, 2005, 2006 and six months period ended on 30<sup>th</sup> September 2006 are set out in **Annexure -1** to this report. These profits /losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the accounting policies and notes thereon appearing in **Annexure - 4** to this report;
- We report that restated assets and liabilities of the company as at March 31 of fiscal 2002, 2003, 2004, 2005, 2006 and six months period ended on 30<sup>th</sup> September 2006, are set out in **Annexure - 2** to this report, after making such adjustments / restatements and regrouping as in our opinion are appropriate and subject to the accounting policies and notes thereon appearing in **Annexure - 4** to this report;
- c) The company has not paid any dividend on equity shares in the past.
- B. We have also examined the following financial information relating to the Company proposed to be included in the offer document, as approved by you and annexed to this report;
- (i) Statement of Cash Flow as appearing in **Annexure 3** to this report;
  - (ii) Significant Accounting Policies and Notes to Accounts in **Annexure 4** to this report.
  - (iii) Accounting ratios as appearing in **Annexure 5** to this report;
  - (iv) Capitalisation statement of pre-issue at March 31, 2006 and 30<sup>th</sup> September 2006, as appearing in **Annexure 6** to this report;
  - (iv) Statement of Taxation as appearing in **Annexure 7** to this report;
  - (vi) Statement of Transactions between promoters and the Associates of Promoters for the period from April 1, 2002 to 30<sup>th</sup> September 2006 appearing in **Annexure 8** to this report.
  - (vii) Statement of Related parties (only for the years the Accounting Standard 18 is applicable) transactions **Annexure 9** to this report;

(viii) Statement of contingent liabilities enclosed in **Annexure-10** to this report.

- a) In our opinion the financial information of the Company as stated in Para A and B above read with the significant accounting policies attached in **Annexure 4** to this report, after making adjustments/ restatements and regrouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the act and SEBI Guidelines.
- b) The statement of tax benefits states the tax benefits available to the Company and its shareholders under the provisions of the Income Tax Act, 1961 and other direct laws presently in force in India. The contents of this statement are based on information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the Income Tax laws of India as of date.
- c) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior consent.

Place: Chennai  
Date: 10/11/2006

R. Mugunthan  
Chartered Accountant  
Membership No. 21397

# PYRAMID SAIMIRA THEATRE LIMITED

Annexure 1

## Profit and Loss Account as Restated

Rupees in Lakhs

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
<b>Income</b>						
<b>Sales</b>						
a. Films/Serial Produced by the Company	32.07	49.05	386.40	291.89	—	—
b. Films /Serial rights distributed & Exhibited	50.12	41.43	13.94	0.00	499.01	5253.00
c. Total	82.19	90.48	400.34	291.89	499.01	5253.00
Other Income	—	0.55	0.14	—	—	—
Grand Total	82.19	91.03	400.48	291.89	499.01	5253.00
<b>Expenditure</b>						
Cost of Pictures/ Rights – Serial & Films	29.91	39.33	381.92	281.27	123.71	2795.97
Cost of Export Rights & Expenses	25.46	26.80	0.98	—	—	—
Expenses of Exhibition at Theatres	—	—	—	—	177.75	1635.01
Selling, Dist. & Admin Expenses	21.72	18.65	15.46	8.35	33.06	218.59
Deferred Revenue Expenses	—	—	—	—	20.35	44.11
Interest, Depreciation & others	3.43	5.81	0.86	0.60	3.61	8.09
Grand Total	80.52	90.59	399.22	290.22	358.48	4701.77
Profit before Tax & Extraordinary items	1.67	0.44	1.26	1.67	140.53	551.23
Taxation – IT, MAT & Fringe Benefit	0.33	—	0.55	0.47	16.98	61.60
— Deferred Tax Liabilities	—	0.02	0.01	0.15	0.60	—
— Deferred Tax (Assets)	—	—	—	—	(48.59)	—
Net Profit before Extraordinary items	1.34	0.42	0.70	1.05	171.54	489.63
Extra-ordinary items (Net of Tax)	—	—	—	—	—	—
Net Profit after Extraordinary items	1.34	0.42	0.70	1.05	171.54	489.63
Distributable profits	2.04	2.46	3.16	4.21	●127.16	616.79

- Deferred tax assets were not considered while arriving at Distributable profit

## ANNEXURE 2

## Summary of Assets and Liabilities as Restated

Rupees in Lakhs

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
<b>a. Fixed Assets:</b>						
Gross Block	0.61	0.69	0.69	3.67	16.98	44.60
LESS: Depreciation	0.10	0.19	0.26	0.83	4.42	12.51
<b>Net Block</b>	<b>0.51</b>	<b>0.50</b>	<b>0.43</b>	<b>2.84</b>	<b>12.56</b>	<b>32.08</b>
Capital work-in-progress	0.00	0.00	0.00	112.38	540.16	684.03
<b>Net Fixed Assets (a)</b>	<b>0.51</b>	<b>0.50</b>	<b>0.43</b>	<b>115.22</b>	<b>552.72</b>	<b>716.11</b>
<b>B. Current Assets, Loans and Advances:</b>						
Inventories	480.56	480.56	324.74	57.71	145.72	136.32
Sundry Debtors	17.47	2.62	2.65	254.25	389.63	616.61
Cash and Bank Balances	3.23	5.01	0.18	42.64	252.85	84.36
Loans and Advances	67.04	75.48	20.88	29.17	551.04	2266.74
Other Current Assets	0.16	0.32	0.00	0.00	0.00	0.00
Total Current Assets (b)	568.46	563.99	348.45	383.77	1,339.24	3104.04
<b>Less: Current Liabilities and Provisions (c)</b>	<b>233.48</b>	<b>231.61</b>	<b>43.00</b>	<b>8.94</b>	<b>53.78</b>	<b>265.21</b>
Net Current Tangible assets (b-c) (d)	334.98	332.38	305.45	374.83	1,285.46	2838.82
Deferred Revenue Expenditure	—	—	—	—	96.93	385.20
<b>C. Secured and unsecured loans</b>						
Secured Loans	26.09	3.24	2.20	0.00	0.00	0.00
Unsecured Loans	103.00	103.00	0.00	0.00	0.00	0.00
<b>TOTAL LOANS (e)</b>	<b>129.09</b>	<b>106.24</b>	<b>2.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>D. Networth represented by:</b>						
1. (a) Share Capital	29.08	29.08	29.08	476.36	1,615.22	1982.50
(b) Share Application Pending Allotment	175.55	195.27	271.58	0.00	182.50	332.00
2. Reserves						
(a) Profit and Loss Account	1.82	2.27	2.99	4.06	175.75	665.38
(b) Securities Premium	0.00	0.00	0.00	9.45	9.45	1008.06
3. Deferred Tax Liability/ (Assets)	0.00	0.02	0.03	0.18	(47.81)	(47.81)
<b>NETWORTH (f)</b>	<b>206.45</b>	<b>226.64</b>	<b>303.68</b>	<b>490.05</b>	<b>1,935.11</b>	<b>3940.13</b>
<b>NET TANGIBLE ASSETS (a+d) (g)</b>	<b>335.54</b>	<b>332.88</b>	<b>305.88</b>	<b>490.05</b>	<b>1,838.18</b>	<b>3554.92</b>

# PYRAMID SAIMIRA THEATRE LIMITED

Annexure 3

## Cash Flow Statement

Rs. Lakhs

Particulars	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
Cash Flow arising from Operating Activities						
(i) Net Profit before tax	1.67	0.44	1.26	1.67	140.53	551.23
<b>Add Back</b>						
Depreciation	0.08	0.09	0.07	0.57	3.59	8.09
Profit on Sales of Assets	0.55	—	—	—	—	—
Deferred Rev.Exp W.Off					11.93	44.11
Mis Exp Wrtten off	0.03	0.03	0.02	0.02	0.02	0.01
<b>(ii) Total</b>	<b>0.66</b>	<b>0.12</b>	<b>0.09</b>	<b>0.59</b>	<b>15.54</b>	<b>52.21</b>
Operating Profit before Working Capital Change	233	56	135	226	156.07	603.44
(I) + (ii)						
Adjustment for						
Inventories	-21.54	—	155.82	221.92	-88.01	9.40
Trade and Other Receivable	-13.45	6.41	54.57	-259.42	-644.76	-1942.67
Trade Payable and other Liabilities	3.31	-1.83	-188.27	-34.54	27.86	149.84
Income Tax Paid	-0.16	-0.16	-0.55	-0.47	-12.49	0.00
Deffered Revenue Expenses	—	—	—	—	-108.73	-332.39
<b>Cash generated from Operations</b>	<b>-29.51</b>	<b>4.98</b>	<b>22.92</b>	<b>-70.25</b>	<b>-670.07</b>	<b>-1512.38</b>
Interest Received	—	—	—	—	—	—
Net cash from Operating Activities	<b>-29.51</b>	<b>4.98</b>	<b>22.92</b>	<b>-70.25</b>	<b>-670.07</b>	<b>-1512.38</b>
Cash flow from investing Activities	—	—	—	—	—	—
Purchase of fixed assets	1.75	-0.08	—	-70.26	-441.08	-171.48
Net cash from Investing Activities	1.75	-0.08	—	-70.26	-441.08	-171.49
Cash Flow from Financing Activities	—	—	—	—	—	—
Interest Paid	—	—	—	—	—	—
Proceeds from long term borrowings	—	—	—	—	—	—
Dividend Paid	—	—	—	—	—	—
Share Capital & Share Premium	0.95	19.73	76.30	185.16	1,321.36	1515.39
Loan Repayment	14.42	-22.85	-104.04	-2.2	—	—
Net Cash (Used in) / from Financing Activities	<b>15.37</b>	<b>-3.12</b>	<b>-27.74</b>	<b>182.96</b>	<b>1,321.36</b>	<b>1515.39</b>
Net Increase/(Decrease) in cash and equivalents	<b>-12.39</b>	<b>1.78</b>	<b>-4.82</b>	<b>42.45</b>	<b>210.21</b>	<b>-168.49</b>
Cash (opening balances)	15.62	3.23	5.01	0.19	42.64	252.85
<b>Cash (closing balances)</b>	<b>3.23</b>	<b>5.01</b>	<b>0.19</b>	<b>42.64</b>	<b>252.85</b>	<b>84.36</b>



## Significant Accounting Policies

Preparation of financial statements in accordance with Indian generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following significant accounting policies warrant additional attention:

### General

The financial statements are prepared under the historical cost convention and are in accordance with applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act.

Income and Expenses are accounted on accrual basis

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Amount of entertainment tax, sales tax and service tax collected on generating operating revenue has been shown as a reduction from the operating revenue or where the screens were on show hire, revenue is recognized only net of taxes.

### Sale of Tickets of Films

Revenue from sale of tickets of films is recognised as and when the film is exhibited.

### Sale of Food and Beverages

Revenue from sale of food and beverages is recognised upon passage of title to customers, which coincides with their delivery.

### Income from Distribution of films

Theatrical revenue from the distribution of films is accounted for on the basis of box office reports received from various exhibitors, net of tax.

### Sharing of Revenue

Income from Revenue Sharing is recognised in accordance with the terms of agreement with a party to operate and manage.

### Advertisement Revenue

Advertisement revenue is recognised as and when advertisement is displayed at the cinema halls.

### Fixed Assets

Fixed Assets are stated at Cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset in its working condition for its intended use. Financing costs relating to acquisition of qualifying Fixed Assets are also included to the extent they relate to the period till such assets are ready for their intended use. Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises at the various locations.

### Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

is charged to profit and loss account. If at the Balance sheet date there is any deduction that a previously assessed impairment loss no longer exists then such loss is reversed and the asset is restated to that effect.

### **Depreciation**

Leasehold improvements are amortized over the estimated useful lives or unexpired period of lease (whichever is lower) on a straight line basis. Depreciation on all other assets is provided on WDV Method at the rates computed based on estimated useful lives of the assets, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

### **Taxation**

Current Tax Provision is made in accordance with Income Tax Laws and Rules prevailing at the time of relevant Assessment Year.

Deferred Tax provision is made calculating on the basis of timing difference between the Book and Tax Profits for the year using the Tax Rates and Laws that have been substantively enacted at the Balance Sheet day.

### **Intangible Assets**

Intangible Assets such as Copy Rights etc., are to be amortised on straight line basis over their expected useful life starting from the year of its exploitation.

### **Film Rights Cost**

Film rights cost is capitalized and amortised for their useful rights period starting when the film is released.

### **Expenditure on Project expansion**

The company's main line of activity includes bringing the theatres under management control, full lease, operational lease, etc. After bringing the theatre on full control, the company improves the physical infrastructure and commences the theatre into Digital Exhibition Media.

The Digital Exhibition equipments basically consist of Plant & Machinery and will be converted as fixed assets of the company when the project is fully integrated. Till that time, those Plant & Machinery are categorized as work-in-progress. Improvements in physical infrastructure will be capitalized and amortised over the active period of lease. As regards indirect expenditure, till the company starts generating revenue from the exhibition side they are being capitalized under Capita work-in-progress and the expenditure subsequent to the date of generation of revenue is treated as deferred revenue expenditure to be amortised over the period of lease on prorata basis.

### **Investments**

Investments that are intended to be held for more than a year are classified as long term investments. Long term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of investments.

### **Inventories**

Inventories are valued as follows:

Food and beverages at lower of cost and net realizable value. Cost is determined on First In First Out Basis. Stores and spares at lower of cost and net realizable value. Cost is determined on First In First Out Basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to make the sale.

### **Leases** (Where the Company is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

### **Borrowing Cost**

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its commercial use. Other borrowing costs are charged to Profit & Loss Account

## Contingent Liabilities

Contingent liabilities are disclosed in the notes to accounts and are determined based on the management perception that these liabilities are not likely to materialize

## Accounting Standards

The Accounting standards prescribed by the Institute of Chartered Accountants of India have been compiled with wherever applicable

## Notes Forming Part of The Accounts

### 1. Adjustments resulting from changes in Accounting Policies

- a) Share Application pending allotment for the year ended 31st March 2003 amounting to Rs.195.27 Lakhs was classified under Current Liabilities. Since for the year 31st March, 2004 Share Application pending allotment of Rs.271.58 lakhs is included in Shareholders Funds, the previous year figures have been correspondingly re-grouped. Consequently, for the year ended 31st March 2002, the Share Application pending allotment of Rs.175.55 lakhs, were also included under Shareholders Funds.
- b) The cost of Teleserials Rights as on 01/04/2004 amounting to Rs.45.11 lakhs held as Fixed Assets has been converted into Stock-in-Trade during the year and figures for the year ended 31.03.2004 has been re-grouped accordingly.
- c) Figures relating to previous year have been re-grouped wherever found necessary
- d) Originally, the Company was incorporated as Pyramid Films International Pvt. Limited. It changed to its name to Pyramid Entertainment & Soft System Limited vide fresh Certificate of Incorporation dated 14th August, 2000 and further changed to Pyramid Entertainment Limited vide fresh Certificate of Incorporation dated 1st January 2002. The Company has changed the name from Pyramid Entertainment Limited to Pyramid Saimira Theatre Limited as per fresh Certificate of Incorporation dated 23rd August, 2004 issued by the Registrar of Companies, Tamil Nadu, Chennai

2. Income Tax Assessment for the year ended 31<sup>st</sup> March 2005 onwards is pending

3. There are no Employees drawing Salary of Rs.2,00,000/- per month or Rs.24,00,000/- in aggregate per annum

4. Additional Information pursuant to the provisions of Schedule VI of the Companies Act, 1956.

(A) Installed Capacity – Not Applicable.

(B) Furnishing of Quantitative details of Sales, Production, Stocks and Raw Materials, value of Imports, Consumption and Sales does not arise.

(C) Expenditure in Foreign Currency (on remittance basis)

	30/09/2006	31/03/2006 (Rs).	31/03/2005 (Rs)
On account of Travelling & Others	Rs. 1,39,836/-	Rs.6,67,456/-	—
(D) Earning in Foreign Exchange	—	—	—

5. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least to the amount at which they are stated.

6. Based on the information available regarding the status of Suppliers, there were no amounts outstanding for a period exceeding 30 days to any Small Scale and/or ancillary Industrial Suppliers on account of Principal and/or Interest as at the close of the year.

## PYRAMID SAIMIRA THEATRE LIMITED

7. Capital work-in-progress includes the following :

(Rs.)

	30/09/2006	31/03/2006	31/03/2005
(a) Advance for Capital Goods			
- Unsecured Good	5,69,08,457	4,25,21,406	85,50,000
(b) Project Expenses			
Pending Allocation	1,14,94,482	1,14,94,482	26,88,333

8. In terms of Accounting Standard 17, the company operates materially in one Business segment – Entertainment

### 9. Deferred Tax Liability/Asset

The company has recognized the Net Deferred Tax Asset of Rs.47.99 lakhs (previous year Deferred Tax Liability of Rs. 0.14 lakh). Company's projected financial show that the company will generate income from the project, which is being implemented. Management is confident that there will be sufficient taxable income to set off loss for which deferred tax asset has been recognized in current year. The component of deferred tax assets to the extent recognized and deferred tax liabilities as on 31st March 2006 are as follows:

Particulars	31-3-2006 (Rs.)	31-3-2005 (Rs.)
Deferred Tax Liabilities		
Timing Difference on account of Depreciation	60005	14400
Deferred Tax Asset		
Tax credit on Taxable Loss C/fd	(4859655)	
Net Deferred Tax Liability/(Asset)	(4799650)	14400

10. Earning per Share :

	30/09/2006
a) Net Profit after Tax (for half year ended 30/09/2006)	Rs. 4,89,62,889
b) Weighted average shares outstanding during the year	1,90,52,843
c) Basic and Diluted Earning per share of face value Rs.10/- each. (a/b) for 6 months	Rs. 2.57
d) Annualised EPS	Rs. 5.14

11. Disclosure in respect of provisions pursuant to Accounting Standard 29 - NIL

## ANNEXURE 5

## ACCOUNTING RATIOS

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
Earning per share (EPS) (Rs.)	0.46	0.15	0.24	0.36	* 1.35	5.14
Net Asset Value (NAV) (Rs.per Share)	10.63	10.78	11.03	11.40	10.55	18.25
Return on Net Worth (RONW) (%)	4.34	1.40	2.18	3.16	7.25	13.54
Return on Capital Employed (ROCE) (%)	8.9	17.72	5.92	6.04	8.25	15.24

Note 1: Share Application Pending Allotment for the years 31<sup>st</sup> March 2002 to 31<sup>st</sup> March 2005 was not considered for calculation of Accounting Ratios since 44,72,855 Shares of Rs.10/- each were allotted only on 31<sup>st</sup> March, 2005.

\* 2: The company's current line of business in Exhibition sector has started generating revenue on commercial scale only from 01/11/2005. Earning Per Share has been calculated only on the earning from the period starting from November 2005 to March 2006, i.e. for 5 months.

## ANNEXURE 6

## CAPITALISATION STATEMENT

Particulars	Pre-issue as at 31/03/2006	Pre-issue as at 30/06/2006	Post-issue as adjusted for the issue
<b>A. Short Term Debts</b>	0.00	0.00	0.00
<b>B. Long Term Debts</b>	0.00	0.00	0.00
<b>Total Debts</b>	0.00	0.00	0.00
<b>Shareholders Fund</b>			
a. Equity Share Capital	1615.22	1982.50	[●]
b. Share Application Pending Allotment	182.50	332.00	[●]
c. Share Premium Account	9.45	1008.09	[●]
d. Reserves & Surplus as on 31/03/2006	127.16	665.38	[●]
<b>TOTAL</b>	1944.33	3987.94	[●]
<b>Long Term Debt / Equity</b>	—	—	—

Note : Deferred Tax (Assets) not included in Reserves and Surplus.

## PYRAMID SAIMIRA THEATRE LIMITED

ANNEXURE 7

### TAXATION STATEMENT

Rs. in Lakh

Previous Year Assessment Year	2001-2002 2002-2003	2002-2003 2003-2004	2003-2004 2004-2005	2004-2005 2005-2006	2005-2006 2006-2007	2006-2007 # 2007-2008 #
A. Tax at specified Rate as applicable on Book Profits	0.60	0.17	0.45	0.61	47.30	46.39
B. Adjustments1. Difference between Tax Depreciation and Book Depreciation	0.04	0.02	0.02	0.39	1.78	1.24
2. Other Adjustments – 80 HHF	0.70	0.42	0.09	0.00	283.12	101.56
Total Adjustments	0.74	0.44	0.11	0.39	284.90	102.80
C. Tax Savings on Adjustments	(0.27)	(0.17)	(0.04)	(0.14)	( 95.90)	(34.60)
D. Total Taxation	0.33	0.00	0.41	0.47	(48.60)	53.19
E. Tax as per MAT	0.07	0.00	0.09	0.13	12.00	46.39
F. Tax provided in the Books	0.33	0.00	0.35	0.47	0.00	60.00

# Figures are for the half year ended 30/09/2006

Note : 1. Other adjustments for the year 31-3-06 and 30-09-06 include Deferred Revenue Expenses written off

2. Deferred tax liability / asset for the period ended 30-09-2006 has not been provided.

ANNEXURE - 8

### Transaction between Promoters and the Associates of Promoters for the period from 01.04.2001 to 31.03.2006

Serial Number		Nature of Transactions	Total Amount (Rs. in lakhs)	Name of the Entity
1.	(March 2001)	Purchase of Picture Rights	422.00	M/s.Geethalayaa Movies
2.	(December 2003)	Picture Rights	25.00	M/s.Geethalayaa Movies
3.	(01/04/2004 to 30/09/2006)	Car Hire Charges Paid	1.11	Mr.V.Natarajan – Director
4.	(01/04/2005 to 31/03/2006)	NIL	NIL	Not Applicable
5.	01/04/2006 to 30/09/2006	NIL	NIL	Not Applicable

**Disclosure of respect of related parties pursuant to Accounting Standard 18**

Mr.P.S.Saminathan, Managing Director of the Company is also a member of the Board of M/s.Bharat Digitals Ltd. and hence transactions with Bharat Digitals Ltd., are treated as related party transactions.

Nature of Transaction	Outstanding balance as on 30-09-2006
1. Advance for Capital Goods – Digital ProjectorPaid to Bharat Digitals Ltd.	466.83 Lakhs

**CONTINGENT LIABILITIES**

(Rs.in Lakhs)

	31/03/2002	31/03/2003	31/03/2004	31/03/2005	31/03/2006	30/09/2006
a) Income Tax	NIL	NIL	NIL	NIL	NIL	NIL
b) Sales Tax	NIL	NIL	NIL	NIL	NIL	NIL
c) Excise Duty	NIL	NIL	NIL	NIL	NIL	NIL
d) Bill Discounting	NIL	NIL	NIL	NIL	NIL	NIL
e) Letter of Credit	NIL	NIL	NIL	NIL	NIL	NIL
f) Bank Guarantee	NIL	NIL	NIL	NIL	NIL	NIL

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion of our financial condition and results of operations together with our financial statements, as restated, for each of the fiscal years ended March 31, 2004, 2005 and 2006 including the notes thereto and the reports, schedules and annexures thereon, which appear in the Auditor's Report included elsewhere in this Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are restated in accordance with SEBI Guidelines. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year (e.g., fiscal 2005) are to the twelve-month period ended March 31 of that year.*

### **OVERVIEW OF OUR BUSINESS**

Pyramid Saimira Theatre Limited is currently India's largest Theatre Chain Company. Pyramid acquires theatres on long term leases, takes over the complete management of those theatres, improves the infrastructure, convert the theatre into Digital Exhibition Centers and bring them under single branded theatre chain entity. Pyramid also manages the add-on services and facilities in those theatres such as food courts, retail space, entertainment facilities, etc.

The revenues of Pyramid are Box Office Collection, F & B and other revenues that can accrue in using the theatrical infrastructure and space available in the theatres. Currently Pyramid is focused on establishing a wide geographical presence across India and creating a branded theatre chain and as such focuses primarily on Box Office Collection. Further Pyramid plans to focus on non-box office collection and other revenues like F & B, Food courts, entertainment centers, shopping inside theatres, advertisement revenues, promotional revenues, etc.

Pyramid also focuses on digital distribution of films which will bring down the cost of distribution of films, improve the quality of viewing and experience in all places. Releasing a film using digital distribution widely, will also bring down the piracy of films.

Pyramid is on its way to become an integrated Mega Digital Theatre Chain, spanning across, over 1000 locations and having more than 2000 screens by 2010. Pyramid also plans to be a branded retail entertainment player and not just a theatre chain operator.

Pyramid is currently distributor-cum-exhibitor and plans to strengthen that activity to become a wholesome content agglomerator and create a wide content supply chain and content library.

### **KEY FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS**

Our results of operations could potentially be affected by the following factors:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements; successfully implement the strategy, growth and expansion plans
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;



Comparison of significant items of income and expenditure of PSTL for the past three years is as follows:

(Rs. in lakhs)

Income	31/03/2004	31/03/2005	31/03/2006	30/09/2006
<b>Sales</b>				
a. Films/Serial Produced by the Company	386.40	291.89	—	—
b. Films /Serial rights distributed & Exhibited	13.94	0.00	499.01	5253.00
c. Total	400.34	291.89	499.01	5253.00
Other Income	0.14	—	—	—
<b>Grand Total</b>	<b>400.48</b>	<b>291.89</b>	<b>499.01</b>	<b>5253.00</b>
<b>Expenditure</b>				
Cost of Pictures/ Rights – Serial & Films	381.92	281.27	123.71	2795.97
Cost of Export Rights & Expenses	0.98	—	—	—
Expenses of Exhibition at Theatres	177.75	1635.01		
Selling, Dist. & Admin Expenses	15.46	8.35	33.06	218.59
Deferred Revenue Expenses	20.35	44.11		
Interest, Depreciation & others	0.86	0.60	3.61	8.09
<b>Grand Total</b>	<b>399.22</b>	<b>290.22</b>	<b>358.48</b>	<b>4701.77</b>
Profit before Tax & Extraordinary items	1.26	1.67	140.53	551.23
Taxation – IT, MAT & Fringe Benefit	0.55	0.47	16.98	61.60
– Deferred Tax Liabilities	0.01	0.15	0.60	—
– Deferred Tax (Assets)			(48.59)	—
Net Profit before Extraordinary items	0.70	1.05	171.54	489.63
Extra-ordinary items (Net of Tax)	—	—	—	—
Net Profit after Extraordinary items	0.70	1.05	171.54	489.63
Distributable profits	3.16	4.21	127.16	616.79

- Deferred tax assets were not considered while arriving at Distributable profit

#### COMPARISON OF RESULTS OF OPERATION:

##### Year ended March 31, 2004 with year ended March 31, 2003

The turnover of our Company increased from Rs.90.48 lakhs in the year 2003 to Rs. 400.34 lakhs in 2004. The Profit after Tax (PAT) for the year stood at Rs.0.70 lakhs, thereby registering an increase over Rs. 0.42 lakhs in the previous year. This was mainly because of an increase in operating income consequent to improved picture realization.

##### Year ended March 31, 2005 with year ended March 31, 2004

The turnover of our Company recorded a decline of 27.09% from Rs.400.34 lakhs in the 2004 to Rs. 291.89 lakhs in 2005 due to discontinuation of production of films. The company had taken a strategic decision to concentrate on content agglomeration, distribution and exhibition of the films. A project was being worked out to build a Mega Digital theatre Chain.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Year ended March 31, 2006 with year ended March 31, 2005**

During the year under review the company focused on creating networked digital theatre chain. The company started operationalising the revenue from theatres starting November 1, 2005 and went on adding theatres. The company achieved a turnover of Rs.499 lakhs compared to Rs.291.89 lakhs in previous year and the net profit increased from 1.67 lakhs to Rs.123 lakhs which reflects approximately, 25% margin of gross collection. As per strategic decision the company has not produced any films during the year. The company has purchased the pictures/rights for exhibiting in the theatre chain.

### **Half-yearly ending September 30, 2006 with year ended March 31, 2006**

During the half year period under review, the company has strengthened its theatre chain network and also strengthened its content distribution. The company is achieved a total turnover of Rs.52.53 crores for the six months period, registering a growth of over 10 times (20 times if compared on a year on year basis). This increase in growth was achieved because the company kept on adding theatres under operation, which the company continues to do so. The company currently has 93583 seats. The company has the highest number of seats under operation in India. The company has also distributed two films and will continue to distribute films in future.

The company has achieved a Net profit of Rs.489.63 lacs (for six months period), which is an increase of about 56 times on annualized basis..

### **Capital Work in Progress**

The Capital work in progress as on 31/3/2005 is Rs.112.38 Lacs; 31.03.2006 is Rs. 540.16 Lacs and as on 30/09/2006 is Rs.719.03 Lacs. The capital work in progress consists of on going implementation of Digital Exhibition System in theatres. These equipments primarily consists of Digital Projector, Digital Server, VSAT equipments and other connectivity equipments. These items are procured from M/s.Tatanet, M/s.Real Image and M/s.Bharat Digitals Limited for Projectors. The implementation of the theater chain was aggressively started from November 2005. The total project Phase I is expected to be completed by June 2007.

### **Sundry Debtors**

The Sundry Debtors as on 31/03/2004 is Rs.2.65 Lacs ; 31.03.2005 is Rs.254.25 Lacs, 31/03/2006 is Rs. 389.63 Lacs and as on 30/09/2006 is Rs. 616.61 Lacs. The company decided to discontinue the production of films and the films under production was sold on "as is where is" basis to producers. The company received certain amount and the balance consideration shall accrue to the company when the film is released for general viewing of the public as the convention of the film industry. Sundry Debtors in accounts also reflects the cash in transit and cash collection held by our regional distributors as on the date of balance sheet. In film industry distributors and sub-distributors will settle accounts on a film to film basis.

### **Loans & Advances**

Loans & Advances as on 31/03/2005 is Rs.29.17 Lacs; 31/03/2006 is Rs.551.04 Lacs and as on 30/09/2006 is Rs.2233.22 Lacs. Loans & Advances in the balance sheet primarily reflects:

- Recoverable rent advances given to theatre owners and lease advances given to the Mall structures
- Advances given to content producers for acquiring distribution theatrical rights of films to be distributed / exhibited by the company.

The content advances will be adjusted against the cost of distribution rights. Lease / rental advances are in the nature of permanent advances kept by the owners of the property and it is a recoverable advances and will be recovered only when the lease period is expired.

### **Cash & Bank balance :**

The cash and bank balance as on 31/03/2005 is Rs. 42.64 lacs; 31/03/2006 is Rs.252.85 lacs and as on 30/09/2006 is Rs.84.36 lacs. The high cash and bank balance as on 31/03/2006 reflects the money received by the company as share application and remain pending allotment. The company as a policy keeps cash balance of approximately Rs.50,000 to Rs.1,00,000/- per point of presence i.e. theatres, which is required due to the cash and contingent nature of this business. Further the collection accrues to the company by way of cash in the theatres (ticket sales).

## FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

### ❖ Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions.

### ❖ Significant economic changes

The Company is in the entertainment and retail delivery segment. These are the current high growth segments in India and are expected to rise further with the increase in GDP growth of the economy and as such no significant economic changes are expected in near term.

### ❖ Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations:

Entertainment is generally a recession proof sector. With rising disposable income, people would spend more on entertainment and food and other lifestyle items. Even in times of pressures, people will still go to films and take entertainment as antidote. Therefore this sector is not likely to have any adverse impact.

### ❖ Future relationship between costs and revenues

Our company's cost is basically fixed in nature. The profitability will increase with the increase in the number of theatres connected to our network and capacity utilization. Revenues from other service pools have not been considered.

### ❖ Total revenue of the industry segment in which the company operates:

As per FICCI report, the entertainment sector is worth about Rs.19,200 crores and this sector is growing at a compounded annual rate of 17%.

### ❖ Extent to which material increases in revenues is due to increased volumes, introduction of new Products:

The entire growth for the year ended 31/03/2006 and for the current half yearly ending 30/09/2006 is due to the material increase in revenues arising out of the additions of theatres and screens to our theatre chain. The company continues to add more theatres in its network which would continue to increase revenues.

### ❖ Seasonality of business

Films are released in theatres throughout the year. However, certain festival seasons like Diwali, New Year, etc, will have high quality film releases. Further it is generally observed that the theatres show higher attendance figures during weekends, i.e Fridays, Saturdays & Sundays and during festive / holiday seasons. Generally film revenues accrue throughout the year.

### ❖ Dependence on single or few suppliers/customers

The customers of our Company are the total population of the location/ Indian diaspora. Therefore we are not dependent on any particular set of customers. Further, there are innumerable producers of films in India; therefore there is no dependency on a particular producer/supplier.

### ❖ Competitive Conditions

The Company is the currently the largest theatre chain company in India. The company is also in the field of Digital distribution of films and there are no theatre chain companies in India involved in Digital distribution of films. However there are theatre chain companies like INOX, PVR, Adlabs, and Shringar, who primarily operate in Metros. Pyramid operates in metros and as well as Tier II places in India.

### ❖ Material developments after the date of the last balance sheet

Material developments include ongoing additions of theatres under our theatre chain.

### ❖ Adverse events

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the prospectus with the registrar of Companies.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **DIRECTORS' STATEMENT**

In the opinion of the Directors, there have not arisen since the date of the last financial statements disclosed in the Red Herring Prospectus, any circumstances that materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next 12 months.

### **STATEMENT OF ASSETS AND LIABILITIES AFTER DEDUCTING REVALUATION RESERVE AND NET WORTH ARRIVED AT AFTER SUCH DEDUCTION AS PER CLARIFICATION XIII.**

As our Company has not revalued its fixed assets since incorporation, the networth will be the same as mentioned in the Financial Highlights.

## SECTION VI: LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against our Company, our Directors, our Promoters and our Promoter group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors and our Promoters, except the following:

#### A. Outstanding litigation and contingent liabilities of the Company

We have no outstanding litigation or any contingent Liabilities.

We have no overdues, defaults to the Financial Institutions/Banks, or reschedulement of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the Company.

There are no cases of litigation pending against us or against any other Company whose outcome could have a materially adverse effect on our position.

There are no pending litigations against the promoters/directors involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.

There are no outstanding litigation, defaults etc., pertaining to matters likely to affect our operations and finances including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.

#### B. Outstanding litigations against the Promoters /Directors:

There is a tax demand for Rs.82,19,948/- (comprising of Rs.34,04,964/- towards tax and Rs. 43,14,984/-towards interest) from Income Tax Department against Mr V. Natarajan. With regard to the said tax demand, the H'ble High Court on 9.3.2005 vide Order No.TCMP 2702/2003 has stayed the collection of tax and interest as per the demand order dated 24/02/2001 pending TC No.211/2003.

There is a a tax demand for Rs.23,83,800/- from Income Tax Department against Mr V.Natarajan in respect of assessment relating to the block period from 01/04/1987 to 17/03/1997. The Honourable High Court of Judicatory at Madras vide Order in TCMP 148/2004 has stayed the said recovery subject to a payment of Rs.6.00 lakhs by Mr V. Natarajan.

## PYRAMID SAIMIRA THEATRE LIMITED

### GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

The company's main objective, which includes production, distribution and exhibition of films and other contents, does not require any specific regulatory licenses and approvals.

The company's business of content agglomeration, network service providing and mega digital theatre chain by taking theatres on lease do not require any specific license or government approval. However, operation of theatres requires license from the State government and the respective theatres must have license from the concerned State government. While taking the theatres on lease the company will ensure that the theatres have valid operating licenses.

No further approval from any Government authority is required by the company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in granting the above approvals the GOI and the RBI does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any statements made or opinion expressed in this regard.

The Company has received the following significant Government approvals, licenses and permissions:

#### A. Incorporation

1. Certificate of Incorporation bearing No. 18-38469 of 1997 dated 20<sup>th</sup> June 1997 issued by the Registrar of Companies, Tamil Nadu.
2. Fresh Certificate of Incorporation dated 10<sup>th</sup> August 2000 issued by the Registrar of Companies, Tamil Nadu, consequent to the conversion of the company from Private Limited to a Public Limited Company.
3. Fresh Certificate of Incorporation dated 14<sup>th</sup> August, 2000 issued by the Registrar of Companies, Tamil Nadu, consequent to the change in name of the company from Pyramid Films International Ltd. to "Pyramid Entertainment and Softsystems Limited".
4. Fresh Certificate of Incorporation dated 1<sup>st</sup> January, 2002 issued by the Registrar of Companies, Tamil Nadu, consequent to the change in name of the company from Pyramid Entertainment and Softsystems Limited to "Pyramid Entertainment Limited".
5. Fresh Certificate of Incorporation dated 23<sup>rd</sup> August 2004 issued by the Registrar of Companies, Tamil Nadu, consequent to the change in name of the Company from Pyramid Entertainment Limited to "Pyramid Saimira Theatre Limited".

#### B. Industrial/Labour/Tax/Reduction

1. Permanent Account No. (PAN) AAEP 1842 R, issued by the Director of Income-tax (Systems).
2. Tax Deduction Account No. (TAN) CHEP07030C issued by Income tax Department.

#### C. Intellectual Property Rights

##### *Pending Trademark Applications*

Sr. No.	Application no & date	Trademark Applied for	Authority	Class Details	Territory
1.	1412268 Dt. 09/01/2006	Company Name	Govt. of India Trademark Registry, Chennai	Class 41	Indian Territory
2.	1412269	Company Logo Dt. 09/01/2006	Govt. of India Trademark	Class 41 Registry, Chennai	Indian Territory
3	1464339 Dt. 23/06/2006	Logo with "Pyramid"	Govt. Of India Trademark Registry Chennai	Class 41	Indian Territory
4	1504921 Dt. 17/11/2006	Logo with "Pyramid Future of the Future"	Govt. Of India Trademark Registry Chennai	Class 41	Indian Territory

#### PENDING LICENSES AND APPROVALS

The company has applied for license under the Tamil Nadu Shops and Establishment Act and the same is awaited.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on 18/02/2006, authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on 20/03/2006 and for which ROC form 23 has already been filed.

We have obtained all necessary contractual approvals required for the Issue. For further information, see "Government/ Statutory and Business Approvals" on page 98 of this Red Herring Prospectus.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the issue in accordance with clause 2.2.1 of the SEBI guidelines as explained under with eligibility criteria calculated in accordance with the audited financial statements set forth on page 80 in this RHP.

- Our company has net tangible assets of at least Rs. 3 (three) crores in each of the preceding three full years of which not more than 50% is held in monetary assets and hence is compliant with clause 2.2.1(a) of the SEBI guidelines.
- Our company has a track record of distributable profits in accordance with section 205 of Companies Act, for or at least three of the immediately preceding five years and is compliant with clause 2.2.1(b) of the SEBI guidelines.
- Our company has a net worth of at least Rs. 1 (one) crore in each of the three preceding full years and is compliant with clause 2.2.1(c) of the SEBI guidelines.
- We have not changed the name of the company in last one year.
- The proposed issue size does not exceed five times the pre-issue net worth of the company as per audited Balance Sheet of the last financial year and is compliant with clause 2.2.1(e) of the SEBI guidelines.

The Distributable profits as per sections 205 of Companies Act, the net worth, net tangible assets and monetary assets for the last five years as per company's restated financial statements are as under:

**Rs. In lakhs**

<b>Year ended March 31</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Net tangible assets <sup>(1)</sup>	335.34	332.88	305.88	490.05	1,838.18
Monetary assets <sup>(2)</sup>	3.23	5.01	0.18	42.64	252.85
Net profit as re-stated	1.34	0.42	0.70	1.05	171.54
Net worth as re-stated	206.45	226.64	303.68	490.05	1,935.11

(1) Net tangible assets are defined as the sum of fixed assets (including capital work in progress), current assets (excluding deferred tax assets) less current liabilities and deferred revenue expenditure.

(2) Monetary assets include cash on hand and in bank.

The Company satisfies all the eligibility criterias, laid down in clause 2.2.1 of SEBI (DIP) Guidelines. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Net Issue to public.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

The promoters, the company, directors of our company are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this RHP

No penalty has been imposed by SEBI and other regulatory bodies against the company, our directors, our promoters and companies promoted by our directors.

Our Company undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

### **DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 31/07/2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

**“WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

**ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT’S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

**WE CONFIRM that:**

- A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”**



All legal requirements pertaining to this issue will be complied with at the time of filing of the red herring prospectus with the Registrar of Companies, Tamil Nadu at Chennai, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The filing of the Red Herring Prospectus does not, however, absolve the company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up at any point of time, with the BRLM, any irregularities or lapses in the Red Herring Prospectus.

#### **Disclaimer Statement from the Company and the BRLM**

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Our Company and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above, mentioned entities and anyone placing reliance on any other source of information, including our website, [www.pyramid-saimira.com](http://www.pyramid-saimira.com), would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and the Company and the Memorandum of Understanding between the BRLM and the Company.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

#### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and this Red Herring Prospectus has been filed with Registrar of Companies, Tamil Nadu as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Disclaimer Clause of the Bombay Stock Exchange Limited**

"Bombay Stock Exchange Limited ("BSE") has given vide its letter no. DCS/SMD/S/2006 dated 22/09/2006 permission to the Company to use its name in the offer document as one of the stock exchanges on which the company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:-

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Disclaimer Clause of the National Stock Exchange of India Limited**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (Hereinafter referred to as NSE). NSE has given vide its letter ref. : NSE/LIST/30494-8, dated 03/11/2006 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. IT is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **Filing**

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the Registrar of Companies, Tamil Nadu at Chennai. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Tamil Nadu. A copy of this Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Primary Market and Issue Management Division, SEBI Bhavan, C-4-A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.

### **Listing**

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

### Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Book Running Lead Manager to this Issue and Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu at Chennai as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Tamil Nadu.

Our statutory auditors, R Mugunthan, Chartered Accountant have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Tamil Nadu.

R. Mugunthan, Chartered Accountants have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Tamil Nadu.

### EXPERT OPINION

We have not obtained any expert opinions.

### EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the issue would be met out of the proceeds of the issue. The estimated issue expenses are as follows:

Activity	(Rs. in lakhs)	% of Issue Size
Lead Management Fee, Underwriting Commissions and Selling Commissions	240.00	2.84
Advertising and Marketing Expenses	80.00	0.95
Printing and Stationery	130.00	1.54
Others (Registrar's Fee, Legal Fee, etc.)	50.00	0.60
<b>Total estimated Issue expenses</b>	<b>500.00</b>	<b>5.93</b>

### Fees Payable to the BRLM, Co-BRLM, Brokerage and Selling Commissions

The total fees payable to the BRLM and Co-BRLM including brokerage and selling commission for the issue will be Rs. 240.00 lacs which will constitute 2.85% of the issue size and will be as per the Memorandum of Understanding dated 17/07/2006, and the fees payable to the Co-BRLM will be as per the Memorandum of Understanding dated 09/11/2006. Copies of both MoUs are available for inspection at our corporate office.

### Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated 14/07/2006, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

### Commission and Brokerage on Previous Issues

Not Applicable

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Previous Rights and Public Issues**

Not Applicable

### **Outstanding Debentures or Bonds**

As on the date of filing of this Red Herring Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

### **Outstanding Preference Shares**

As on the date of filing of this Red Herring Prospectus, the Company does not have any outstanding preference shares.

### **Issues otherwise than for Cash**

Except as stated in the section titled "Capital Structure" beginning on page 14 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

### **Companies Under the same Management**

There are no companies under the management within the meaning of section 370(1B) of the Companies Act, 1956.

### **Option to Subscribe**

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

### **Stock Market Data for our Equity Shares**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

### **Particulars Regarding Public Issues during the Last Five Years**

We have not made any public issues during the last five years.

### **Promise versus Performance – Previous Issues of Group Companies.**

There is no listed company promoted by our promoters.

### **Mechanism for Redressal of Investor Grievances**

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

### **Disposal of Investor Grievances by the Company**

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. R. Manthramurthy, Company Secretary as the Compliance Officer and he may be contacted at C-1, II Floor, Temple Towers, # 672 Anna Salai, Nandanam, Chennai 600 035, Tel: (044) 42123456; Fax: (044) 42121080. Investors may contact him for redressal of any Pre-Issue or Post-Issue complaints.

### **Changes in Auditors during the last three financial years and reasons therefor**

There have been no changes of the auditors of our Company in the last three years.

### **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time since inception.

### **Revaluation of Assets**

Our Company has not revalued its assets in the past five years.

## SECTION VII – ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. 8,444.00 lakhs (hereinafter referred to as the “Issue”) including Promoters’ Contribution of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Shares and an Employee Reservation Portion of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for subscription by Employees.. The Issue would constitute [●] % of the post Issue paid-up capital of the Company. The Net Issue will comprise [●] Equity Shares of face value Rs.10/- each at a price of Rs. [●] per Equity Share, aggregating Rs. [●] lakhs.

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to [●] Equity Shares	Up to [●] Equity Shares will be allotted to QIBs.	At least [●] Equity Shares shall be available for allocation.	At least [●] Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 5% of the Issue Size	Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	At least 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	60 Equity Shares and thereafter in multiple of 60 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 60 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 60 Equity Shares thereafter.	60 Equity Shares and in multiples of 60 Equity Shares thereafter
Maximum Bid	Not exceeding [●] Equity Shares	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.

## PYRAMID SAIMIRA THEATRE LIMITED

Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	a) Permanent employees of the Company and its Subsidiary as on the date of filing the Red Herring Prospectus; and b) A Director of the Company or a director of the Subsidiary (whether a whole-time, part time Director or otherwise) except for directors who are a part of the Promoter group.	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, venture capital funds registered with SEBI, Foreign Venture Capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, Multilateral and Bilateral Development and Financial Institutions provident funds Authority, provident funds Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable law.	Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts and eligible NRIs.	Individuals (including HUFs in the name of karta) and eligible NRIs applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Full Bid Amount on Bidding unless waived by members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

\* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

\*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form. If the aggregate demand by Mutual Funds is less than [.] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids..

### Withdrawal of this Issue

The Company, in consultation with the BRLM and Co-BRLM, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason therefore.

### Bidding Period / Issue Period

<b>BID / ISSUE OPENS ON</b>	<b>MONDAY, DECEMBER 11, 2006</b>
<b>BID / ISSUE CLOSES ON</b>	<b>MONDAY, DECEMBER 18, 2006</b>

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.**



## PYRAMID SAIMIRA THEATRE LIMITED

---

### TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend.

#### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

#### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

#### Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page 131 of this Red Herring Prospectus.

#### Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

#### Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 60 Equity Shares. For details of allocation and allotment, see "Basis of Allotment" on page 127 of this Red Herring Prospectus.



## Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Chennai, India.

## Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.**

## Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Net Issue, including devolvement of the Syndicate Member, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

## Subscription by Non Residents/ NRIs/ FIIs/Foreign nationals/ Foreign Venture Capital Fund registered with SEBI / Multilateral and Bilateral Development Financial Institutions.

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per current foreign investment policies, foreign direct investment in the film sector is allowed upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Subscription by NRIs/ FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

**Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form.**

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the Registrar of Companies, Tamil Nadu, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies, Tamil Nadu and as would be required by Registrar of Companies, Tamil Nadu after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including resident QIB's, Non Institutional Bidders and Retail Individual Bidders	White
Non Residents, Eligible NRIs, FVCIs, FII's, etc. applying on a repatriation basis	Pink
Eligible Employees of the Company	Blue

### Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;

## PYRAMID SAIMIRA THEATRE LIMITED

---

7. State Industrial Development Corporations;
8. Insurance companies registered with the Insurance Regulatory and Development Authority;
9. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue.
10. FIIs registered with SEBI
11. Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorised under their constitution to hold and invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorised under their constitution to hold and invest in Equity Shares;
13. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
14. Scientific and/ or industrial research organizations authorised to invest in Equity Shares.
15. Permanent employees or Directors (whole-time Directors, part-time Directors or otherwise) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the payroll of the Company and the Directors should be directors on the date of the Red Herring Prospectus.

Pursuant to the existing regulations, OCBs cannot Bid in this Issue.

**Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.**

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

**As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, Bidders may bid as per the limits prescribed above.

**As per current regulations, the following restrictions are applicable for investment by FIIs, FVCIs and NRIs:**

As per current foreign investment policies, foreign direct investment in the film sector is allowed upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

**As per the current regulations, the following restrictions are applicable for investments by SEBI registered Indian VCFs :**

The SEBI (Venture Capital Funds) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital investor registered with SEBI, should not exceed 25% of one company's paid up capital. The aggregate venture capital funds registered with SEBI could, however go up to 100% of our Company's paid up equity capital.

The above information is given for the benefit of the Bidder. Our Company and the BRLM are not liable for any amendments or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and confirm that the number of Equity Shares that they Bid for do not exceed limits under applicable laws or regulations.

### Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 60 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

- (c) **For Employees of the Company and its Subsidiary:** The Bid must be for a minimum of 60 Equity shares and in multiples of 60 thereafter, subject to a maximum Bid for [●] Equity Shares. Bidders in the Employee Reservation portion may bid at Cut-Off Price and allotment will be on a proportionate basis. The maximum size of the bid cannot exceed 5% of the issue size.

### Information for Bidders

- (a) Our Company will file the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our corporate office or from any of the BRLM/ Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

### Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Tamil Nadu and also publish the same in one English national daily, and one Hindi national daily. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below on page 114 of this Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and

## PYRAMID SAIMIRA THEATRE LIMITED

---

will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

- d) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 117 of this Red Herring Prospectus.
- e) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 115 of this Red Herring Prospectus.
- g) The BRLM and Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

### Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. 88/- to Rs. 100/- per Equity Share of Rs. 10/- each, Rs. 88/- being the Floor Price and Rs. 100/- being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual and Employee Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 60 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e.



original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

### **Escrow Mechanism**

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue, BRLM to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Account**

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (For further details, see "Issue Procedure - Payment Instructions" on page 122 of this Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 105 of this Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is more than 10% and less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

## PYRAMID SAIMIRA THEATRE LIMITED

---

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

### Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding Period. Syndicate members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
- (d) At the time of registering each Bid, the Syndicate members shall enter the following details of the investor in the on-line system:
  - Name of the investor
  - Investor Category such as Individual, Corporate or Mutual Fund, etc.
  - Number of Equity Shares bid for
  - Bid price
  - Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, bids would not be rejected except on the technical grounds listed on Page 124 in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.



### Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or he had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

### Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM and Co-BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) The Company in consultation with the BRLM shall finalise the "Issue Price" and the number of Equity Shares to be allotted.
- (c) The allocation for QIBs, up to 50% of the Net Issue, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 15% and 35% of the Net Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [i%] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Please refer to the section "Basis of Allocation" beginning on page 127 of this Red Herring Prospectus.
- (e) As per the Phase I Policy, all shareholding in our Company should be held by Indians except for the limited portfolio investment by FIIs, NRIs, foreign nationals, persons of Indian origin and overseas corporate bodies subject to such ceilings as may be decided by the Ministry of Finance from time to time. Hence, we are not offering shares in this Issue to persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.

## PYRAMID SAIMIRA THEATRE LIMITED

---

- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and Filing with the Registrar of Companies, Tamil Nadu**

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with Registrar of Companies, Tamil Nadu, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

### **Advertisement regarding Price band and Red Herring Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

### **Issuance of Confirmation of Allocation Note**

After the determination of Issue Price, the following steps would be taken

- (a) The BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

### **Designated Date and Allotment of Equity Shares**

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalisation and adoption of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.

## GENERAL INSTRUCTIONS

### Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum-Application Form;
- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid-cum-Application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place. (See section titled "Issue Procedure – PAN" on page 123 of this Red Herring Prospectus)

### Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- i) Do not submit Bid accompanied with Stock invest.
- j) Do not Bid if you are a person resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India..

### Bids by Employees of the Company

- i. For the purpose of this reservation, Employee means permanent employees of our Company, a Director of our Company (whether a whole time Director, part-time Director or otherwise), or an employee as defined above of our Subsidiary as on the date of the submission of the Red Herring Prospectus.
- ii. Bids under Employee Reservation Portion by Permanent Employees shall be made only in the prescribed Bid-cum-Application Form or Revision Form.

## PYRAMID SAIMIRA THEATRE LIMITED

---

- iii. Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form:
- iv. Employee number
- v. The sole/ first bidder should be Permanent Employees as defined above.
- vi. Only Employees, as defined above, would be eligible to apply in this Issue under this Employee Reservation Portion.
- vii. Bids by Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- viii. Employees, as defined above, who apply or bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- ix. The maximum bid in this category can be for [●] Equity Shares. The total size of the application cannot exceed 5% of the issue size.
- x. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- xi. Under subscription in this category would be added back to the Net Issue and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLM.
- xii. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 127 of this Draft Red Herring Prospectus.

### Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and /or Revision Forms from the BRLM or Syndicate Member.

### Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians, pink for non-resident bidders and blue for eligible employees.)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 60 Equity Shares and in multiples of 60 thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,001 and in multiples of 60 Equity Shares thereafter. All individual Bidders whose maximum Bid amount exceeds Rs. 100,000 would be considered under this category. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account

details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

#### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund order and the demographic details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their demographic details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required demographic details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the demographic details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

## PYRAMID SAIMIRA THEATRE LIMITED

---

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms that we may deem fit.

### **Bids and revision to Bids must be made:**

On the Bid-cum-Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 113 of this Red Herring Prospectus.

### **Payment Instructions**

We, the BRLM shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

### **Payment into Escrow Account:**

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - i. In case of Resident QIB Bidders: "**PSTL IPO– QIB – R**"
  - ii. In case of Non Resident QIB Bidders: "**PSTL IPO– QIB– NR**"
  - iii. In case of Resident Retail and Non Institutional Bidders: "**PSTL IPO - R**"
  - iv. In case of Non Resident Retail and Non Institutional Bidders: "**PSTL IPO-NR**"
  - v. In case of employees: "**PSTL IPO – Employees**"
- (d) Hence, we are not offering shares in this Issue to persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India..
- (e) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- (f) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (h) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process



will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

#### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

#### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders, prescribed however, that for QIB Bidders the Syndicate member shall collect the QIB Margin and deposit the sum in a specified escrow account.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

#### **OTHER INSTRUCTIONS**

##### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address.

##### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employees Reservation category can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

##### **Permanent Account Number (PAN)**

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication

## PYRAMID SAIMIRA THEATRE LIMITED

---

issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

### Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/ Cir- 13/2005.

### Our Right to Reject Bids

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

### Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN number;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of 60;
- 10) Category not ticked;
- 11) Multiple bids as defined in this Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 14) Signature of sole and / or joint Bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;



- 19) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same at page 113 of this Red Herring Prospectus;
- 20) Bids by persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.;
- 21) Bids by OCBs; and

#### **Equity Shares in Dematerialized Form with NSDL/CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) A tripartite agreement dated 27/09/2005 with NSDL, us and Registrar to the Issue;
- b) A tripartite agreement dated 16/11/2006 with CDSL, us and Registrar to the Issue.

All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

#### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders, etc.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Disposal of Applications and Applications Money**

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 30 days of the Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS). For further details regarding mode of making refunds, refer paragraph titled "Mode of Making Refunds" beginning on page 126 of this Red Herring Prospectus.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 30 days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS, as applicable, only at the sole or First Applicant's sole risk within 15 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of the finalization of the basis of allotment.

### **Interest on Excess Application Money**

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS, as applicable, only at the sole or First Applicant's sole risk within 30 days of the Application Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the Applicants (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 30 days from the date of the closure of the Issue.

### **Mode of making refunds**

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LM nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

#### **1. NEFT**

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

#### **2. ECS**

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf,

from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned fifteen centers.

### 3. Direct Credit

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

### 4. RTGS

Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

### 5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and by indicating the change on the web site of the BRLM, Co-BRLM and at the terminals of the Syndicate.

### Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

**“Any person who:**

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

### Basis of Allotment or Allocation

#### A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

## PYRAMID SAIMIRA THEATRE LIMITED

---

- If the aggregate demand in this category is less than or equal to Rs. [●] lakhs at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than Rs. [●] lakhs at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [I%] Equity Shares. For the method of proportionate basis of allotment, refer below.

### B. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to Rs. [●] lakhs at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than Rs. [●] lakhs at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment refer below.

### C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
  - (c) The aggregate allocation to QIB Bidders shall not be less than [●] Equity Shares.

### D. For Employee Reservation Portion

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to the number of equity shares available for allocation in this category at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than the number of equity shares available for allocation in this category at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 60 Equity Shares and in multiple of 60 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees may apply under the Employee Reservation Portion.

Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.

#### **Method of Proportionate Basis of Allotment**

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of 60 Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than 60 per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 60 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
  - If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

We, the BRLM reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders we have a right to reject Bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We shall ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and we shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Undertaking by the Company**

Our Company undertakes:

- i) All the complaints in respect of the Public Issue shall be attended to by our company expeditiously and satisfactorily.
- ii) That our company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE and NSE within 7 working days of finalisation of basis of allotment.
- iii) That the funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our company.
- iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of closure of the issue, giving details of the bank where refund shall be credited alongwith amount and expected dated of electronic credit of refund.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vi) That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, undersubscription etc.

### **Utilisation of Issue Proceeds**

Our Board of Directors certify that:

- a) all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b) details of all monies utilised out of Issue referred to sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilised; and
- c) details of all unutilised monies out of the Issue, if any, referred to sub-item (a) shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested;

### **Our Board of Directors further certify that:**

- a. the utilisation of monies received under Promoters Contribution and Employees Reservation shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised.
- b. the details of all unutilised monies out of the funds received under Promoters Contribution and Employees Reservation shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- c. Our Company undertakes that we shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.

## SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

### MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the important provisions of the Articles of Association of our Company relating to members, voting rights, lien on the Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below.

Capitalised terms in this section have the meaning that has been given to such terms in the Articles of Association.

#### Article 8

##### 1. Power of Company to Dematerialise and rematerialize

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its securities, rematerialize or rematerialize its securities and to offer fresh securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules frames thereunder, if any.

##### 2. Options for investors

Every person subscribing to securities offered by the Company shall have the option to receive the security certificate or hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996, and the Company shall, in the matter and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his securities with a Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of the information the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

##### 3. Securities in Depositories in fungible form

All securities held by a depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of beneficial owners

##### 4. Rights of Depositories and Beneficial Owner

- 1) Notwithstanding anything to the contrary contained in the Act or these Articles, Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- 2) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights in respect of the securities held by it.
- 3) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

##### 5. Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or delivery of floppies or discs.

##### 6. Transfer of Securities

Transfer of Securities held in Depository will be governed by the provisions of Depositories Act. Nothing contained in Section 108 of the Act or these articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners.



## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **7. Allotment of Securities dealt within a Depository**

Notwithstanding anything containing the Act or these Articles, where securities are dealt in a dematerialized form with a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

### **Article 11**

#### **CALLS**

- a) The Board may from time to time make call/calls upon the members in respect of any moneys unpaid on their shares on such terms and conditions as the Board may deem fit and the Board may at its discretion also alter, vary, extend, amend, revoke, postpone or cancel such condition(s), terms, etc. as may be desired in a particular case or in general and each member shall pay to the company at the time or times specified in the notice making such call the amount called on his shares.
- b) Regulation 17(1) of Table "A" shall not apply to the Company and if a sum called in respect of a share is not paid before or on the day appointed for the payment thereof the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine, from time to time. Every member, or his heirs, executors or administrators shall pay to the Company the portion of capital represented by his share or shares which may, for the time being remain unpaid thereof in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix the payment thereof.
- c) The Directors may, if they fit, subject to the provisions of Section 92 of the Act agree to and receive from any members willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then the Company may pay interest at such rate, as the member paying such sum in advance and the Directors, agree upon, provided that money paid in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these articles shall mutandis apply to the calls on debentures of the Company.

- d) The length of each call shall be for a minimum period of 30 days.

### **Article 12**

#### **LIEN**

The company shall have a first and paramount lien upon at the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds or sale thereof for all moneys whether presently payable or not) called or payable at a fixed time in respect of such shares shall be created except upon the footing and condition that this article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's line of any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

### **Article 13**

#### **FORFEITURE OF SHARES**

If any member fails to pay any call or installment of call on the day appointed for payment thereof, the Board may forfeit such shares in respect of which the member has failed to make payment, after serving a notice as provided under regulation 29 to 35 of the Table "A" of schedule 1 to the Subject to section 49 of the Act and without prejudice to the provisions of section 42(2) 153A and 187B of the Act or any modification thereof no person shall be recognized by the Company as holding any share upon trust, and the Company shall not be bound by or compelled in any way to recognise without having any interest or encumbrance over the share or in other right in respect of any share except an absolute right or entity thereof as the registered holder.



## **Article 17(h)**

### **TITLE OF SHARES OF DECEASED MEMBER**

The executors or administrator of a deceased member or the holder of a succession certificate or the legal representative in respect of the shares of a deceased member (not being one of two joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the names of such members, and the company shall not be bound to recognise such executor or administrators or holders of a succession certificate or the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court or other competent authority in the Union of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may, upon such terms as to indemnity or otherwise as the Board may deem proper, dispense with production of Probate or Letters of Administration or Succession Certificate and register under these Articles the names of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

## **Article 18 C**

### **EXTRAORDINARY GENERAL MEETING BY BOARD AND BY REQUISITION.**

- i) The Board may whenever it thinks fit call an extraordinary General Meeting.
- ii) If at any time there are not within India, Directors capable of acting who are sufficient in number, to form a quorum, any director or any three members of the company, may call an extraordinary General Meeting in the same manner as early as that in which such a meeting may be called by the Board.
- iii) Extraordinary General Meeting may be called by the members under the provisions of section 169 of the Act and under conditions thereof and by the court under conditions in section 186 or any statutory modification thereof..

## **Article 27 (b)**

### **VOTES OF JOINT MEMBERS**

In the case of joint holders, the vote of the senior who tenders vote in person only shall be accepted to the exclusion of the voters of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in register of members.

## **Article 27 (c)**

### **VOTING IN PERSON OR BY PROXY**

Any member of the company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of the himself, but a proxy so appointed shall not have any right to speak at the meeting

## **Article 40**

### **MANAGING DIRECTOR/WHOLETIME DIRECTOR**

- a) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors, Executive Directors and /or whole time Directors and/or Special Directors like Technical Directors, Financial Directors etc. of the company for a fixed term and not exceeding five years at a time and upon such term and conditions as the Board thinks fit and the Board may be resolution vest in such Managing Director or Managing Directors, Executive Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit and subject to such condition and restrictions as it may determine. The remuneration of such Director may by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.
- b) The Directors may whenever they appoint more than one Managing Director designate one or more as "Joint Managing Director" or "Deputy Managing Director" as the Act so require.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **Article 45**

#### **WINDING UP**

##### **Distribution of Assets**

If the company shall be wound up, the liquidator may with the sanction of special resolution of the company and any other sanction required by Act, divide among the members in specie or kind the whole or any part of assets of the company whether they shall consist of property of the same kind or not.

### **Article 50**

#### **SECRECY**

Every Director, Manager, Auditor, Treasurer, Trustee, Member of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the company shall, if so required by the Director before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the company, with the customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by law or the person to whom such matters relate, except so far as may be necessary in order to comply with may any of the provisions of these presents contained.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus have been delivered to the Registrar of Companies, Tamil Nadu for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at C-1, II Floor, Temple Towers, # 672 Anna Salai, Nandanam, Chennai 600 035, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Red Herring Prospectus until the Bid Closing Date / Issue Closing Date of this Issue.

#### MATERIAL CONTRACTS

1. Memorandum of Understanding dated 17/07/2006 between the Company and Keynote Corporate Service Limited, the BRLM to this Issue.
2. Memorandum of Understanding dated 09/11/2006 between the Company and Canara Bank, the Co-BRLM to this Issue.
3. Memorandum of Understanding dated 14/07/2006 between the Company and Cameo Corporate Services Ltd. as Registrars.
4. Escrow Agreement dated [●] between the Company, the BRLM, the Co-BRLM, Escrow Collection Banks and the Registrar to this Issue.
5. Underwriting Agreement dated [●] between the Company, BRLM, Co-BRLM and the Syndicate Member.
6. Syndicate Agreement dated [●] between the Company, BRLM, Co-BRLM and the Syndicate Member.

#### Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of the Company, as amended from time to time.
2. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 20/03/2006 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares.
3. Copies of the Annual Reports of the Company for the years ended March 31, 2002; March 31, 2003; March 31, 2004, March 31, 2005 March 31, 2006 and for the six month period ended 30/09/2006
4. Copy of the Statement of Tax Benefits report dated 10/11/2006 issued by Mr. Mugunthan, Chartered Accountants, Chartered Accountants.
5. Copy of certificate dated 10/11/2006 issued by Mr. Mugunthan, Chartered Accountant & Statutory Auditors of the Company reporting financials of Pyramid Saimira Theatre Limited in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios.
6. Copy of the sources and deployment of fund certificate dated 16/11/2006 issued by Mr. Mugunthan , Chartered Accountant & Statutory Auditors of the Company
7. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Legal Advisors to company, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, Compliance Officer as referred to, in their respective capacities.
8. In-principle listing approvals dated 22/09/2006 and 03/10/2006 from BSE and NSE, respectively.
9. Tripartite agreement between the NSDL, our Company and the Registrar dated 27/09/2005
10. Tripartite agreement between the CDSL, our Company and the Registrar dated 16/11/2006
11. Due diligence certificate dated 31/07/2006 to SEBI from Keynote Corporate Service Limited.
12. SEBI observation letter no. CFD/DIL/ISSUES/PB/SR/79323/2006 dated 07/11/2006 and compliance thereof.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## **PYRAMID SAIMIRA THEATRE LIMITED**

---

### **DECLARATION**

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

For **Pyramid Saimira Theatre Limited**

**sd/**

**V. Natarajan**  
Chairman

**sd/-**

**P. S. Saminathan**  
Managing Director

**sd/**

**N. Narayanan**  
Whole-time Director

**sd/-**

**Dr. S.Ramani**  
Director

**sd/**

**K. Natarahjan**  
Director

**sd/-**

**K.S.Kasiraman**  
Director

**sd/**

**Nirmal Kotecha**  
Director

**sd/-**

**M. S. Narasimhan**  
Director

**Place:** Chennai

**Date:** November 30, 2006

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**