

Pyramid Saimira Theatre Limited

Registered Office:

Pyramid Saimira Towers # 27, G.N. Chetty Road, T.Nagar, Chennai - 600 017

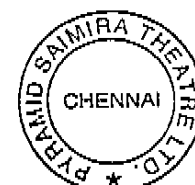
SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE FINANCIALS, UNDER
CLAUSE 41 OF THE LISTING AGREEMENT FOR THE THIRND QUARTER ENDED 31ST December
2008 (STANDALONE)

(Rs. in Lakhs)

S.No	PARTICULARS	Quarter ended 31st Dec 2008 (UNAUDITED)
1	Segment Revenue	
	A. Exhibition	9,867.31
	B. Food & Beverages	3,927.50
	C. Unallocated	2.08
	Total Segment Revenue	13,796.90
	Less: Inter segment revenue	-
	Income from Operations	13,796.90

2	Segment Results	
	Profit / loss before tax and interest from each segment	
	A. Exhibition	3.75
	B. Food & Beverages	914.93
	C. Unallocated	2.08
	Total	920.76
	Less: (i) Interest	587.88
	(ii) Other un-allocable expenditure net off	121.45
	Un-allocable income	
	Total Profit Before Tax	211.43

3	Capital Employed (Segment Assets - Segment Liabilities)	
	A. Exhibition	17,535.49
	B. Food & Beverages	8,767.74
	C. Unallocated	43,605.00
	Total	69,908.23



R. S. Saimira

Notes:

- 1 The above results were reviewed by the Audit Committee on 29th January 2009 and approved by the board of directors at their meeting held on 30th January 2009.
- 2 The above results are subject to Limited Review by the Auditor of the Company.
- 3 Previous period figures have been regrouped to conform to the current period classifications.
- 4 The company undertook consolidation measures and has de-hired 194 screens in this quarter. Further the company has moved 151 screens from fixed hire model to case to case content supply model and further 148 screens from fixed hire to revenue/profit share model. These screens and consequently their accounting have been transferred to the distribution vertical, which is a wholly owned subsidiary of the company and consequently do not form part of the accounts of the stand alone main company PSTL. However they will form part of consolidated accounts at the year end.
- 5 The extra ordinary item relates to provision for appreciation in value of FCCBs due to exchange rate fluctuation as on 31st December 2008.
- 6 The provision for foreign exchange variation on convertible bonds is a mark to market provision and there is no actual loss incurred.
- 7 Conversion price for the FCCBs, was adjusted downward from Rs.385.90 to Rs.246.50 with effect from 19-12-2008. The company has not received any request for conversion of outstanding FCCBs worth of US\$90 Million as on date.
- 8 Only the Stand alone Quarterly Financial Results has been published as decided by the Board of Directors
- 9 Comparative figures for the corresponding period in previous accounting year have not been provided in the statement for segment results as during that year the company was functioning in single reportable segment.
- 10 In terms of Listing Agreement, the details of complaints for the quarter ended December 31,2008 are given below:
 Beginning: Nil Received and disposed off: 1 Pending: Nil
- 11 Detailed clarification notes also has been sent to BSE/NSE and also published in website of the company for wider investor disclosure.

By Order of the Board
 For Pyramid Saimira Theatre Limited



P.Saminathan
 P.S. SAMINATHAN
 Chairman & Managing Director

Place: Chennai
 Date : January 30, 2009

Name of the Company	Pyramid Saimira Theatre Limited
Scrip Code	
BSE	532791
NSE	PSTL
Bloomberg	PSTL@IN
Subject	Notes on Q3 results and Additional quarterly declarations

Note explaining the results and additional disclosures thereto for wider investor information.

1. No. of Screens:

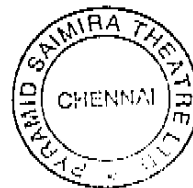
The company's business model was to hire the screens on the basis of fixed monthly payments preceded by a security deposit, take all expenses of running the theatre in the books and take all the benefits arising out of the theatre to the company. The company expanded across south India initially, then to north and western part of India. The company's expansion operations lasted till 30.06.08. Thereafter the company resorted to course correction measures in the last 2 quarters in this manner as per the following table:-

Period	No. of screens
As on 31.03.2007	265
As on 31.03.2008	765
As on 30.06.2008	802
As on 30.09.2008	745
As on 30.12.2008	252

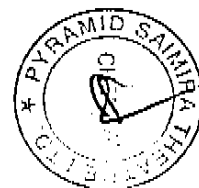
During the current fiscal year the company observed the following:-

- The average capacity utilization of screens were falling across the industry and average spend per person is not increasing proportionately.
- There is a huge failure of content to an extent that the average success rate of films has become less than 10% in the current fiscal compared to the normal average success rate of 20%. +
- Since the company has huge fixed cost for carrying capacity, it started facing supply side constraints to feed Exhibition units in a revenue sharing mode (with distributor/producer) and therefore the company had to take uncalled for risk on content which was not the original business model.

When the company's risk on a major film failed causing hardship of around Rs.40 crores to the Group as a whole, the company decided to look into the complete organizational and compositional matrix of screens and initiated necessary corrective actions and consolidation measures. Following decisions were taken and implemented:-



- Each screen's stand-alone profitability was examined and a re-negotiation of the terms with the theatre owner was conducted.
- Screens which are currently running under loss and cannot become profitable unless substantial content risk is taken have been amicably de-hired with the consent of the theatre owners. Through this method, we have de-hired 194 screens during this quarter.
- There is a distinct change in window timing of release of films in satellite to a shorter time frame of 3 months only. Therefore, the shelf lives of films have significantly come down. Further, due to the efforts of Pyramid Saimira and other related players like Real Image, UFO, etc., significant digital penetration has happened in India which has encouraged wider release of films. This has put pressure on per-screen collection (though over all collection has increased). It was also observed that wider release had reduced the Distributors' / Producers' share since it tend to suppress the average ticket price at its peak demand. Therefore, the company decided to re-evaluate unviable centers which are currently hit and likely to get hit in future and de-hire them from risk, but continue to support them for content on a case-to-case basis. Since content supply does not form part of the exhibition vertical, the business of supplying content to those theatres being done by PSEL – a wholly owned subsidiary. Consequently, we have de-risked 151 such screens away from the exhibition to the distribution vertical in line with the contractual nature of the revised arrangement with the theatre owners.
- Further, in places where we found difficulty in exercising proper management control and where the documentation standards could not be enforced properly, we had renegotiated the terms from a fixed lease model to a profit /revenue sharing model. As a result of these measures, 148 screens have been re-negotiated and brought under the ambit of profit/revenue sharing model. Since these screens will be running on a partnership/profit sharing basis, the respective revenue and cost are not booked in PSTL and the profits/losses in these theatres, since represent a revenue accrual from exhibiting films in those theatres, as a distributor, the operational control of the same and consequently the accounting of the same has been moved to PSEL – a 100% subsidiary.
- Therefore, the exhibition division screen figures is now has become a pure, core exhibition division and the screens which are not acting as pure exhibition points have been moved to the distribution division. Consequently, as of now, as a pure exhibitor, we are running 252 screens. Though it represents a reduction in the no. of screens in terms of physical units, it does not represent a reduction in control since the entry point controls are being exercised through other verticals and in a less risky manner. Thus, the company effectively reduced content risk inherent in



the business and isolated the exhibition division's profitability in a proper manner, which will enable exhibition division to concentrate upon increasing non-box office revenues, which has not been exploited fully so far by the management.

- The result of the consolidation measures has started kicking into the operation and benefits are expected to spill over the ensuing quarters too. A comparison summary of the parameters of Q2 and Q3 will substantiate the said point.

Particulars	Q3	Q2	
No. of Screens	252	745	
Seats / show – Qtrly average	272 Lakhs	469 Lakhs	
Foot falls	329 Lakhs	629 Lakhs	
Sq.ft. under control	10.04 Lakhs	31.91 Lakhs	
Avg. Capacity Utilisation	38%	36%	5.5% ↑
Avg. revenue per footfall	Rs.41.93	40.11	4.5% ↑
Avg. Revenue per Screen for the Quarter	34.23 Lakhs	32.63 Lakhs	4.9% ↑

2. Effect of the above re-orientation of screens and consolidation process:

- Consequent to the consolidation measures implemented and much focused approach on different verticals, higher level of clarity has emerged within the group in terms of management, accountability, corporate governance and accounting transparency on the respective business divisions. The transfer pricing between the group companies have been made completely on a Chinese-wall basis and non-discriminatory basis.
- As stated above, the company realigned screens and also negotiated and revised the terms. In addition, withdrew from the Western and Northern part of India completely. Towards the same, the company has incurred losses which have been treated as part of operational loss.
- Due to the realignment of terms and transfer of control of certain screens to the distribution vertical, the company has to receive substantial amounts of Security Deposits from the theatre owners for fully dehi red theatres and some of the advance has been transferred in favor of subsidiary company, handling distribution. The recovery of advances from theatre owners is on. The company feels that the deposits are recoverable and hence the management is of the opinion that no provision against bad debts is necessary.



- The company has re-focused its hiring division to work towards enhancement of structural entry barrier by further adding 150 quality screens which will optimize the operational efficiency. The cost of hiring will be financed by the deposit receivable from the de-hired theatre owners and hence these additional hiring of screens is expected to be fund flow neutral.
- The verticalisation process and realignment of screens with proper business roles will also enable better tax compliance and planning and also avoid unnecessary transfer pricing complications.

As of now, the group is operating the following companies with respective verticals:

Company	Vertical	Subsidiary or Associate
Pyramid Saimira Theatre Ltd.	Pure Exhibition and holding company for investments	Parent co.
Pyramid Saimira Entertainment Ltd., Singapore And in India through a wholly owned subsidiary	Distribution of content	Subsidiary
Pyramid Saimira Production International Ltd.	Production of content both film, TV and music	Subsidiary
Pyramid Saimira Production Services Ltd.	Post-production	Subsidiary
Aurora Technologies Ltd.	Gaming & animation	Subsidiary
Dimple Cine Advertising Pvt. Ltd.	Advertisement & marketing	Subsidiary
Pyramid Saimira Theatre Chain Malaysia Sdn. Bhd., Malaysia	Holistic entertainment company in Malaysia for production, distribution and exhibition	Joint Venture
Pyramid Longzhe Culture & Theatre Co. Ltd., China	Holistic entertainment company in China for production, distribution and exhibition	Joint Venture
Pyramid Saimira Entertainment America Inc., USA	Holistic entertainment company in USA for production, distribution and exhibition	Subsidiary
Spize TV Pte Ltd. UK	DTH in Europe	Group
Saimira Access Technologies Ltd.,	Technological services and IPTV	Group



- Disclosure of subsidiary companies' results

The company wishes to state that it is harmonizing the accounting process for a uniform disclosure practice and from the next quarter onwards, the company will endeavour to disclose a standardized consolidated result of the entire Group.

However, the following information on the important business subsidiaries viz., Production and Distribution are as follows:-

Name of the Company	Rs.Crores	
	1 st April 08 to 31 Dec.08 (Unaudited)	
	Top-line	EBIDTA
Pyramid Saimira Production International Ltd.	56.07	6.83
Pyramid Saimira Entertainment Ltd.,	198.49	28.54

3. The company wishes to make the following additional disclosures:-

a. Loss on account of KUSELAN:

The group lost approximately Rs.40.32 Crores on account of a tamil film titled KUSELAN / telugu film titled KADHANAYAKADU (Rajnikanth movies)

b. Sale of shares by Mr.Nirmal Kotecha

Mr. Nirmal Kotecha who had been a strategic investor in the company since the pre-issue stage has exited from the company through the market and he is no longer classified as a promoter / person acting in concert of the company.

c) Sale of shares by core promoter Mr. P.S.Saminathan for settling liability of the company

As already stated one of our costliest films starring Rajnikanth (KUSELAN) failed in a big way and we lost cash flow in that film alone to the extent of Rs.40.32 Crores. Since we had huge number of screens and we were to plan the content supply chain the group had to continue supporting our production efforts, blocking of funds towards content etc. This has resulted in a general liquidity crunch for the group. The company always intends to maintain best of relationship with bankers and did not want any delays or defaults to any bank /institution. Therefore, the promoter, in order not to constrain the company's liquidity in the peak January 2009 season where lot of films will be released which will infuse and unlock huge liquidity to the company, decided to transfer certain shares and requested Punjab National Bank to sell the same for short term loans availed by the company. It is a matter of commitment by the promoter to the company and to the stakeholders of the company that the promoter is willing to sell his assets even at a lower price for retaining the credibility of the organisation.



d) Disclosure on pledge of shares.

The Promoters viz., Mr.P.S.Saminathan and Mr.N.Narayanan have pledged 58,42,672 shares as per following details:-

Name	No. of shares	Institution
P.S.Saminathan, CMD	47,64,672	PNB/India Bulls / Barclays Bank / UCO Bank
N.Narayanan, Director	10,78,000	UCO Bank

The shares as detailed above have been pledged with the institutions to fund the operations of the Company.

e) IT demand note

The Company had received a demand note from IT authorities for payment of a sum of Rs.26.57 Crores. A schedule of deferred payments up to 31st March 09 has been agreed upon with the authorities.

4. Note on FCCB:

The company had raised US\$ 90.0 mil in July 2007 @ 7.75 % interest and @1.75% coupon rate redeemable in 2012 and convertible at the option of the investor @ Rs.246.50 per share (as per the latest Trust deed). The company deployed these funds in overseas investments and in overseas subsidiaries and the deployment was in dollar terms and the loan was also in dollar terms. Therefore, the company has not incurred actual exchange loss on account of Rupcc depreciation but as a matter of conservative accounting, the company has decided to fully provide for the probable exchange losses on mark to market basis. We wish to state that this loss is notional and has not been incurred. Consequently, in this quarter, the amount of Rs.76.32 Crores has been provided for as an external loss towards foreign exchange.

5. Note on EPS:

The company's EPS (Basic) for the year ending 31st March 2008 on a stand alone basis is 2.47 per share. For the 1st quarter the EPS was 4.77 per share, for the second quarter the EPS was 3.08 per share and for the 3rd quarter the EPS was 0.56 all before taking into account the provision for loss on foreign exchange on FCCB. Annualized current year EPS in the said manner is expected to be Rs.9.53. This is exclusive of the EPS of Group/subsidiary companies.

