

July 27, 2015

National Stock Exchange Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
BandraKurla Complex,
Bandra (East), Mumbai - 400 051
Fax: 022-26598237/38

Company Code: PVR

Dear Sir,

We have for reference clarifications sought by you from us with respect to our letter dated 22nd July 2015 for the proposed merger of PVR Leisure Limited and Lettuce Entertain You Limited with PVR Limited.

We are giving herein below our reply in seritim.

1. Whether the transaction would fall within related party transactions? If yes, whether the same is at arm's length.

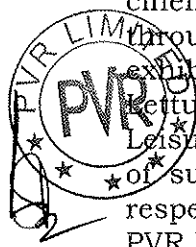
Pursuant to Ministry of Corporate Affairs circular no. 30/2014 dated 17th July 2014 merger & amalgamation of Wholly Owned Subsidiary companies is exempt from Related Party Transactions. (copy of circular is enclosed) Further Section 188 of the Companies Act 2013 does not apply to merger & amalgamation of wholly owned subsidiary companies. However we would like to bring to your notice that we have obtained third party valuation report from SSPA & CO, a firm of Chartered Accountants and fairness opinion report from Fortress Capital Management Services Private Limited, evidencing the same at arm's length.

2. Area of business of the entity (ies).

Lettuce Entertain You Limited is engaged in the business of operating and maintaining restaurants, food & beverage items and currently operates two dining restaurants Mistral in Delhi (Directors Cut, Vasant Kunj) and Mr. Hong in Bangalore (Orion Mall, Rajaji Nagar). Lettuce is a wholly owned subsidiary of PVR Leisure Limited.

PVR Leisure Limited is having investment in two verticals namely PVR Leisure Limited and Lettuce Entertain You Ltd.

PVR Limited is engaged in the business of developing, operating and managing cinema theatres for the purposes of providing entertainment to the public throughout India. PVR is also into running food & beverage business besides film exhibition. Lettuce Entertain You Ltd is into food & beverage business and since Lettuce Entertain You Ltd is wholly owned subsidiary of PVR Leisure Ltd and PVR Leisure Ltd is wholly owned subsidiary of PVR Ltd and in order to reduce number of subsidiary entities, it was considered prudent by the Board of Directors of respective companies to merge PVR Leisure Ltd and Lettuce Entertain You Ltd with PVR Ltd.



3. Rationale for amalgamation/ merger.

The Board of Directors of PVR, Lettuce and PVR Leisure are of the view that the Scheme is in the interest of the group including the shareholders, creditors and employees on account of the following reasons:

- i. Both the Amalgamating companies being considered for amalgamation under this Scheme are subsidiaries of PVR and are engaged in similar / related businesses. Through consolidation, the synergies that exist among the entities in terms of similar business processes and resources can be put to the best advantage of the stakeholders;
- ii. The proposed amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment with the businesses by reducing the number of legal entities.
- iii. It is expected that such consolidation of entities will provide operational synergies, which in turn will eliminate inefficiencies and streamline corporate structures and cash flows. A single operating entity would also result in better centralized management and oversight, cost efficiencies and supporting the group's competitive growth.

4. In case of cash consideration amount or otherwise share entitlement/exchange ratio in relation to the amalgamation/merger; brief details of change in shareholding pattern (if any) of listed entity. The Response from the Company is awaited

We wish to inform you that no cash consideration is involved in respect of merger of PVR Leisure Ltd & Lettuce Entertain You Ltd with PVR Ltd.

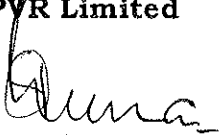
Kindly note that in view of PVR Leisure Limited being wholly owned subsidiary of PVR Ltd and Lettuce Entertain You Ltd being wholly owned subsidiary of PVR Leisure Ltd, the question of share entitlement ration in relation to merger of aforesaid companies does not arise.

Since no share of PVR Ltd will be issued in respect of merger of wholly owned subsidiary companies with PVR Ltd, therefore change in shareholding pattern in PVR Ltd will also not happen.

Hope your queries stand clarified. In case you require any other information / clarification, please feel free to inform us to reply you back suitably.

Thanking you,

Yours faithfully
For PVR Limited


Pankaj Dhawan
Sr. VP- Secretarial



Encl: As Above