



# PVR

## PVR LIMITED

PVR Limited (the “Company” or the “Issuer”) was incorporated on April 26, 1995 under the laws of the Republic of India as ‘Priya Village Roadshow Limited’ with a certificate of incorporation granted by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi (“RoC”). Subsequently, the name of our Company was changed to ‘PVR Limited’ pursuant to a fresh certificate of incorporation dated June 28, 2002. For details of the change in the name and address of our Registered Office, see “General Information” on page 57.

**Registered Office:** 61, Basant Lok, Vasant Vihar, New Delhi 110 057, India  
**Corporate Office:** Block A, 4<sup>th</sup> Floor, Building No. 9A, DLF Cyber City, Phase - III, Gurugram 122 002, Haryana, India  
**Tel:** +91 124 4708 100, **Ext:** 8136;  
**Contact Person:** Mr. Pankaj Dhawan, Company Secretary and Compliance Officer  
**E-mail:** cosec@pvr cinemas.com; **Website:** www.pvr cinemas.com  
**Corporate Identity Number:** L74899DL1995PLC067827

PROMOTERS OF OUR COMPANY: MR. AJAY BIJLI AND MR. SANJEEV KUMAR		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PVR LIMITED ONLY		
<p>ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE “RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹ [●] LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY (THE “ISSUE”) ON THE RECORD DATE, THAT IS, [●], 2020 (THE “RECORD DATE”). FOR DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 196.</p>		
GENERAL RISKS		
<p>Investment 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 making an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have neither been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the Investors is invited to the section “Risk Factors” on page 18 before making an investment in this Issue.</p>		
ISSUER’S ABSOLUTE RESPONSIBILITY		
<p>Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer 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 Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.</p>		
LISTING		
<p>The existing Equity Shares of our Company are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”, and together with the BSE, the “Stock Exchanges”). Our Company has received “in-principle” approvals from the BSE and the NSE for listing the Rights Equity Shares through their letters dated [●], 2020 and [●], 2020, respectively. Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“January 22 – Rights Issue Circular”). For the purposes of the Issue, the Designated Stock Exchange is the [●].</p>		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
		
		<p><b>KFin Technologies Private Limited</b>  <i>(formerly known as “Karvy Fintech Private Limited”)</i>  Selenium, Tower B  Plot No- 31 and 32, Financial District  Nanakramguda, Serilingampally  Hyderabad, Rangareddi, 500 032  Telangana, India  <b>Tel:</b> +91 40 6716 2222  <b>Toll Free Number:</b> 18003454001  <b>E-mail:</b> pvr cinemas.rights@kfintech.com  <b>Investor grievance E-mail:</b> einward.ris@kfintech.com  <b>Website:</b> www.kfintech.com  <b>Contact Person:</b> Mr. M. Murali Krishna  <b>SEBI Registration No.:</b> INR000000221</p>
<p><b>Axis Capital Limited</b>  1<sup>st</sup> Floor, Axis House  C-2 Wadia International Centre  Pandurang Budhkar Marg, Worli  Mumbai 400 025  Maharashtra, India  <b>Tel:</b> +91 22 4325 2183  <b>E-mail:</b> pvr.rights@axiscap.in  <b>Investor Grievance E-mail:</b> complaints@axiscap.in  <b>Website:</b> www.axiscapital.co.in  <b>Contact Person:</b> Mr. Sagar Jatakiya  <b>SEBI Registration No.:</b> INM000012029</p>		
ISSUE SCHEDULE*		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION**	ISSUE CLOSES ON***
[●], 2020	[●], 2020	[●], 2020

\*Pursuant to the January 22 – Rights Issue Circular, SEBI has introduced the concept of credit of Rights Entitlements into the demat accounts of the Eligible Equity Shareholders, which can be renounced by them by way of On Market Renunciation or Off Market renunciation. Further, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made only in dematerialized form. Further, due to the COVID-2019 pandemic, pursuant to the May 6 – Rights Issue Circular (as defined hereinafter), SEBI has introduced certain relaxations for rights issues which will open prior to July 31, 2020. Investors are encouraged to carefully follow all the necessary requirements under the Rights Issue Circulars (as defined hereinafter) and ensure completion of all necessary steps in providing/ updating their required details in a timely manner. For details, see “Terms of the Issue” on page 196.

\*\*Eligible Equity Shareholders are requested to ensure that their Off Market Renunciation is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.

\*\*\*Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Letter of Offer, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.*

#### Company Related Terms

Term	Description
“We”, “Our”, “Us” or “our Group”	PVR Limited on a consolidated basis, including its Subsidiaries and Joint Venture, unless otherwise specified
Articles of Association/ Articles / AoA	The articles of association of our Company, as amended
Audited Financial Statements	The IND AS audited consolidated financial statements for Fiscal 2020 comprising the consolidated balance sheet as at March 31, 2020 and consolidated statement of profit and loss (including other comprehensive income), consolidated statement of cash flow and the consolidated statement of changes in equity for Fiscal 2020 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information. Audited Fiscal 2019 financial numbers referred in this offer document represents the corresponding numbers as reported in Audited Financial Statements for the year ended March 31, 2020
Board of Directors / Board	Board of directors of our Company or a duly constituted committee thereof
Chairman cum Managing Director	Mr. Ajay Bijli
Company / our Company / the Company / the Issuer	PVR Limited, on a standalone basis, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office situated at 61, Basant Lok, Vasant Vihar, New Delhi 110 057, India
Corporate Office	Corporate Office of our Company situated at Block A, 4th Floor, Building No. 9A, DLF Cyber City, Phase - III, Gurugram 122 002, Haryana, India
Director(s)	Any or all the directors on our Board, as may be appointed from time to time
Equity Shareholder	A holder of Equity Shares
Equity Shares	The equity shares of our Company with a face value of ₹ 10 each, unless otherwise specified
ESOP 2017	PVR Employee Stock Option Plan, 2017
ESOP 2020	PVR Employee Stock Option Plan, 2020
Fund Raise Committee	The committee of our Board of Directors initially constituted for the purpose of raising funds through qualified institutions placement, pursuant to a resolution passed by the Board dated December 21, 2018, which has subsequently been designated to carry out all activities in relation to the Issue, pursuant to a resolution passed by the Board of Directors on June 8, 2020.
Group Companies	In terms of the SEBI ICDR Regulations, the term “group companies” include companies (other than our Subsidiaries) with which there were related party transactions as disclosed in the Audited Financial Statements and as covered under the applicable accounting standards. Further, as per the Audited Financial Statements, we have identified Priya Exhibitors Private Limited and VKAAO as our Group Companies.
Independent Director	Independent directors of our Company as defined in Section 2(47) of the Companies Act
Joint Managing Director	Mr. Sanjeev Kumar
Joint Venture	The joint venture of our Company as provided under “ <b>History and Corporate Structure</b> ” on page 110.
Key Managerial Personnel	The key managerial personnel of our Company as per the definition provided in Regulation 2(1)(bb) of the SEBI ICDR Regulations
Materiality Threshold	Materiality threshold adopted by our Company in relation to the disclosure of civil and tax proceedings involving the Company and/or Subsidiaries, solely for the purpose of the Issue, i.e., exceeds ₹ 1,000 lakhs
Memorandum of Association / Memorandum / MoA	The memorandum of association of our Company, as amended
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(pp) of the SEBI ICDR Regulations

Term	Description
Promoters / our Promoters	Promoters of our Company as per the definition provided in Regulation 2(1)(oo) of the SEBI ICDR Regulations and as reported to the Stock Exchanges, being, Mr. Ajay Bijli and Mr. Sanjeev Kumar
PVR Lanka	P V R Lanka Limited
PVR Middle East	PVR Middle East FZ-LLC, an erstwhile Subsidiary of our Company, which has been de-registered with effect from January 30, 2020
PVR Pictures	PVR Pictures Limited
PVR Pictures International	PVR Pictures International Pte Limited, an erstwhile subsidiary of our Company
Registered Office	Registered office of our Company situated at 61, Basant Lok, Vasant Vihar, New Delhi 110 057, India
Registrar of Companies / RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, located at New Delhi
SPI Cinemas	SPI Cinemas Private Limited, an erstwhile subsidiary of our Company, which has now merged with us with effect from the appointed date of the amalgamation, i.e., August 17, 2018
SPI Entertainment	SPI Entertainment Projects (Tirupati) Private Limited
SPI Merger Scheme	The scheme of amalgamation pursuant to which SPI Cinemas has amalgamated with our Company with effect from the appointed date of amalgamation i.e., August 17, 2018
Statutory Auditors	B S R & Co. LLP, Chartered Accountants, with ICAI Firm Registration Number - 101248W/W-100022, appointed pursuant to a resolution of our Shareholders dated July 24, 2017
Subsidiaries	Companies or body corporates constituting the subsidiaries of our Company as determined in terms of Section 2(87) of the Companies Act. For details, see “ <i>History and Corporate Structure</i> ” on page 110
VKAAO	VkAAO Entertainment Private Limited
Zea Maize	Zea Maize Private Limited

### Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOO	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Allot / Allotment / Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account	The account opened with the Banker to the Issue, into which the Application Money lying to the credit of the Escrow Account and the amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank	A Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Allotment Account will be opened, in this case being Axis Bank
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made by the Applicant through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on OAP, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application at OAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application
ASBA Applicant / ASBA Investor	Applicant/Investor proposing to subscribe to the Issue authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB
Axis Bank	Axis Bank Limited

Term	Description
Axis Capital	Axis Capital Limited
Banker to the Issue	The Escrow Collection Bank / the Allotment Account Bank / the Refund Bank, as applicable
Banker to the Issue Agreement	Agreement dated [●], 2020 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors making an application through the OAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specified in the agreement
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Branches	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	[●]
Eligible Equity Shareholders	Holder(s) of the Equity Shares as on the Record Date
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the OAP facility
Escrow Collection Bank	A Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the escrow account will be opened, in this case being Axis Bank
Issue	Issue of up to [●] Rights Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ [●] lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date
Issue Closing Date	[●], 2020
Issue Opening Date	[●], 2020
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹ [●] per Rights Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ [●] lakhs
Lead Manager	Axis Capital
Letter of Offer	This letter of offer dated [●], 2020 filed with the Stock Exchanges and SEBI and includes any addenda or corrigenda thereto
Monitoring Agency	Axis Bank
Monitoring Agency Agreement	Agreement dated [●], 2020 entered into between the Company and the Monitoring Agency in relation to monitoring of Issue Proceeds.
Multiple Application Form	Multiple Application Forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application.
Net Proceeds	Issue Proceeds less Issue related expenses. For details, see “ <i>Objects of the Issue</i> ” on page 72
OAP	Registrar’s online application portal accessible at <a href="https://rights.kfintech.com/pvr">https://rights.kfintech.com/pvr</a> , instituted as an optional mechanism in accordance with May 6 – Rights Issue Circular, for accessing/submitting online Application Forms by resident Investors
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, which should be completed on or before [●], 2020
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●], 2020
Refund Bank	The Banker to the Issue with whom the Refund Account will be opened, in this case being Axis Bank
Registrar Agreement	Agreement dated [●], 2020 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the OAP facility.

Term	Description
Registrar to the Issue / KFin Technologies Private Limited	
Renouncee(s)	Person(s) who has/have acquired the Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], 2020 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that the Off Market Renunciation is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
Rights Entitlements	<p>The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date, in this case being [●] rights for every [●] Equity Shares held by an Eligible Equity Shareholder.</p> <p>Pursuant to the provisions of the SEBI ICDR Regulations and the January 22 – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date. Due to COVID-2019 pandemic, in accordance with the May 6 – Rights Issue Circular, physical shareholders who have not been able to open a demat account or are unable to communicate their demat details to the Company or the Registrar, will not be eligible to renounce their Rights Entitlements.</p>
Rights Entitlements Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the OAP facility and on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
SCSB(s)	Self certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being the BSE and the NSE
Transfer Date	The date on which the amount held in the Escrow Account and the amount blocked in the ASBA Account will be transferred to the Allotment Account and/or Refund Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI
Working Day(s)	Working day means all days on which commercial banks in Delhi are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Delhi are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

### Conventional and General Terms or Abbreviations

Term /Abbreviation	Description / Full Form
₹ / Rs. / Rupees / INR	Indian Rupee
Adjusted EBITDA	Adjusted EBITDA, on a consolidated basis, is calculated as net profit after tax plus total tax expense, exceptional item, share of profit/(loss) of equity accounted investees (net of tax), finance costs and depreciation and amortization expense
Adjusted EBITDA Margin	The percentage of Adjusted EBITDA divided by total income
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CEO	Chief Executive Officer
CIN	Corporate identity number
Cinematograph Act	Cinematograph Act, 1952
Companies Act, 1956	erstwhile Companies Act, 1956 along with the rules made thereunder

<b>Term / Abbreviation</b>	<b>Description / Full Form</b>
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder
Competition Act	Competition Act, 2002
COVID-2019	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identification
DPIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as DIPP
EPS	Earnings per share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment
FDI Policy	The extant Consolidated Foreign Direct Investment Policy notified by the DIPP (now DPIT) through notification dated August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / FY / Fiscal	Period of 12 months ended March 31 of that particular year
FSSAI	Food Safety and Standards Act, 2006
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCIs	Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations
GIR	General Index Register
Government / GoI	Central Government and/or the State Government, as applicable
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income-tax Act	Income-tax Act, 1961
Ind AS	Indian Accounting Standards as referred to and notified under the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
IPO	Initial public offering
ISIN	International securities identification number allotted by the Depository
IT	Information Technology
IT Act	Information Technology Act, 2000
January 22 – Rights Issue Circular	SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015
May 6 – Rights Issue Circular	SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020
MCA Circular	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India.
MICR	Magnetic Ink Character Recognition
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. / N/A	Not applicable
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
Net Debt	It is computed by reducing the amounts of cash and cash equivalents from the aggregate of long-term borrowings (including current maturities of long-term borrowings) and short-term borrowings, all of which are as per the Audited Financial Statements of respective years
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Audited Financial Statements, but does



Term / Abbreviation	Description / Full Form
	not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NR / NRs	Non-resident(s) or person(s) resident outside India, as defined under the FEMA
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
p.a.	Per annum
PAN	Permanent Account Number
RBI	Reserve Bank of India
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulation S under the US Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circular	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
State Government	Government of a state of India
U.S. / USA / United States	United States of America, including the territories or possessions thereof
US Securities Act	U.S. Securities Act of 1933
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

### Industry Related Terms

Term/Abbreviation	Full Form
Admits	Number of tickets issued at our cinemas for any relevant period
Average Number of Shows	Average number of shows for our Company's cinemas is calculated as the aggregate number of shows screened across all our Company's cinemas in the relevant period divided by the total number of screens at the end of such relevant period
Average Ticket Price / ATP	Gross Box Office Collection and 3D glasses income divided by Admits
CAM	Common area maintenance
Capacity	Capacity of any cinema is calculated as the aggregate number of seats across all screens at such cinema, multiplied by (i) the number of days in the relevant period; and (ii) the Average Number of Shows for such cinema
CRISIL Report	The report titled "Market Assessment of film and multiplex industry in India" dated March 2019, prepared and issued by CRISIL Research, a division of CRISIL Limited and commissioned by us
F&B	Food and beverages

<b>Term/Abbreviation</b>	<b>Full Form</b>
Gross Box Office Collection (GBOC)	Gross collection from sale of movie tickets including applicable taxes
LBET	Local body entertainment tax
MAI	Multiplex Association of India
Occupancy	Admits divided by seating Capacity as of the relevant period
OTT	Over-the-top
PAT	Net Profit after tax
PAT Margin	The percentage of Profit after tax divided by total income
PPE	Personal protective equipment
Spend Per Head / SPH	Gross sales from food and beverages from exhibition business (gross sales from food and beverages including applicable taxes) divided by Admits

Notwithstanding the foregoing, the terms used in “*Risk Factors*”, “*Statement of Special Tax Benefits*”, “*Our Business*” “*History and Corporate Structure*”, “*Financial Statements*” and “*Outstanding Litigation and Defaults*” on pages 18, 78, 99, 110, 116 and 176, respectively, shall have the meaning given to such terms in such sections. Page numbers refer to page numbers of this Letter of Offer, unless otherwise specified.

## NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlements Letter and any other Issue material and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlements Letter may come, are required to inform themselves about and observe such restrictions.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer/Abridged Letter of Offer, Application Form, Rights Entitlements Letter and other Issue material only to e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to e-mail or send a physical copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, shall not be sent any Issue materials. Further, this Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in each case who make a request in this regard. In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on OAP.

Pursuant to the May 6 – Rights Issue Circular and MCA Circular, our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI. Accordingly, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form or any Issue materials or advertisements in connection with the Issue may not be distributed in any jurisdiction outside India and the Rights Equity Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdictions or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, Abridged Letter of Offer or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the rights and the Equity shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "***Other Regulatory and Statutory Disclosures – Selling Restrictions***" and "***Restrictions on Purchase and Resales***" on pages 191 and 233, respectively.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

#### **NO OFFER IN THE UNITED STATES**

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME. THE RIGHTS EQUITY SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN THE SECTION ENTITLED "**RESTRICTIONS ON PURCHASES AND RESALES**" ON PAGE 233.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer, the Rights Entitlements Letter and Application Form primarily to the e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company and the Lead Manager are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “US SEC”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants/Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or re.

#### **NOTICE TO THE INVESTOR**

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**

**PURSUANT TO THE JANUARY 22 – RIGHTS ISSUE CIRCULAR, SEBI HAS INTRODUCED THE CONCEPT OF CREDIT OF RIGHTS ENTITLEMENTS INTO THE DEMAT ACCOUNTS OF THE ELIGIBLE EQUITY SHAREHOLDERS, WHICH CAN BE RENOUNCED BY THEM BY WAY OF ON MARKET RENUNCIATION OR OFF MARKET RENUNCIATION. FURTHER, THE CREDIT OF RIGHTS ENTITLEMENTS AND ALLOTMENT OF RIGHTS EQUITY SHARES SHALL BE MADE ONLY IN DEMATERIALIZED FORM. FURTHER, DUE TO THE COVID-2019 PANDEMIC, PURSUANT TO THE MAY 6 – RIGHTS ISSUE CIRCULAR, SEBI HAS INTRODUCED CERTAIN RELAXATIONS FOR RIGHTS ISSUES WHICH WILL OPEN ON OR PRIOR TO JULY 31, 2020. INVESTORS ARE ENCOURAGED TO CAREFULLY FOLLOW ALL THE NECESSARY REQUIREMENTS UNDER THE RIGHTS ISSUE CIRCULARS AND ENSURE COMPLETION OF ALL NECESSARY STEPS IN PROVIDING/ UPDATING THEIR REQUIRED DETAILS IN A TIMELY MANNER. FOR DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 196.**

## PRESENTATION OF FINANCIAL INFORMATION

### Certain Conventions

In this Letter of Offer, unless the context otherwise indicates or implies, references to 'PVR', the 'Company', 'our Company', the 'Issuer' are to PVR Limited, and references to 'we', 'our' or 'us' are to PVR Limited, together with its Subsidiaries and Joint Venture on a consolidated basis.

In this Letter of Offer, references to the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Letter of Offer in "lakh" units. One lakh represents 1,00,000 and one crore represents 1,00,00,000.

### Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Audited Financial Statements for Fiscal 2020. Our Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details, see "**Financial Statements**" on page 116.

We have prepared our Audited Financial Statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information contained in such publication has been obtained from sources believed to be reliable but that the accuracy and completeness of that information are not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by us or the Lead Manager, and neither our Company nor the Lead Manager make any representation as to the accuracy of that information. Accordingly, investors should not place undue reliance on this information. Certain information in "**Our Business**" and "**Risk Factors**" on pages 99 and 18, respectively, relating to the industry outlook of Indian film and multiplex industry is derived from the report titled "*Market Assessment of film and multiplex industry in India*" dated March 2019 prepared and issued by CRISIL Research, a division of CRISIL Limited ("**CRISIL**"), and commissioned by us. Further, CRISIL has issued the following disclaimer in the CRISIL Report:

*"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report ("CRISIL Report") based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy and adequacy of the Data / Report and is not responsible to any potential investor for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the third-party subscribers/ third-party users/ transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/ or registration to carry out its business activities in this regard. PVR Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's*

*Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval."*

### **Currency of Presentation**

Unless otherwise specified or the context otherwise requires, all references to 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India;

### **Conversion Rates for Foreign Currency:**

Unless specified otherwise in this Letter of Offer for instances where a different source or time period is considered to calculate the conversion rate for a particular foreign currency, the conversion rate for the following foreign currency is as follows:

<b>Sr. No.</b>	<b>Name of the currency</b>	<b>As of March 31, 2020 (in ₹)</b>	<b>As of March 31, 2019 (in ₹)</b>
1.	1 US Dollar	75.39	69.17

*Source: [www.fbil.org.in](http://www.fbil.org.in)*

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology including ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, ‘future’, ‘forecast’, ‘target’, ‘guideline’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, revenue and profitability and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements and any other projections contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company 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 Company’s expectations include, among others:

- The impact of COVID-2019 pandemic including its impact on the ability or desire of people to visit our cinemas and watch movies;
- Our lessors may not agree to our non-payment of rent and CAM charges during the time when our cinemas are non-operational;
- Inability to meet our debt and lease finance obligations;
- Increase in the use of alternative content and movie distribution channels, including OTT content and home-videos, movie DVDs, and other competing forms of entertainment and its further increase due to COVID-2019 pandemic;
- Downgrade of our Company or India’s debt rating by an independent agency;
- Lack of movie production or poor performance of movies and our inability to obtain the movies we want for our cinemas in certain markets;
- The possibility of termination or non-renewal of our existing lease agreements on which our cinemas are operated; and
- The possibility of outside F&B being permitted in our cinemas pursuant to judicial proceedings and our inability to maintain high food quality standards or our failure to timely respond to changes in customer tastes and preferences.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections “**Risk Factors**” and “**Our Business**” on pages 18 and 99, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and neither our Company nor any of the Lead Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.



## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective Investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections, “**Objects of the Issue**”, “**Outstanding Litigation and Defaults**” and “**Risk Factors**” on pages 72, 176 and 18, respectively.

### Summary of Primary Business

Our Company is primarily into the movie exhibition business and as of June 8, 2020, we were operating 845 screens in 176 cinemas with an aggregate seating capacity of approximately 1.82 lakhs. We have a diversified revenue stream and generate revenues primarily from box office and non-box office income.

### Objects of the Issue

The Net Proceeds are proposed to be used in accordance with the details set forth below:

(In ₹ lakhs)		
S. No	Particulars	Amount
(a)	Repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company	[●]^
(b)	General corporate purposes	[●]^
	<b>Net Proceeds</b>	[●]*

<sup>^</sup> However, if our Company receives subscription between 75% to 90%, of the Issue Proceeds, at least 75% of the Issue Proceeds shall be utilized for repayment and/or prepayment, of all or a portion or an installment of certain borrowings availed by our Company (including interest).

<sup>\*</sup> The aggregate amount utilized for general corporate purpose shall not exceed 25% of the Issue Proceeds. For details, see “**Objects of the Issue**” on page 72.

### Subscription to the Issue by our Promoters and Promoter Group

Our Promoters, Mr. Ajay Bijli and Mr. Sanjeev Kumar and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their Rights Entitlements among themselves, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group). In addition, our Promoters and the eligible members of our Promoter Group reserve the right to subscribe to additional Rights Equity Shares in the Issue, including in the event of under-subscription of the Issue, in accordance with the Companies Act and the SEBI ICDR Regulations.

The acquisition of Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, as applicable, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

### Summary of Financial Information

A summary of audited consolidated financial information of our Company as of and for the Fiscals 2020, 2019 and 2018 is set out below.

(₹ in lakhs, unless otherwise specified)			
	As at and for the financial year ended, March 31 2020	As at and for the financial year ended, March 31, 2019*	As at and for the financial year ended, 2018*
Equity share capital	5,135	4,674	4,674
Net Worth	1,48,022	1,49,569	1,07,536
Total Income	3,45,223	3,11,870	2,36,545
Net Profit after tax	2,685	18,940	12,402
Basic EPS (in ₹)	5.50	39.77	26.68
Diluted EPS (in ₹)	5.47	39.52	26.57
Net asset value per Equity Share (in ₹)	288.3	320.0	230.1
Total borrowings	1,29,469	1,28,239	83,051

\*Our Company adopted Ind AS 116 from April 1, 2019, therefore, the Audited Financial Statements for financial year ended March 31, 2020 are prepared using Ind AS 116. Accordingly, financial numbers as per the Audited Financial Statements are not comparable with our historical financial statements. For details, please see “Risk Factors - Our Audited Financial Statements for Fiscal 2020 is not directly comparable to our historical financial statements, including for Fiscal 2019” on page 27..

## Net Worth

(in ₹ lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Equity share capital (A)	5,135	4,674	4,674
Capital reserve (B)	602	602	602
Securities premium (C)	1,22,627	47,124	47,124
Debenture redemption reserve (D)	-	7,930	7,285
General reserve (E)	4,687	4,716	4,563
Share options outstanding account (F)	532	611	305
Share pending issuance (G)	-	24,999	-
Retained earnings (H)	17,524	61,327	44,098
Other comprehensive income (I)	-3,085	-2,414	-1,115
<b>Net worth (A+B+C+D+E+F+G+H+I)</b>	<b>1,48,022</b>	<b>1,49,569</b>	<b>1,07,536</b>

## Net asset value per Equity Share

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Net Worth (A) (in ₹ lakhs)	1,48,022	1,49,569	1,07,536
Number of issued, subscribed and fully paid-up Equity Shares outstanding as at year end (B)	5,13,49,145	4,67,38,588	4,67,38,588
<b>Net asset value per Equity Share ((A*1,00,000)/B) (in ₹)</b>	<b>288.3</b>	<b>320.0</b>	<b>230.1</b>

## Total borrowings

(in ₹ lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Secured Rated Listed Non-Convertible Debentures (including current maturities) (A)	40,958	51,907	56,294
Secured term loans from banks (including current maturities) (B)	69,777	65,543	13,856
Secured finance lease obligation from body corporate (including current maturities) (C)	-	2,274	2,868
Secured vehicle loans from banks (D)	-	-	50
Short-term borrowings (E)	18,734	8,515	9,983
<b>Total Borrowings (A+B+C+D+E)</b>	<b>1,29,469</b>	<b>1,28,239</b>	<b>83,051</b>

## Qualifications of the Auditors

There are no qualifications given by the Statutory Auditors in the Audited Financial Statements.

## Summary of Outstanding Litigation and Defaults

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, identified in accordance with the SEBI ICDR Regulations as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is provided below.

Type of Proceedings	Number of cases	Amount to the extent ascertainable (₹ in lakhs)
<b>Cases involving our Company</b>		
Issues involving moral turpitude or criminal liability on the part of our Company	8	Not ascertainable
Material violations of statutory regulations by our Company	1	Not ascertainable

Type of Proceedings	Number of cases	Amount to the extent ascertainable (₹ in lakhs)
Proceedings involving an amount exceeding the Materiality Threshold		
By the Company	3*	4,878.7**
Against the Company	7	15,192.9
<b>Total</b>	<b>19</b>	<b>20,071.6</b>
<b>Cases involving our Subsidiaries</b>		
Issues involving moral turpitude or criminal liability on the part of our Subsidiaries	Nil	-
Material violations of statutory regulations by our Subsidiaries	Nil	-
Proceedings involving an amount exceeding the Materiality Threshold	Nil	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Other Cases</b>		
Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company on a consolidated basis	5	Not ascertainable
<b>Total</b>	<b>24</b>	<b>20,071.6</b>

\*This does not include the various litigation that have been initiated by our Company against certain authorities, in respect of payment of entertainment tax, where the amount involved in each proceeding does not exceed the Materiality Threshold.

\*\*This amount includes amounts that have already been paid by our Company but for which our Company may receive refunds in the event that the final order is in favour of our Company.

For details, see “*Outstanding Litigation and Defaults*” on page 176.

## Risk Factors

Specific attention of the Investors is invited to the section “*Risk Factors*” on page 18. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

## Contingent Liabilities of our Company

A summary of our contingent liabilities (not provided for) as of March 31, 2020 as stated in the Audited Financial Statements is set out below.

		(In ₹ lakhs)
S.No.	Particulars	March 31, 2020
1.	Estimated tax exposure against various appeals filed by the Group against the demand with Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal and High Court with regard to certain expenses disallowed by the assessing officer in respect of financial year ended March 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 (The Group has paid an amount of ₹ 1,081 lakhs).	2,769
2.	Demand of entertainment tax under Assam Amusement and Betting Tax Act, 1939 where appeal is pending before Supreme Court.	334
3.	Notice from Entertainment Tax Department Chennai against short deposit of Entertainment Tax on regional movies.	43
4.	Notice from Commercial Tax Department, Indore against alleged collection of Entertainment tax during exemption period.	823
5.	Notice from Entertainment Tax Department Maharashtra in respect of levy of Entertainment tax on Convenience fees.	161
6.	Show cause notices raised by Service tax authorities on levy of service tax on 3D glass charges, TM charges, convenience fee, activity of movie distribution/exhibition, admission to alleged bowling alleys (The Group has already deposited under protest an amount of ₹ 249 lakhs).	5,663
7.	Demand raised with regard to service tax on food and beverages (The Group has already deposited under protest an amount of ₹ 185 lakhs).	3,668
8.	Estimated tax exposure of Service tax on sale of food and beverages.	6,032
9.	Demand of VAT under various states VAT Acts where appeal is pending before competent authority (The Group has already deposited under protest an amount of ₹ 28 lakhs).	717
10.	Demand from Entertainment Tax Department of Tamil Nadu in respect of levy of Entertainment tax on Convenience fees.	2,314

S.No.	Particulars	March 31, 2020
11.	Demand of entry tax in the state of Telangana for various material imported into the State (The Group has already deposited under protest an amount of ₹ 25 lakhs).	101
12.	Demand of Entertainment tax under Rule 22 of Punjab Entertainment Tax (Cinematographs shows) Rules, 1954 (The Group has already deposited under protest an amount of ₹ 40 lakhs).	160
13.	Demand under Employees Provident Fund Act, 1952 (The Group has already deposited under protest an amount of ₹ 38 lakhs).	106
14.	Tax assessment & Demand bill issued by Superintendent of Tax Kolhapur Municipal Corporation. (The Group has already deposited under protest an amount of ₹ 3 lakhs).	20
15.	Labour cases pending *	Amount not ascertainable

\*In view of the several numbers of cases, pending at various forums/courts, it is not practicable to furnish the details of each case, however, as per management estimate; the amount in aggregate is not material. Based on the discussions with the solicitors, the management believes that the Group has strong chances of success in the cases and hence no provision is considered necessary.

For details, see “**Financial Statements**” on page 116.

### Related Party Transactions

For details of the related party transactions entered into by our Company for Fiscal 2020, as reported in the Audited Financial Statements, see “**Financial Statements**” on page 116.

### Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Letter of Offer.

### Issue of Equity Shares for consideration other than cash in the last one year

Except as set out below, our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Allottee
September 3, 2019	15,99,974	10	N.A.	Pursuant to the amalgamation of SPI Cinemas with our Company, an aggregate of 15,99,974 Equity Shares against 87,959 equity shares of SPI Cinemas in the ratio of 1:18.19, were allotted to S S Theatres LLP, a shareholder of SPI Cinemas in accordance with the SPI Merger Scheme.	S S Theatres LLP

## SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information disclosed in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Equity Shares. The risks described below are those that we consider to be most significant to our business, results of operations and financial conditions as of the date of this Letter of Offer. However, they are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “**Our Business**” and “**Financial Statements**”, on pages 99 and 116 respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of the value of your investment. Any potential investor in the Rights Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For further information, see “**Forward-Looking Statements**” on page 13.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements, included in this Letter of Offer. For further information, see “**Financial Statements**” on page 116.

Our Company completed the acquisition of SPI Cinemas with effect from August 17, 2018, and subsequently, SPI Cinemas was amalgamated with our Company with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme. Accordingly, our historical financial statements prior and subsequent to the acquisition (of 71.69% of SPI Cinemas with effect from August 17, 2018) and amalgamation (of SPI Cinemas with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme) are not comparable to those subsequent to such acquisition and/ or amalgamation. Further, the Company has given effect to this amalgamation in the books of accounts in accordance with acquisition method as per Indian Accounting Standard (Ind AS) 103 “Business Combination”, as prescribed by section 133 of the Companies Act, 2013. Accordingly, Fiscal 2019 financial numbers referred in this offer document and reported as previous year numbers in Audited Financial Statements have been represented to give effect of the scheme and will not reconcile to the signed financials for the year ended March 31, 2019 approved on May 10, 2019. For further information see “**Audited Financial Statements Note 43**” on page 161.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report and other publicly available information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

In this section, unless the context otherwise requires, a reference to “our Company” is a reference to PVR Limited on a standalone basis, while any reference to “we”, “us”, “our” or “Group” is a reference to PVR Limited on a consolidated basis.

### RISKS RELATED TO OUR COMPANY AND BUSINESS

1. **COVID-2019 has had, and is expected to continue to have, a significant impact on our financial condition and operations. The current, and uncertain future, impact of the COVID-2019 pandemic, including its effect on the ability or desire of people to visit cinemas and watch movies, is expected to continue to impact our results, operations, outlooks, plans, goals, growth, strategy, reputation, cash flows, liquidity, and the price of our Equity Shares.**

The spread of COVID-2019 and the recent developments surrounding the global pandemic have materially adversely impacted all aspects of our business. While all our screens across India have been non-operational since March 24, 2020, most of our screens were shut even prior to that in accordance with the orders issued by various statutory and regulatory authorities in those specific regions. Further, our cinemas in Sri Lanka were also shut since March 24, 2020, which have now resumed our operations. We have never previously experienced a complete cessation of our business, and we cannot predict when our screens will be operational again. In order to sustain our capital requirements during this period, while we have endeavored to rationalize our fixed costs, we expect to continue to experience losses due to the complete shutdown of our business.

While the Government of India and various state governments have introduced certain relaxations to the lock-down in order to restart economic activities, we cannot predict when cinemas will be permitted to reopen. Further, even when the lock down is lifted and we are able to restart our business and operations, we will still be impacted by a number of factors, each of which has impacted and is expected to continue to significantly impact the footfall in our cinemas and overall business operations. For instance, there may be government regulations on the maintenance of social distancing, the public's general concern about health and hygiene, our increased costs on regular disinfection and sanitization of our cinemas for additional hygiene related protocol and also on devising methods to maintain favourable temperatures in our cinemas, contactless security check-ins, adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth, resulting from the impact of the COVID-2019 pandemic and a dearth of quality content. Further, we may not be able to run our cinemas at optimal capacity, in order to ensure there is social distancing amongst our patrons. This further means that while our fixed costs may increase to historic levels, we may not be able to generate sufficient revenue to service such costs and that may have a continued impact on our business and financial prospects, which amongst others may include closure of some lower performing and unsustainable cinemas.

While our cinemas might be permitted to commence operations in some of the less COVID-2019 stricken areas, we are not certain on whether production houses and distributors will agree to release movies before cinemas start functioning in all the metro cities and the other key areas. Additionally, once our cinemas resume operations, if any of our customers or staff is diagnosed with COVID-2019, it will have a material adverse impact on our ability to attract customers to our cinemas.

Our Company, based on its assessment, has taken a one-time write off of perishable inventory of ₹ 183 lakhs for the fiscal ended March 31, 2020, on account of spoilage due to closure of cinemas pursuant to COVID-2019. The effects of COVID-2019 on our business could be long-lasting and could continue to have adverse effects on our business, results of operations, liquidity, cash flows and financial condition, some of which may be significant, and may adversely impact our ability to operate our business after our temporary suspension ends on the same terms as we conducted business prior to the pandemic. As on the date of this Letter of Offer, we do not have an insurance policy which fully covers the loss incurred by our Company due to the COVID-2019 pandemic. The longer and more severe the pandemic, including repeat or cyclical outbreaks beyond the one we are currently experiencing, the more severe the adverse effects will be on our business, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness.

In addition, the COVID-2019 pandemic has significantly increased economic and demand uncertainty. The current outbreak and continued spread of COVID-2019 could cause a global recession, which would have a further adverse impact on our financial condition and operations. Current economic forecasts for significant increases in unemployment in India and other regions due to the adoption of social distancing and other policies to slow the spread of the virus is likely to have a negative impact on booking demand for our cinemas once our operations resume, and this impact could exist for a significant length of time.

As a result of all of the foregoing, we may be required to raise additional capital and our access to and cost of financing will depend on, among other things, macro-economic conditions, conditions in the financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. If our credit ratings are to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, our industry, or us, our access to capital and the cost of any debt financing will be further negatively impacted. In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental collateral, which may further restrict our business operations or be unavailable due to our covenant restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations. Additionally, the impact of COVID-2019 on the financial markets is expected to adversely impact our ability to raise funds through equity financings.

The extent of the effects of the outbreak on our business and the movie industry at large is highly uncertain and will ultimately depend on future developments, including, but not limited to, the duration and severity of the outbreak, the length of time it takes for demand and pricing to return and normal economic and operating conditions to resume. To the extent COVID-2019 continues to adversely affect our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this “**Risk Factors**” section.

2. ***While we have served notices to most of our lessors invoking the force majeure clauses under our arrangements with them, we cannot assure you that all our lessors will agree to our non-payment of rental and common area maintenance (“CAM”) charges during the time when our cinemas are non-operational.***

We do not own any of the premises on which our cinemas are located and hence, we do not have any ownership rights in the immovable property in respect of the cinemas operated by us. We have entered into arrangements with various third parties, typically mall developers, for the use of such immovable property. Rental expenses and CAM charges for use of such immovable property account for a significant portion of our cash outflows. While, due to the complete shutdown of our cinemas, we have served notices to most of these third parties invoking the *force majeure* clauses under most of our arrangements with them or requested for waivers where such *force majeure* clauses are not present, in order to ensure that we are not required to pay our rent and CAM charges during this time, we cannot assure you that all these third parties will be agreeable to such non-payment. Further, while the Multiplex Association of India has written to the Ministry of Railways, Commerce and Industry, Government of India, requesting for the issuance of a clarification on force majeure clauses in various agreements by declaring COVID-2019 as force majeure event, we cannot assure you that such clarification will be issued and that our lessors will agree to such clarification and not challenge it before a court.

Further, *force majeure* clauses may be subject to interpretation and such third parties may threaten or commence legal proceedings against us, contesting our non-payment of rent and CAM charges, which will further result in an increase in our expenses and such proceedings and expenses may have an unfavourable impact on our relations with such lessors. Further, if we are unable to reach mutually agreeable terms with our lessors, we cannot assure you that, among others, there will be no termination of such lease arrangements, forfeiture of our security deposit, litigation, termination of future leases with such lessors, any of which could impact the continued operations of our cinemas and our business, reputations and financial conditions.

3. ***Our financial indebtedness and substantial lease obligations expose us to certain risks which might limit our ability to conduct our business and manage our financial resources. Further, we may be unable to meet our debt and lease finance obligations.***

We have substantial lease and debt obligations. As of March 31, 2020, we had total borrowings of ₹ 1,29,469 lakhs, of which ₹ 69,777 lakhs was secured term loans from banks (including current maturities), ₹ 40,958 lakhs was secured, rated, listed non-convertible debentures (including current maturities) and ₹ 18,734 lakhs was short term borrowings. For calculation of Total Borrowings, see “**Summary of Letter of Offer – Summary of Financial Information – Total Borrowings**” on page 15. Further, our lease liabilities accounted in accordance with IND AS 116 amounted to ₹ 3,77,147 lakhs as of March 31, 2020. Further, as a result of the complete shut-down of our operations due to the COVID-2019 pandemic, we may be required to borrow additional sums to meet our capital and operational requirements.

Our substantial lease and debt obligations could have several important consequences, including but not limited to, the following:

- we may be required to dedicate a portion of our cash flow towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- our ability to obtain additional financing in the future may be impaired;
- the right to appoint a nominee director on our Board could accrue to our lenders;
- fluctuations in market interest rates may adversely affect the cost of our borrowings;
- there could be a material adverse effect on our business, prospects, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness, which may further result in cross defaults under other facility agreements; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

All of our long term borrowings are secured against our movable property and receivables. Many of our financing agreements include various conditions and covenants restricting certain activities and certain transactions. Specifically, we may require, and may be unable to obtain, lender consents to incur additional debt, issue equity, change our capital structure, change our constitutional documents, increase or modify our capital expenditure plans, undertake any expansion, provide additional guarantees, change our management structure, merge/ amalgamate with or acquire other companies, or distribute dividends under certain circumstances, whether or not there is any failure by us to comply with the other terms of such agreements. Further, due to the COVID-2019 pandemic, we cannot assure you that we will continue to be in compliance with all covenants in our loan agreements.

In the event of any breaches of conditions and covenants in our loan agreements, various remedies are available to lenders, as a consequence of these breaches, including termination of our credit facilities, acceleration of all amounts due under such facilities and trigger of cross default provisions under certain of our other financing agreements, or may lead to an enforcement of any security provided. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of our cash flow to meet working capital requirements, our capex and use for other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. If the obligations under any of our financing documents are accelerated it may also result in a decline in the trading price of the Equity Shares and potential investors may lose all or part of their investment.

4. ***An increase in the use of alternative content and movie distribution channels, including over-the-top (“OTT”) content and home-videos, movie DVDs, and other competing forms of entertainment may result in a decline in cinema attendance and limit ticket pricing. The use of these alternative content and movie distribution channels has further increased because of the COVID-2019 pandemic and we cannot assure you that the demand for our cinemas will return to optimal levels post the lifting of our lockdown.***

The digital audience in India has been steadily increasing due to increasing smart phone penetration, wide geographical coverage of high speed internet at affordable data rates and availability of compelling video content (*Source: CRISIL Report*). We face competition for customers from a number of alternative movie distribution channels, such as digital available content on various OTT platforms, home theatre video, pay-per-view, cable television, DVD, and broadcast television from domestic and internationally recognized brands. These platforms also engage with production houses for developing specific content that they offer at competitive rates, which content is not made available to us for exhibiting at our cinemas. Further, certain popular and premium content is now exclusively made available on such OTT platforms. In addition, according to industry stakeholders, it is understood that an exclusive eight week window has been agreed upon in writing before which a movie cannot be released on OTT or cable/ satellite platforms (*Source: CRISIL Report*). However, in spite of such contracts, customers may choose to view content available on alternative platforms, which may reduce the number of customers visiting our cinemas thereby adversely impacting our financial condition, cash flows and results of operations. The use of the alternative content and movie distribution channels has further increased due to the COVID-2019 pandemic. Due to the lock-down, the public has become increasingly dependent on these services for their entertainment. Further, there are certain industry stakeholders who are moving towards the distribution of new movies to OTT platforms. Additionally, if the distribution of new movies to these OTT channels continue once we re-commence our operations, it may result in a decline in cinema attendance thereby adversely impacting our business, financial condition, cash flows and results of operations. Further, admissions in our cinemas may be lower than what it has been historically, and we cannot assure that due to such lower admission, producers will not reduce our theatrical windows and release movies on OTT and other digital platforms earlier than what has been done historically.

We also compete with other forms of entertainment for our customers’ time and disposable income, such as live concerts, carnival parties, amusement parks, sporting events, shopping activities, social media and restaurants. In addition, distributors and production houses typically do not release movies during popular sporting events, such as cricket world cup, Indian premier league season and football world cup. The expansion of such alternative entertainment could have an adverse effect on movie cinema attendance in general and, therefore, upon our business, financial condition and results of operations. If we are unable to continue to deliver a premium movie-going experience, or adapt to evolving content and distribution channels, customers may be



unwilling to visit our cinemas or pay the prices associated with our cinema tickets that would adversely harm our business and prospects.

**5. *Any downgrade of our Company or India's debt rating by an independent agency may adversely affect our ability to raise financing.***

Currently, our Company's (i) ICRA rating for commercial papers of ₹ 200 crore is A1+ ; (ii) CRISIL rating for non-convertible debentures of ₹ 460 crore and bank loan facilities of ₹ 823.33 crore, is AA ; and (iii) India Ratings for fund based facilities of ₹ 65 crore, is AA. Due to COVID-2019 pandemic, all our rating agencies have put our ratings under watch with negative implications. Any adverse revisions to our Company or India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business, financial condition and the price of our Equity Shares.

**6. *A lack of movie production or poor performance of movies could result in a decline in movie attendance, which could adversely affect our business, financial condition and results of operations. Further, admission levels at our cinemas depend on the content of the movies and the market for Indian regional language movies, and we may be unable to obtain the movies we want for our cinemas in certain markets.***

Our business and results of operations are dependent on the overall success, particularly the box office performance of movies. Our ability to operate successfully depends upon the availability, diversity and appeal of movies, our ability to license movies and the performance of such movies in our markets. Our revenues are also dependent upon the timing and popularity of movie releases by production studios and distributors. Once the lockdown is lifted, we cannot assure you that producers will continue releasing movies in cinemas if the footfall in cinemas is not as high as it has been historically. Further, as a result of the COVID-2019 pandemic, the production of movies has also come to a standstill and we cannot assure that there will be a continuous availability of movies. Such dearth in content and lower footfall in our cinemas would have a material adverse impact on our business as our box office revenue depends on the number of customers that visit our cinemas and the ticket price that we charge our customers. Our revenue from income from sale of movie tickets was ₹1,73,115 lakhs and ₹ 1,63,543 lakhs in Fiscal 2020 and Fiscal 2019, respectively, which accounted for 50.1% and 52.4%, respectively, of our total income in the same period.

The success of movies is also significantly dependent on the marketing efforts of the production houses and studios. Poor performance of, or any disruption in the production of these movies, or a reduction in the marketing efforts of the production houses and studios, could adversely affect our business and results of operations. Conversely, the successful performance of any movie, particularly the sustained success of any one movie, or an increase in effective marketing efforts of the production houses and studios, may generate positive results for our business and operations in a specific quarter or year that may not necessarily be indicative of, or comparable to, future results of operations. Box office performance also affects the sale of F&B and advertisement in our cinemas.

We do not have any control over the content of the movies and also cannot determine whether the content of movies will be appreciated by all of our customers. Our business may be adversely affected if the content of the movies we exhibit in our cinemas are suitable only to a limited or particular customer segment or if the audience do not find the content suitable or relevant. Further, a change in the content of movies offered by production houses and distributors may adversely affect the demographic base of our customers, as a result of which, our results of operations may be adversely affected. In the past, the content of certain movies have been alleged to be politically, culturally and religiously sensitive and accordingly, certain restrictions have been imposed on the exhibition of such movies in certain regions in India. For instance, one Bollywood movie was banned in Rajasthan and Gujarat, and another Bollywood movie was banned in Uttarakhand. As a result, we may face local or widespread opposition or politically supported protests against the content of such movies exhibited by us, or vandalism at our premises, which may have an adverse impact on our business, cash flows and results of operations. Such oppositions and protests could result in disruption of business operations and there can be no assurance that such disruptions will not occur in future. Any such opposition may adversely affect our business, cash flows and results of operations. Typically, there is a smaller market for Indian regional language movies and the overall supply of these movies may not be adequate to generate a sufficient attendance level at our cinemas. In addition, there may be situations where we may be unable to obtain the movies for our cinemas in certain regional markets. As a result of these factors, admission levels at some of our cinemas may not be sufficient to permit us to operate them on a positive cash flow basis. Any one or more of the aforementioned

factors could have a material adverse effect on our business, cash flows, financial condition and results of operations.

**7. *We have entered into arrangement with various third parties for use of the premises on which our cinemas are operated. In the event of termination or non-renewal of such arrangements, our business, financial condition and results of operations would be materially adversely affected.***

We do not own any of the premises on which our cinemas are located and hence, we do not have any ownership rights in the immovable property in respect of the cinemas operated by us. We have entered into arrangement with various third parties, typically mall developers, for the use of such immovable property. Rental expenses and CAM charges for use of such immovable property account for a significant portion of our expenses. In Fiscal 2020 and Fiscal 2019, we incurred ₹ 7,698 lakhs and ₹ 50,591 lakhs, respectively, towards net rent expenses that amounted to 2.3% and 17.9% of our total expense in such periods, respectively. Net rent expense as reflected in our statement of profit and loss for the fiscal ended March 31, 2020 significantly reduced on account of adoption of Ind AS 116. For further information, see “**Financial Statements**” on page 116. Further, expenses towards CAM (net of recovery) amounted to ₹ 15,478 lakhs and ₹ 13,016 lakhs in Fiscal 2020 and Fiscal 2019, respectively, accounting for 4.6% and 4.6%, respectively, of our total expenses in such periods.

The tenure of our arrangements typically range from 10 to 20 years, which, in certain instances, are renewable subject to mutual understanding. Typically, we are required to pay a security deposit and a specified monthly rental and common area maintenance charges for the mall, for the duration of the agreement, subject to periodic escalations at agreed rates. Several of our arrangements are based on revenue share model along with a fixed minimum monthly guaranteed amount. Further, in terms of our arrangements, we are required to, among others, submit monthly sales statements to the lessors, seek prior consent from the lessors for making any material alterations in the cinemas, maintain insurance coverage for our cinemas and obtain necessary approvals required for operating cinemas. In addition, some of our arrangements may be terminated by the lessors, after providing a formal written notice and a cure period, on the grounds of, among others: (i) non-payment of rent and/or CAM for a certain period, (ii) cancellation of the cinema operating license granted to us under the Cinematograph Act due to our own fault, (iii) using the premises for purpose other than carrying multiplex operations, (iv) closure of cinemas for a certain period without any reason, subject to certain exceptions such as force majeure events and closure for renovations and refurbishment. Further, in a few of our arrangements, the owners of the multiplex premises, on which we operate, have a right to terminate the arrangement if our Company ceases to be under the control/ directorship of our Chairman cum Managing Director, Mr. Ajay Bijli and our Joint Managing Director, Mr. Sanjeev Kumar. In addition, certain arrangements provide for prior written consent for certain specified conditions and have restrictive conditions, such as, restricting us from liaising with lessors or entering into arrangements with developers of upcoming properties within a certain geographical vicinity of the existing premises, along with certain lock-in provisions. In particular, certain arrangements provide that in the event that we sell/ transfer/ assign the premises to any third party in the same business, then while we may terminate the arrangements without paying the rental for the unexpired lock-in period, we would not be allowed to open another multiplex within a radius of a few kilometers for the remaining lock-in period.

Any defect in the title, ownership rights, development rights of the owners whose premises we operate in, or any non-compliance with applicable rules and regulations relating to these premises by those developers or any termination of these arrangements by the developers, or any proceedings against the developers by any third party, may impede our business and operations. In addition, if we fail to renew our arrangements on competitive terms or if we are unable to manage our rental costs, our results of operations would be materially and adversely affected. Additionally, any structural changes to the cinema premises by the owners of such premises may cause temporary inconvenience to us.

We also compete with various other businesses for prime customer-accessible real estate, such as locations inside malls. If any of the owners of these premises terminate the arrangements under which we occupy the premises or impose terms and conditions that are unfavourable or unviable to us, we may suffer a disruption in our operations or we may have increased rental expenses, which could have a material adverse effect on our business, prospects, results of operations and financial condition. We may also be required to pay increased rental costs as a consequence of having to rely on one or few mall developers for prime locations of our cinemas. Further, if such properties are leased or sold to a competitor, the competitor may terminate our arrangements or impose additional terms and conditions, and further, it may increase competition for us in that location.

**8. *A significant portion of our revenue is derived from the sale of F&B in our cinemas. If we are unable to enhance our menu or if outside F&B are permitted in our cinemas pursuant to judicial proceedings or if***

***we fail to timely respond to changes in customer tastes and preferences or if we are unable to maintain high food quality standards, our reputation, business and results of operations would be adversely affected.***

A significant percentage of our revenues are contributed from the sale of F&B in our cinemas. Our Sale of F&B was ₹ 96,046 lakhs and ₹ 85,839 lakhs in Fiscal 2020 and Fiscal 2019, respectively, accounting for 27.8% and 27.5%, respectively, of our total income, in the same periods. The amount of revenue we generate from the sale of F&B in our cinemas is directly proportionate to the number of admits visiting at our cinemas. We plan our menus based on customer consumption patterns as well as on anticipated trends and customers preferences in the forthcoming seasons. Any mismatch between our forecasts, our planning, introduction of new F&B offering and the actual demand by our customers could impact us adversely, leading to loss of existing customers or lower footfalls. Customer preferences in the markets we operate in are difficult to predict and changes in those preferences or the introduction of new F&B offering by our competitors could put our F&B offering at a competitive disadvantage. Health, dietary and other considerations may also result in changes to customer preferences, which may in turn result in reduced demand for our products. In addition, customers may face the risk of health hazards arising from sub-standard food quality that may give rise to illness and thereby adversely impacting the consumption of our F&B offering and reducing our F&B revenue. The demand for our offering or our costs of doing business may also be adversely affected by public concern about nutrition, food safety and other factors. Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in customer tastes for our offering, as well as to where and how customers consume these products. Additionally, due to COVID-2019, customers may prefer packaged food over other food items in our menu or there may be government regulations which could restrict our sale of non-packaged food items in our cinemas. The sale of packaged food could have a major impact on the portion of revenue that we derive from the sale of F&B in our cinemas.

Further, several petitions have been filed before various courts across India, where, it has been petitioned that admits should be permitted to carry outside F&B inside theatres. Our Company is a party to an appeal filed by the Multiplex Association of India (“MAI”) before the Supreme Court of India against an order of the Jammu and Kashmir High Court, wherein, the court, among others, directed cinema hall owners in the state of Jammu and Kashmir to remove prohibition on cinemagoers from carrying their own food and water inside the theatre. Similar petitions had also been filed before various High Courts, wherein the prayer was to permit admits to bring their own food and water into the cinema halls. Subsequently, the MAI filed transfer petitions before the Supreme Court and by an order dated September 7, 2018, the Supreme Court has stayed the matters pending before certain high courts and has also ordered for these matters to be heard along with the special leave petition that has been filed by our Company against the order of the Jammu and Kashmir High Court. For further details, see “***Outstanding Litigation and Defaults – Litigation involving our Company – Multiplex industry related litigation involving our Company***” on page 181. Allowing outside F&B to be brought into our cinemas and the imposition of restrictions on the continuation of our F&B business may have a considerable impact on our business, financial condition and results of operations. Further, while there are currently no regulations governing the price of F&B allowed to be charged by movie exhibitors from admits, there can be no assurance that this will not change in the future.

In addition, any adverse claims, media speculation and other public statements relating to our food quality and service would materially and adversely affect our reputation and our corporate image, or otherwise affect our ability to conduct our business in the ordinary course, including, obtaining and renewing operational licenses and regulatory approvals and establishing and maintaining our relationships with customers and suppliers. Further, we rely on third party raw material suppliers, and, although we monitor them, such reliance may increase the risk that food-borne illnesses may affect one or many of our locations supplied by such third parties. Any concerns regarding the safety of products offered at our cinemas or the safety and quality of our supply chain could cause customers to avoid purchasing our F&B products. There can be no assurance that there will not be incidents of contaminated products or ingredients in the future which may result in product liability claims, product recall and negative publicity. Any such claims and allegations would also distract our management from their day to day management responsibilities and may therefore have a material adverse effect on our business, financial condition and results of operations.

9. ***Our long-term success is highly dependent on our ability to successfully identify and secure strategic locations for our cinemas and timely develop and expand our operations in existing and new markets. Further, any downturn in the commercial real estate market in India may adversely affect the growth of our business.***

We have significantly expanded our screen network from 166 screens in 38 cinemas, as of March 31, 2012 to 845 screens in 176 cinemas across 71 cities in India and Sri Lanka, as of March 31, 2020. One of the key means of achieving our growth strategies is through opening and operating cinemas at strategic locations. Our success will therefore depend on our ability to identify target markets where we can enter or expand, taking into account numerous factors such as the location, demographics, income levels and traffic patterns. Desirable locations may be limited for many reasons, including the general lack of prime real estate in the markets in which we compete and restrictions in some of these markets on the use of certain locations for cinemas. As a result, desirable locations for new cinemas or for the relocation of existing cinemas may not be available on commercially acceptable terms or at all. If we are unable to identify and obtain suitable locations for our new cinemas, we may witness lower admissions, which would adversely affect our ability to achieve our anticipated growth in revenue and profitability.

Further, our expansion plans have been significantly impacted due to the COVID-2019 pandemic. We have temporarily deferred a substantial portion of our planned capital expenditures that we were undertaking prior to the shutdown. While simple refurbishment works are still continuing, all major capital expenditures have been deferred and will be re-assessed once the shutdown is over.

In addition, we have, over the years, established relationships with various mall developers. Such relationships, we believe have helped us in securing leases for our cinemas at competitive terms. Any inability to maintain such relationships including due to our invocation of *force majeure* clauses as a result of the COVID-2019 pandemic, or if our competitors are able to capture strategic locations over us, our business and financial condition will be adversely affected.

The number and timing of new cinemas to be opened during any given period may be impacted by a number of factors including: (i) the lack of development and overall decrease in commercial real estate development activity; (ii) the identification and availability of attractive locations for new cinemas and the ability to negotiate suitable lease terms; (iii) the cost and availability of capital to fund construction costs and pre-opening expenses; (iv) our ability to obtain material governmental and statutory approvals required to operate our cinemas, in a timely manner; (v) competition in new markets, including competition for appropriate locations; (vi) anticipated commercial, residential and infrastructure development near our locations; (vii) our ability to obtain adequate financing; and (viii) recruitment and training of qualified personnel in the local market. The uncertainty of these factors could impact the opening of new cinemas which could adversely affect our business, financial condition and results of operations. In addition, any failure to identify and adapt to the trends in the exhibition industry and inability to expand in the most attractive and profitable screen format, may adversely affect our profitability and financial condition.

Further, the commercial real estate market in India is affected by many factors, including changes in the social, political, economic and legal environment and changes in the government's fiscal and monetary policies. The Indian property market as a whole experienced fluctuations in recent years in response to government policies and trends in the Indian and global economy. Any adverse development in the commercial real estate market in India resulting in a decline in the number of new large shopping malls being built or shutdown of existing malls or any global economic slowdown or financial turmoil in the future, may adversely affect the real estate market thereby adversely impacting the growth of our cinema network. Accordingly, there cannot be any assurance that we will be able to successfully expand as we may not accurately analyze the suitability of a location or anticipate all of the challenges imposed by expanding our operations to these locations. Our growth strategy and the substantial investment associated with the development of each new location may cause our operating results to fluctuate and be unpredictable or adversely affect our profits.

**10. *Our advertisement income is dependent on maintaining or establishing relationships with advertisers along with certain factors, such as, content, number of screenings of movies, number of admits, our brand, locations of our cinemas and inventory.***

We receive revenues from advertisers through on-screen advertisements and off-screen advertisements. In Fiscal 2020 and Fiscal 2019, advertisement income represented 10.9% and 11.3% of our total income, respectively. We generate advertisement income based on the number of on-screen advertisements played at movie screenings and off-screen advertisements displayed in cinemas. Therefore, the amount of advertisement income we generate is directly proportionate to the number of screenings of movies at our cinemas. The number of screenings in our cinemas depends on various external factors that are beyond our control, including the number of new movies released in a week, the performance of the movies at the box-office, weather conditions in different parts of India that affect our screening schedules, and specific regional regulations that restrict the number of screenings per day. Further, while there are currently no regulations governing the amount of

advertising in cinemas prior to or during a movie screening, there is no assurance that this will not change in the future. The occurrence of any of these events may therefore directly impact our ability to play the advertisements at movie screenings, which in turn may affect our relationships with advertisers, which may in turn affect our ability to generate advertisement income.

Further, we have, over the years, been able to develop relationship with various advertisers from various sectors such as mobile phone manufacturers, fast moving consumer goods, financial services, e-commerce and automobile manufacturers. Any failure to continue to maintain such relationships with advertisers or to establish and capitalise on new relationships with them, could harm our business or prevent our business from growing, which could have a material adverse effect on our business, prospects, financial condition and results of operations. The competition for advertising expenditure is significant, and advertisers may not continue to do business with us if they believe our advertising platform is ineffective or overly expensive. Further, advertisers generally have predetermined budgets, a significant portion of which is dedicated to traditional platforms such as television and online and mobile media networks. A decrease in such budgets due to economic considerations such as the economic slowdown due to COVID-2019 pandemic, or a shift in expenditure towards new advertising platforms such as the internet and mobile applications, a decline in movie attendance, or other factors could result in lower spending on in-cinema advertising. If we are unable to remain competitive and provide value to our advertising customers, they may reduce their advertising purchases or stop engaging us for advertisements altogether, which would adversely affect our revenue and ability to generate new advertising customers. If we are unable to obtain advertising rights or maintain the advertisement income, our business, financial condition and results of operations may be adversely affected.

**11. *Restrictions on ticket prices imposed in certain states may affect our results of operations.***

Our ability to charge a particular ticket price is significantly limited by the state legislations which control the cinema ticket prices that we charge from our customers. In particular, ticket prices are regulated in certain states including Andhra Pradesh, Telangana, Tamil Nadu and Karnataka as well as in certain cities such as Pathankot and Chandigarh. For instance, in Tamil Nadu, pursuant to the Tamil Nadu Cinemas (Regulation) Rules, 1957, specific ticket prices have been prescribed based parameters such as areas in which the theatres are located (being municipalities, town panchayats, village panchayats, etc.) and whether the theatres are air conditioned or not. Similarly, in Andhra Pradesh and Telangana, the licensing authority while granting a license to the movie theatre prescribes the maximum rates at which tickets can be priced and such rates can only be increased pursuant to an order in writing by the licensing authority permitting such increase. Further, in 2017, the Karnataka state government passed an order imposing a cap of ₹ 200 (exclusive of taxes) on movie cinemas in multiplexes across the state, however, this cap is not applicable on Saturday, Sunday and other state holidays. In North India, in the city of Pathankot, for instance, we are governed by the Punjab Cinemas (Regulation) Act, 1952 under which we must comply with ticket prices approved by the licensing authority, and such prices may be increased only with a prior written approval of the licensing authority. Additionally, the government may if it deems it fit in public interest, alter or amend the prices and such alteration or amendment will have to be complied with by us. Stringent pricing restrictions affect our ability to increase our revenue through ticket prices in the states that are governed by such legislations.

**12. *We depend on our relationships and agreements with distributors and production houses and any failure to maintain these relationships or if we are unable to obtain movies on competitive terms, our business, financial condition and results of operations may be adversely affected.***

We rely on distributors of movies, over whom we have no control, for the movies that we exhibit. Movie distributors and production houses offer and license movies to exhibitors, including us, on a movie-by-movie and cinema-by-cinema basis. Consequently, we cannot assure ourselves of a supply of movies by entering into long-term arrangements with distributors and production houses, but must compete for our licenses on a movie-by-movie and cinema-by cinema basis. Our business depends on maintaining good relations with these distributors and production houses, as this affects our ability to obtain such licenses and negotiate commercially favourable licensing terms for movies, including the agreed production house or distributor's share in the net box office collection, payment of minimum guarantee amount, minimum number of shows per day, and the price of each ticket. These relationships are dependent on a number of factors, including the quality, effectiveness and reliability of our cinema distribution platform. Our failure to maintain our relationships and agreements with distributors and production houses, or to establish and capitalise on new relationships with these parties, could harm our business or prevent our business from growing, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our arrangements and contracts with production houses and distributors contain certain restrictions and commercial risks, including payment of non-refundable minimum guarantee to some distributors and production houses, the restriction on

reducing ticket prices, restriction on cancelling shows without the permission of distributors/ production houses and requirement to pay house-full compensation for cancelled shows and no right to claim any compensation for loss in case the release of a movie is postponed or cancelled. Further, certain contracts provide the production houses/ distributors with the sole right to withdraw screening within a short notice.

In addition, the movie exhibition industry in India relies on distributors and production houses to obtain movies for exhibition. For hiring a movie, the production houses and/ or distributor's share is normally a percentage of ticket receipts (net of GST and other taxes and charges). Competitive pressures may result in increasing the cost at which we acquire the rights to exhibit movies. If we are unable to recover such increased costs through higher box office collections or other forms of revenue generation, our results of operations would be adversely affected.

Further, we also earn revenue from virtual print fees, which is the subsidy paid by a movie distributor towards the purchase of digital cinema projection equipment for use by a movie exhibitor for exhibition of movies. In Fiscal 2020 and Fiscal 2019, our income from virtual print fees was ₹ 3,478 lakhs and ₹ 2,918 lakhs, respectively. There can be no assurance that we will be able to continue to enter into such arrangements and accordingly, that we will be able to continue to derive income from virtual print fees in the future.

**13. *If we are unable to enter into or renew agreements, or maintain or establish new relationships, with our online aggregator platforms, it could have a material adverse effect on our business, prospects, financial condition and results of operations.***

We sell movie tickets at our cinemas, through our physical box office counters, our website (www.pvr cinemas.com), our mobile application and online aggregator platforms. We have collaborated with certain online aggregator platforms. Our online Gross Box Office Collection contribution (as a percentage of Gross Box Office Collection) has been steadily increasing and was 61.9% and 59.3% in Fiscal 2020 and 2019, respectively.

We intend to continue to focus on increasing our revenues from convenience fees and to this effect, we had renewed our arrangements with these online aggregator platforms, for booking and selling our ticketing inventory through their digital platforms for a period of three years. However, there can be no assurance that we will continue to renew or enter into such arrangements in the future or that our current arrangements will not be terminated that our commercial understanding will remain the same as is in the agreements at present. Due to the COVID-2019 pandemic, we have agreed with our ticket aggregators to extend the tenure of these arrangements for the period of lockdown in light of the shutdown of the screens due to COVID-2019 pandemic.

In addition, any failure to maintain relationships with online aggregator platforms, or to establish and capitalise on new relationships with them, could harm our business or prevent our business from growing, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Further, while there are currently no regulations governing the amount of convenience fees allowed to be charged by cinemas from admits, there is no assurance that this will not change in future. In addition, a consumer complaint has been filed before the District Consumer Forum in Hyderabad against our Company, Big Tree Entertainment Private Limited and others, claiming an amount of ₹ 30,000 on the allegation of collusion by our Company with Big Tree Entertainment for charging 14% to 18% extra for each ticket as internet handling fee and shifting operating cost on the consumers. For further details, see “***Outstanding Litigation and Defaults – Litigation involving our Company – Multiplex industry related litigation involving our Company***” on page 181.

We also rely on such third party channels to provide services, such as payment options and ticket booking. Further, we also rely upon data center providers to store important and valuable data. If any of these platforms delivers unsatisfactory service, engages in fraudulent actions, or is unable or refuses to continue to provide its services to us and our users for any reason, it may materially and adversely affect our business, financial condition and results of operations. Further, we do not have any control over the actions or systems of online aggregator platforms, and any errors arising from the integration of the ticketing software maintained by them might result in loss of revenue for us, thereby impacting our business, financial condition and results of operations.

**14. *Our Audited Financial Statements for Fiscal 2020 is not directly comparable to our historical financial statements, including for Fiscal 2019.***

The Ministry of Corporate Affairs (“MCA”) has vide notification dated March 30, 2019 notified ‘Ind AS 116 – Leases’ and we were required to adopt Ind AS 116 from April 1, 2019. Therefore, our Audited Financial

Statements have been prepared using Ind AS 116. We have applied Ind AS 116 on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116, is recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. Prior to Fiscal 2020, our historical financial statements were all prepared based on applicable Ind AS, including Ind AS 17 “Leases”, and do not reflect the application of Ind AS 116 which became applicable with effect from April 1, 2019. Accordingly, our historical financial statements including our audited financial statements as of and for the fiscal ended March 31, 2019 (that is included in our Audited Financial Statements included in this Letter of Offer) are not comparable to our Audited Financial Statements as of and for the fiscal ended March 31, 2020, (which reflects the impact of Ind AS 116).

Further, our Company completed the acquisition of SPI Cinemas with effect from August 17, 2018, and subsequently, SPI Cinemas was amalgamated with our Company with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme. Accordingly, our financial statements prior and subsequent to the acquisition (of 71.69% of SPI Cinemas with effect from August 17, 2018) and amalgamation (of SPI Cinemas with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme) are not comparable to those subsequent to such acquisition and/ or amalgamation.

**15. *The Indian movie exhibition industry is highly regulated. We are required to obtain and maintain certain key approvals, registrations and no-objection certificates in order to operate our cinemas. Our inability to obtain and maintain these approvals, registrations and no-objection certificates, ensuring compliance with these regulations, including restrictions imposed pursuant to the competition laws may have an adverse effect on our business.***

The Indian movie exhibition industry is highly regulated by both the central and the state governments. The key regulations include the Cinematograph Act pursuant to which no exhibition of a cinematograph can be made in a place otherwise than what is licensed under the Cinematograph Act. Further, under the Cinematograph Act, the licensing authority (being the relevant district magistrate, or such other authority as may be specified by the state government) grants a license, *i.e.* ‘cinema operating license’, subject to satisfaction, amongst other things, that adequate precautions have been taken in the place, in respect of which the license is to be given, to provide for the safety of persons who will attend the cinema exhibitions. Further, we are also required to obtain certain health, electricity and fire related no-objection certificates from local municipal authorities under the applicable local, state level legislations from time to time. Further, for certain states, these no-objection certificates are required to be obtained prior to, and continue to operate pursuant to the cinema operating license under the Cinematograph Act. Additionally, in respect of storage and sale of articles of food at our cinema multiplexes, we are required to comply with the general principles and standards of food safety prescribed under the Food and Safety Standards Act, 2006 and are required to obtain a license thereunder. We are also required to obtain shops and establishment registrations and trade and health licenses under the relevant state and municipality level laws in the ordinary course of our business. Each of these approvals are subject to compliance with certain conditions and required to be renewed on a regular basis. We generally apply for renewal of applicable licenses and no-objection certificates before the expiry of the existing license and no-objection certificate. After the review of the application, inspection of the premises and receipt of the renewal fees, the relevant authorities renew the license and issue the no-objection certificate for the premises typically before the expiry, however, in certain cases, after the expiry, in which case we operate the cinemas based on the renewal application. Currently, certain of our Material Approvals, including the cinema operating license under the Cinematograph Act for some of our cinemas have expired and while we have made applications or are in the process of making applications for renewal of such approvals which are pending with the relevant authorities, there is no assurance that such renewals will be granted in a timely manner or at all. For further details, see “**Government and Other Approvals**” on page 184. Further, our lessors are required to obtain certain approvals and be in compliance with such approvals, in relation to the malls or the properties in which we operate. We cannot assure you that these approvals will always be taken on time by our lessors and that our cinemas will not be impacted in the event that such approvals are not obtained by our lessors on time.

In addition, while there are currently no regulations governing the amount of advertising in cinemas prior to or during a movie screening, there is no assurance that this will not change based on future regulations. These laws have an important impact on our ability to operate cinemas and the viability of our cinemas in different states. Changes in these regulations may have an adverse effect on our business or render the same unviable by increasing compliance requirements and compliance costs.

Further, as a market leader, we are subject to stringent competition laws in India which may restrict our ability to carry out and/ or expand and diversify our business through mergers and acquisitions with other exhibitors.

For instance, the Competition Commission of India (“CCI”) pursuant to its order dated May 4, 2016 (“CCI Order”), approved our acquisition of the cinema exhibition business of DLF Utilities Limited (operated under the brand name of ‘DT Cinemas’), subject to certain restrictions, which included, amongst others, restriction on expansion by opening new single or multiplex screens (organically or through acquisitions) for a period of three years in the case of Noida and Gurugram and five years in the case of South Delhi, from the date of completion of acquisition of ‘DT Cinemas’ (i.e. from May 31, 2016). We were also required to terminate the lease agreements entered into in respect of a multiplex in each of Garden Galleria Mall in Noida and Airia Mall in Gurugram, and are restricted from acquiring any direct or indirect ownership, interest or influence over these malls for a period of five years from such date of termination.

On January 25, 2019, our Company received a notice from the CCI, which was based on an application made to the CCI by Cinopolis India Private Limited, alleging non-compliance with the restrictions imposed on our Company in the relevant market of Gurugram under the CCI Order. While our Company has not expanded its operations by opening any new screens in Gurugram, it has been alleged that we have violated such restrictions on grounds of our Company entering into an agreement to lease with Brahma Centre Development Private Limited for the purposes of leasing a commercial and shopping complex in Gurugram. Our Company has filed a response to this notice on February 12, 2019 stating, among other things, that our Company has not violated its commitments under the CCI Order as our Company was permitted to undertake preparatory work during the five year period provided that the actual opening of the multiplex occurred after the completion of such period. While this matter has been dismissed, we cannot assure you that there will not be similar matters in the future and CCI may accordingly impose a penalty on us, which could adversely impact our business and reputation.

Our inability to expand and diversify our business in these markets during the applicable restricted periods, as well as any such restrictions imposed on us by the CCI in the context of other acquisitions in the future, could adversely impact our growth, revenues, operating results and financial condition.

**16. *Any disruption in the supply chain for our F&B could have an adverse impact on our business, financial condition, cash flows and results of operations.***

Our F&B revenues are primarily dependent on external supply and we may not be able to ensure the availability of F&B supply chain for our operations at competitive prices and/ or in a timely manner, which could have an adverse effect on our results of operations. Our ability to procure, transport, and sell our F&B products is critical to our profitability. Any disputes with our suppliers, including disputes regarding pricing or performance, could adversely affect our ability to supply F&B products to our customers and could materially and adversely affect our product sales, financial condition, and results of operations. In addition, any damage or disruption to our supply chain, including third party production or transportation and distribution capabilities, due to weather, natural disaster, fire or explosion, terrorism, pandemics, strikes, government action, or other reasons beyond our control or the control of our suppliers, could impair our ability to procure or sell our F&B products.

While we have always sourced our F&B supplies from reliable and hygienic sources, due to the COVID-2019 pandemic, we will have to ensure that F&B from our suppliers meets our higher standard of quality and hygienic protocol requirements and expectations of our patrons. We cannot assure you that we will be able to enter into favourable terms with such F&B suppliers, who will be able to meet our quality requirements.

Additionally, we do not enter into long-term contracts with any of our suppliers and typically place orders with them in advance on the basis of our anticipated requirements. The absence of long term contracts at fixed prices exposes us to volatility in the prices of such products and we may be unable to pass these costs onto our customers. In the event we do manage to pass on such costs to our customers, increase in price of products or other ways, it could lead to a reduction in demand for our products. Further, if all or a significant number of our suppliers for any particular product are unable or unwilling to meet our requirements or our estimates fall short of the demand, we could suffer shortages or significant cost increases. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

Further, any non-compliance by our suppliers with the provisions of the respective agreements entered into with them, could, among other things, negatively affect our brand, demand for our F&B products and our relationships with other suppliers. In addition, we have entered into an exclusive arrangement with a carbonated soft drink manufacturing company for providing beverages and snacks at our cinemas, however, our Company is required to obtain prior consent from the carbonated soft drink manufacturing company in case we intend to associate with any of its competitor. The occurrence of any of these factors could result in a significant decrease



in the sales volume of our F&B products and therefore adversely affect our business, financial condition, cash flows and results of operations.

**17. *We are exposed to pricing pressure from other cinemas and alternative content and movie distribution channels, which may compel us to reduce our price which may adversely impact our revenue from operations.***

Our competitors may seek to decrease their costs and to increase their margins and follow more competitive pricing, in respect of all aspects of our business, including ticket prices, advertising price as well as F&B offerings. Such pricing pressures may also become necessary on account of availability of alternative movies distribution channels, such as OTT platforms, pay-per-view, cable television, and broadcast television from domestic and globally recognized brands. In order to remain competitive, we may have to offer discounts or lower our current price and charges, which would directly reduce our revenue.

**18. *If we are unable to keep pace with evolving digital projection technologies, our results of operations and ability to grow could be materially affected.***

Traditionally, movies were filmed using 35 millimetre celluloid movie cameras and screened using analog film projectors. All our cinemas use digital projection technologies. However, digital cinema departs from the traditional movie-based technology and relies on emerging digital technology which may eventually replace traditional celluloid projection technologies in cinemas. Our ability to screen digital movies with comparable celluloid movie quality depends on our ability to keep pace with rapid technological changes and use projectors that cost more than the cost of celluloid movie projectors.

In order to remain competitive we may be required to make incremental capital investments in digital projectors, failing which our business and results of operations may be adversely affected. There is a risk that we may not be able to sufficiently invest in technology or industry developments, or evolve our business with the right strategic investments, to adapt to changes in our market. Our failure to successfully adopt new technologies in a cost effective and a timely manner could increase our costs and result in being less competitive in terms of the quality of movies we screen. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our business, results of operations, cash flows and financial condition.

**19. *Piracy may reduce the number of cinema customers.***

The scale of piracy has globally increased exponentially in the recent years with wide spread access to technology that can easily make copies of most digital content. In Indian movie exhibition sector, the threat of piracy mainly comes from two major sources - video recording of movies in a cinema and distributing through online platforms or other media and prior official release of international movies in other countries. Customer awareness of illegally accessed content and the consequences of piracy is lower in India and the move to digital formats has facilitated high-quality piracy in particular through the internet and cable television. Monitoring infringement is difficult and the protection of intellectual property rights in India may not be as effective as in other countries. There have been several instances where new movies have been subjected to piracy and have been made available online. On account of inadequate enforcement of anti-piracy laws in India, and on account of increasing home-viewing options, the number of cinema customers may reduce in the future, which may have a material adverse effect on our revenues and our results of operations.

**20. *We have in the past and may in future continue to pursue acquisitions, amalgamations and strategic investment opportunities, which could subject us to considerable risks including risks relating to the integration of these acquired/ amalgamated businesses with our existing operations. Our inability to complete and successfully integrate such acquisitions/ amalgamations could adversely affect our business prospects, results of operations and financial condition.***

We have in the past, and may in the future, acquire potential complementary businesses and pursue acquisitions, amalgamations and/ or investments opportunities to gain access to new and strategic locations, technologies, businesses, products, markets and services, both in areas served by our existing businesses as well as in new areas. For instance, our acquisitions/ amalgamations of Cinemax Cinemas in November 2012, DT Cinemas in May 2016 and SPI Cinemas in August 2018, we added 138 screens, 32 screens and 76 screens, respectively, to our screen network. As a result of such acquisitions/ amalgamations, we expect to achieve certain synergies and cost savings through, for example, reducing general and administrative expenses, achieving purchasing efficiencies and achieving revenue enhancements resulting from the acquisition. However, there can be no assurance that we will be able to generate sufficient cash flow from these acquisitions/ amalgamations to service

the indebtedness incurred to finance a particular acquisition or realize any other anticipated benefits. Nor can there be any assurance that our profitability will be improved by these or any future acquisitions/ amalgamations. Further, we may not be successful in identifying acquisition/ amalgamation opportunities, assessing the value, strengths and weaknesses of these opportunities or consummating acquisitions/ amalgamations on acceptable terms. For instance, in Fiscal 2018, our Company acquired a minority stake for ₹2,581 lakhs in an American luxury restaurant and theatre company, 'iPic Entertainment Inc.' (formerly known as iPic-Gold Entertainment LLC) ("iPic"). However, in May 2019, iPic filed for 'Chapter 11 Bankruptcy' before the United States Bankruptcy Court in the district of Delaware, which has been granted by such court.

Acquisitions/ amalgamations may expose us to particular business and financial risks such as diverting financial and management resources from existing operations, expending significant management time and bandwidth towards ensuring that operations are integrated with our existing operations, incurring indebtedness and assuming additional liabilities, known and unknown, including liabilities relating to the use of intellectual property we acquire, incurring significant additional capital expenditures, transaction and operating expenses and non-recurring acquisition-related charges, experiencing an adverse impact on our earnings from the amortisation or impairment of acquired goodwill and other intangible assets, failing to successfully integrate the operations and personnel of the acquired businesses, failure to obtain any material government or statutory approvals including approval from competition authorities, entering new markets or marketing new products with which we are not entirely familiar, and failing to retain key personnel of, vendors to and customers of the acquired/ amalgamated businesses. If we are unable to address the risks associated with acquisitions/ amalgamations, or if we encounter expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired/ amalgamated entities and the expansion of operations, we may fail to achieve acquisition/ amalgamation synergies and may be required to focus resources on integration of operations rather than on our primary business activities. We may also not be in compliance with all the terms of the documentation in relation to our future acquisitions/ amalgamations, which may subject us to claims in relation to the same.

Further, acquisitions/ amalgamations may also expose us to potential risks, including risks associated with the integration of new cinemas in different regions, operations, services and personnel, unforeseen or hidden liabilities, government restrictions, the diversion of resources from our existing businesses and technologies, our inability to generate sufficient revenue to offset the costs of acquisitions/ amalgamations, and potential loss of, or harm to, relationships with employees and customers, any of which could significantly disrupt our ability to manage our business. If we are unable to successfully integrate acquired/ amalgamated operations with our existing business, our business, results of operations and financial condition may be adversely affected.

**21. *Our audited financial statements have not yet been placed before our shareholders in a general meeting.***

Pursuant to a resolution dated June 8, 2020, our Board approved the Audited Financial Statements for the fiscal ended March 31, 2020, as recommended by the Audit Committee of our Company. Our Company, in due course will hold its annual general meeting for the year ended March 31, 2020 and place the Audited Financial Statements before our Shareholders. The Audited Financial Statements included in this Letter of Offer, shall remain subject to adoption, remarks and observations of our Shareholders, if any.

**22. *We are subject to certain obligations and covenants in the agreements we have entered into with third parties for certain aspects of our businesses.***

Our Company has entered into a series of agreements with certain equipment suppliers for the supply of various equipment and services which are core to our business activities, including sale of cinema system equipment, installation, operation and maintenance of the cinema systems, licensing of trademarks and software, technical support and format conversion services. Under the terms of certain of these agreements, we are subject to a number of obligations including, upgrading and renovating auditoriums, obtaining all necessary approvals, training personnel for installation of such equipment at our cinemas, and installation of infrastructure in compliance with the requirements set out in the agreements. Further, we are subject to certain restrictive covenants that require us to intimate/ seek prior permission from these third parties for various activities, including installing any other equipment or devices at the relevant cinemas and use of such third party trademarks in our cinemas. In the event that the counterparties refuse to grant the requisite consents, such refusal may adversely impact our business and our relationships with such parties, which may have an adverse impact on continuation of our business arrangements with these counterparties. Further, under certain of these agreements, we are also under an obligation to charge the minimum agreed upon price per ticket, share box office revenue, maintain adequate insurance of our properties, at all times, and exhibit the content provided by the counter parties for a minimum period. In addition, certain of these agreements provide the right of first offer

to these third parties and impose a non-compete obligation on our Company in the event our Company desires to sell these theatre systems to a third party.

Further, our arrangements and contracts with production houses and distributors contain certain restrictions and commercial risks. For further information, see “ – *We depend on our relationships and agreements with distributors and production houses and any failure to maintain these relationships or if we are unable to obtain movies on competitive terms, our business, financial condition and results of operations may be adversely affected.*” above.

Further, in the event of any breach of any covenant contained in these agreements, we may be required to indemnify these counterparties either in whole or in part, together with any related costs, for any losses incurred by them as a result of such breach. In addition, some of these arrangements are co-terminus with other agreements. We cannot assure you that the agreements will be renewed upon expiry on terms acceptable to us or at all. If such agreements are terminated or are not renewed, or if the agreements are renewed on terms which are less favourable to us, it may be onerous to obtain the necessary technology and materials to conduct our business operations or to do so profitably, which could have a material and adverse effect on our business, results of operations and financial condition.

**23. *Failure to maintain and enhance our brand, or any negative media coverage of our business may adversely affect our brand.***

Our reputation and the ‘PVR’ brand are critical to the success of our business. We believe that our brand, PVR, is one of India’s most recognized movie exhibition brands. We believe our large scale brand equity and cinema experience has helped becoming the preferred choice of movie exhibitor for production houses and movie distributors. Our brand also helps us in sourcing strategic locations for our cinemas. Further, we believe that we are increasingly recognized among customers for the premium cinema experience we offer. Many factors, some of which are beyond our control, are critical for maintaining and enhancing our brand, which may negatively affect our brand if not properly managed. These include:

- our ability to effectively manage the quality of our services and address customer grievances;
- our ability to successfully enter newer markets; and
- our ability to adopt new technologies or adapt our systems to user requirements or emerging industry standards.

Our brand could also be harmed if our services fail to meet the expectation of our customers, if we fail to maintain our established standards or if we become the subject of any negative media coverage. For instance, we have been subject to certain negative media coverage in relation to the prohibition on customers for carrying their own food and water inside the theatres. For further information see “- *A significant portion of our revenue is derived from the sale of our F&B in our cinemas. If we are unable to enhance our menu or if outside F&B are permitted in our cinemas pursuant to judicial proceedings or if we fail to timely respond to changes in customer tastes and preferences or if we are unable to maintain high food quality standards, our reputation, business and results of operations would be adversely affected.*” above. Any imitation of our brand or infringement of our intellectual property rights such as our registered trademark could also dilute our brand equity. For further information, see “ – *We may be exposed to claims by third parties for infringement of their intellectual property rights. Further, we may not be able to adequately protect our intellectual property that is material to our business.*” below. Our promotion efforts may be costly and may fail to effectively enhance our brand or generate additional revenues. We also anticipate that as our business expands into new markets and as our markets become increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Our failure to develop, maintain and enhance our brand may adversely affect our relationships with distributors and production houses, which may result in decreased revenue and loss of customers, and in turn adversely affect our business, financial condition and results of operations.

**24. *Our business relies on the performance of our information technology systems and any interruption or security breaches or failure to migrate to more advanced systems in the future may have an adverse impact on our business operations and profitability.***

The proper functioning of our financial controls, accounting, customer database, customer service and other data processing systems, including those relating to our centralised ticket booking and feedback systems, together with the communications systems linking our headquarters, theatres, and main information technology centres, is critical to our operations and to our ability to compete effectively. We use licensed software to manage our cinema operations. We also have an interactive web site ([www.pvrcinemas.com](http://www.pvrcinemas.com)) and mobile application that we

use as a marketing and customer information portal. In addition, we are also dependent on information technology systems, which may include third party infrastructure. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these information technologies or communications systems. These failures could be caused by, among others, hardware failure, software program errors, computer virus attacks, internet failure, failure to successfully implement ongoing information technology initiatives, human errors, blackouts and unanticipated problems at our existing and future cinemas. Many of these events are wholly or partially outside of our control. Further, significant problems with our IT system, such as telephone or IT system failure or cyber security breaches, could halt or delay our ability to service our customers, hinder our ability to conduct and expand our business and require significant remediation costs. Any of these events could have an adverse effect on our reputation, business, results of operations, cash flows and financial condition.

Our ability to provide reliable service largely depends on the efficient and uninterrupted operations of our platforms (website and mobile application) and online aggregator platforms. Accordingly, any significant interruptions could severely harm our business and reputation and result in a loss of revenues. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems. Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. We cannot be certain that any measures we and our third party service providers have taken to prevent system failures will be successful or that we will not experience service interruptions. We may also come under additional regulatory scrutiny or be the target of enforcement actions, or suffer monetary losses or adverse reputation effects. All of these may have an adverse effect on our business, results of operations, cash flows and financial condition.

***25. We have in this Letter of Offer included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the cinema exhibition industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other cinema exhibition companies.***

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Letter of Offer. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of cinema exhibition businesses, many of which provide such non-GAAP financial measures and other industry related statistical and operational information when reporting their financial results. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Letter of Offer.

We have in this Letter of Offer included information relating to certain industry measures, such as, Average Ticket Price, Spend Per Head, Occupancy percentage, total gross debt and Adjusted EBITDA, which may be different from that followed by other cinema exhibition companies. These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other cinema exhibition companies.

***26. If we are required to write down/ impair goodwill, and other intangible assets including brand and beneficial lease right, our tangible and financial assets, our financial condition and results would be negatively affected.***

We record goodwill with respect to our acquisitions in our accounting records on the basis of applicable accounting standards. As of March 31, 2020, we accounted ₹ 1,05,204 lakhs for goodwill (includes goodwill on consolidation); which represented 14.2% of our total assets as of such date.

In accordance with our accounting policies, goodwill that arises on a business combination is measured at cost less accumulated impairment losses. Goodwill is not amortised and is tested for impairment annually. Further, along with goodwill, other assets including, among others, property plant and equipment amounting to ₹1,63,580 lakhs, right-of-use assets amounting to ₹ 3,00,473 lakhs, other intangible assets amounting to ₹ 19,346 lakhs are tested for annual impairment relying on a number of factors including, among others, operating results, business plans, future cash flows and events like COVID-19. Accordingly, we cannot assure you that there will be no impairment to the value of our assets in future. Any such impairment, if significant, could have an adverse effect on our future financial condition.

**27. *Our marketing and advertising campaigns may not be successful in increasing the popularity of our brand. If our marketing initiatives are not effective, this may adversely affect our business.***

The marketing of our cinemas, brand and screen formats is a key focus area for us. We undertake marketing and promotional activities for our brand and cinemas along with initiatives for certain specific movies and F&B items. We rely to a large extent on our senior management's experience in defining our marketing and advertising programmes. We also rely on the expertise of a third party PR agency, which provides us public relations and media support services. If our senior management or service provider leads us to adopt unsuccessful marketing and advertising campaigns, we may fail to attract new customers and retain existing customers. If our marketing and advertising programmes are unsuccessful, our results of operations could be materially adversely affected.

The support of our employees is also critical for the success of our marketing programmes, such as local marketing and any new strategic initiatives we seek to undertake. While we can mandate certain strategic initiatives, we need the active support of our employees if the implementation of these initiatives is to be successful. The failure of our employees to support our marketing programmes and strategic initiatives could adversely affect our ability to implement our business strategy and harm our business, financial condition, results of operations and prospects. In addition, increased spending by our competitors on advertising and promotion or an increase in the cost of print or radio advertising, could adversely affect our results of operations and financial condition. Moreover, a material decrease in our funds earmarked for advertising or an ineffective advertising campaign relative to that of our competitors, could also adversely affect our business.

**28. *We may undertake new lines of business and these new business initiatives may not be successful. Further, we may discontinue certain of our existing lines of business that may not generate revenues as anticipated.***

We may undertake new lines of business. For instance, we have launched VKAAO, a theatre-on-demand service in Fiscal 2018, a joint venture between our Company and Big Tree Entertainment Private Limited (BookMyShow). We also acquired majority stake in Zea Maize in Fiscal 2016, which sells gourmet popcorn under the brand, '4700BC Popcorn'. Such initiatives, as well as any others we may pursue, could include the offering of new products and services that may not be accepted by the market. If any new business in which we invest or attempt to develop does not progress as planned, we may be materially adversely affected by investment expenses that have not led to the anticipated results, by diverting our management's attention from our core business or by damage to our brand or reputation. In addition, we may choose to discontinue certain of our existing lines of business that may be unable to generate the revenues we anticipate or those which are not profitable. For instance, we sold our entire shareholding in PVR BluO Entertainment Limited in Fiscal 2018, which was engaged in bowling and entertainment business.

While we seek to employ the optimal structure for each business alliance, the alliance may require a high level of cooperation with and reliance on our partners and there is a possibility that we may have disagreements with our relevant partners with respect to financing, technological management, product development, management strategies or otherwise. Any such disagreement may cause the joint venture or business alliance to be terminated, which may in turn materially adversely affect our business, results of operations and financial condition.

**29. *We operate 'PVR IMAX' and other film formats at our cinemas as an exhibitor, and the success of these cinema formats is directly related to the availability and success of movies with such formats, for which there can be no assurance. Further, certain brands, such as 'IMAX' may not maintain the level of customer recognition necessary for us to succeed.***

An important factor affecting the growth and success of our 'PVR IMAX' and other cinema formats which play movies with special effects is the availability of movies for these cinemas and the box office performance of

such movies. We rely principally on movies produced by third party producers and studios, in particular Hollywood movie features converted into our large format using IMAX and other technologies. There is no guarantee that producers and studios will continue to release such movies, or that the movies they produce will be commercially successful. Moreover, movies can be subject to delays in production or changes in release dates. While in certain situations we screen non-IMAX movies in 'PVR IMAX', any failure to produce successful movies of these formats or effectively market such movies will adversely affect our financial performance.

Further, customer recognition and a favourable audience perception of these brands in India are essential to our success. If we are unable to expand recognition of these brands in India, our future success may be adversely affected. We cannot assure you that our marketing strategies will deliver the growth in brand recognition that we seek. If our marketing efforts are unsuccessful, the costs incurred in connection with such activities may never be recovered and we may be unable to increase our future revenues. In addition, we have no control over the way in which these cinema systems and equipment are operated outside India and adverse market developments relating to the these brand name or any negative publicity affecting one or more of these cinemas located outside India could adversely affect the appeal of cinemas in 'IMAX' and other formats. Any of the foregoing could have a material and adverse effect on our business, results of operations, financial condition and prospects.

**30. *The risks of doing business internationally could lower our revenues, increase our costs, reduce our profits or disrupt our business.***

We have recently commenced the operations of our cinemas in Sri Lanka. We have also incorporated two wholly owned subsidiaries, P V R Lanka Limited and PVR Middle East FZ-LLC, in Sri Lanka and UAE, respectively. However, in relation to the Middle East and North Africa region, our Company has currently decided against deploying any capital. In addition, pursuant to the resolution dated September 12, 2019 of our Board of Directors, PVR Middle East FZ-LLC was dissolved in accordance with applicable law. Further, we had incorporated PVR Pictures International in Singapore as a joint venture between one of our Subsidiaries, PVR Pictures and Cinestar Limited, on February 23, 2018, with an objective to expand our movie distribution business outside of India. However, pursuant to resolutions of the board of directors of PVR Pictures and the Board of our Company dated May 3, 2018 and May 4, 2018, respectively, it was decided and approved that the joint venture agreement dated April 10, 2018 executed between PVR Pictures and Cinestar Limited recording their rights and obligations in relation to the organisation, operation and management of PVR Pictures International, be terminated in due course of time. Subsequently, pursuant to the share purchase agreement dated May 20, 2019 between PVR Pictures and Cinestar Limited, PVR Pictures sold its entire shareholding in PVR Pictures International to Cinestar Limited.

Such expansion into international markets may subject us to certain risks, including: the ability to comply with, or impact of complying with, complex and changing laws, regulations and policies of foreign governments that may affect investments or operations, including foreign ownership restrictions, import and export controls, tariffs, embargoes, intellectual property, licensing requirements and regulations, increases in taxes paid and other changes in applicable tax laws; the difficulties involved in managing an organization doing business in many different countries; and changes in foreign currency exchange rates or currency restructurings and hyperinflation or deflation in the countries in which we choose to operate. In addition, we have limited experience in operating in international markets and our brand is not well-known in geographies outside of India.

Any or all of these factors may adversely affect the performance of our cinemas located in international markets. In particular, a potential international cinema may be located in a volatile region that is subject to certain factors that pose risk to our business operations. In addition, the economy of any region in which we are located may be adversely affected to a greater degree than that of other areas of the country or the world by certain developments affecting industries concentrated in that region or country. While these factors and the impact of these factors are difficult to predict, any one or more of them could materially lower our revenues, increase our costs, reduce our profits or disrupt our business.

**31. *We are dependent on our Directors, Key Managerial Personnel and Senior Management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

We are highly dependent on our Directors, Key Managerial Personnel and Senior Management for setting our strategic business direction and managing our business. Mr. Ajay Bijli, our Chairman cum Managing Director and one of the Promoters of our Company, is the founder of our Company and has over two decades of

experience in the movie exhibition industry. Mr. Sanjeev Kumar, our Joint Managing Director and one of the Promoters of our Company, also has over two decades of experience in the movie exhibition industry. Mr. Gautam Dutta, the Chief Executive Officer of our Company, has been associated with us for 14 years, while Mr. Kamal Gianchandani, the Chief of Business Planning & Strategy of our Company and is also the chief executive officer of one of our Subsidiaries, PVR Pictures. Further, Mr. Nitin Sood, the Chief Financial Officer of our Company, has been associated with us for 18 years. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry is intense. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

**32. *We are subject to accidents in our cinemas and other natural calamities or general disruptions affecting our operations which may lead to public liability consequences.***

We store and use certain combustible materials in our cinemas and auditoriums and are therefore subject to the risk of damages arising from fires. Although we have implemented industry acceptable safety controls at our cinemas and continuously seek to upgrade them, the risk of fire cannot be completely eliminated. For instance, in July 2018, there was a fire at 'PVR Deep' in Vadodara, Gujarat. While we maintain insurance policies according to industry standards to guard against losses caused by fire and other natural calamities, our insurance coverage for damages to our properties and disruption of our business due to these events may not be sufficient to cover all of our potential losses. Further, while we maintain public liability insurance cover for our cinemas and customers, in the event of an accident, we may be exposed to civil, tort and criminal liabilities and have an adverse impact on our reputation and brand. In addition, unanticipated mechanical and electrical failures, which may also cause disruptions in our cinemas for a significant period of time, could have a material adverse effect on our business results of operations and financial condition.

**33. *Our operations could be adversely affected by strikes, work stoppages or increased wage demands or any other such kind of disputes.***

In the past, we have been subject to strikes at certain of our cinemas. There have been certain instances in Tamil Nadu and Madhya Pradesh where we have initiated strikes against imposition of local body entertainment taxes in addition to GST on sale of movie tickets. In addition, in 2018, a strike was initiated by the South India Film Industry against the virtual print fee charged by the digital service providers. There can be no assurance that we will not experience such disruptions in operations due to disputes or other problems with the government or our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are very difficult for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

**34. *We may be exposed to claims by third parties for infringement of their intellectual property rights. Further, we may not be able to adequately protect our intellectual property that is material to our business.***

As licensees and exhibitors of third party content in the cinema and movies business, we also obtain licenses to use the intellectual property rights of such third parties on the terms set out in the agreements. While we take reasonable care to ensure that necessary consents are obtained from third parties for acquiring intellectual property rights relevant for exhibition of movies, we may be exposed to infringement claims by such third parties if we fail to comply with the terms of relevant licenses, which if determined against us, may impact our results of operations and our financial condition. We cannot be certain that we do not or will not inadvertently infringe third parties' intellectual property rights. While there are no outstanding claims made by third parties against our Company, for infringement of their intellectual property rights presently, legal proceedings involving intellectual property rights are highly uncertain, and can involve complex legal issues. Any intellectual property claim against us could result in significant liabilities to our business, and can be expensive and time consuming to defend.

Further, our success and ability to compete depend in part upon our ability to protect our technology and to establish and adequately protect our intellectual property rights. While we have registered several of our trademarks, including "PVR Director's Cut", "PVR CINEMAS", "PVR GOLD", "P[XL]" and "PVR Superplex", and applied for registration of certain other trademarks, including "PVR CINEMAS ECX", "PVR

LUXE” and “PVR TALKIES”, monitoring unauthorized use of our intellectual property may be difficult and costly and we cannot be certain that the steps we take will be effective to prevent unauthorized use of our intellectual property rights. If a third party uses any of our marks or a mark similar to ours without our consent, we may face the risk of dilution of our brand equity as well as such trademarks being identified with such parties instead of us. Despite our efforts to protect our intellectual property rights, third parties may knowingly or unknowingly infringe, misappropriate or otherwise violate our intellectual property rights and we may not be able to prevent such infringement, misappropriation or violation without substantial expense to us, or the applicable laws may not adequately protect our rights which may have an adverse effect on our business, results of operations and financial condition.

**35. *An inability to compete effectively in the competitive movie exhibition industry could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition, and future prospects.***

We operate in the movie exhibition industry, which is highly competitive. We compete against local, regional, national and international exhibitors in the markets we operate in. Further, our competition varies by market, geographic areas and type of product. We generally compete for admits. The degree of competition for admits is dependent upon such factors as location, theatre capacity, availability of movie show times, customer service quality, ticket price, reputation of their cinemas, quality of projection and sound systems at their cinemas and ability and willingness to promote the movies they are showing. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs and improve our operating efficiencies. The key multiplex operators in the Indian movie exhibition industry include PVR Limited, INOX Leisure Limited, Carnival Films Private Limited and Cinopolis India Private Limited (*Source: CRISIL Report*). Some of our current and potential competitors include large companies that may have longer operating histories, better name recognition, greater ability to influence industry standards, access to larger customer bases and significantly greater financial, sales and marketing, distribution, technical and other resources than we have. In the event that we are unable to compete effectively, we may lose some or all of our market share in the screen network market or lose our customers to these competitors and our business, results of operations, financial condition and future prospects could be adversely affected. Further, in markets where we typically do not face severe competition from other movie exhibitors, there may be circumstances wherein our competitors may establish new cinemas in such markets which could have an adverse effect on our markets share, business, results of operations and future prospects.

In addition to the cinema exhibition industry, we also compete in the advertising industry with other forms of marketing media including television and radio, as well as advertising in shopping centers, airports, stadiums, supermarkets and public transportation, including taxis, trains and buses. Advertisers may choose alternative methods to advertise which may have an adverse effect on our results of operations and financial condition.

**36. *We make significant investments in our leased premises for renovations and refurbishments, the cost of which we may be unable to recover.***

We periodically make significant, fixed capital improvements for renovations, refurbishments and upgradation to our cinemas. As such, we may be unable to recover investments we make in renovating, refurbishing or upgrading our locations at the termination of a lease. The loss of investments in such capital improvements, particularly if such losses occurred at a number of our leased locations, may have an adverse effect on our business, financial condition, results of operations and prospects.

**37. *We are involved in certain legal and other proceedings which, if determined against our Company and Subsidiaries could have a material adverse impact on our reputation and financial condition.***

We are involved in various legal proceedings in the ordinary course of our business. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. Our Company is involved in various entertainment tax proceedings wherein we have prayed for the continuation of entertainment tax exemption benefits that we were entitled to, prior to the implementation of the GST Act in India. For instance, in the states of Uttar Pradesh and Punjab, our Company has filed writ petitions praying for continuation of tax exemption benefits that they were entitled to prior to the implementation of the GST Act. For further details, see “*Outstanding Litigation and Defaults – Proceedings filed against the Company*” on page 179.

Further, our Company, being a listed entity is required to comply with the requirements of the SEBI Listing Regulations and other requirements prescribed by SEBI and the Stock Exchanges from time to time. In the past,



we have been issued a show cause notice dated November 22, 2016 by SEBI (the “**Show Cause Notice**”) in relation to certain performance based incentives to Mr. Ajay Bijli by certain shareholders of our Company, where such incentives were linked to creation of shareholder value as reflected by the share price of our Company and involved targets of revenue and profitability of our Company. This was in relation to alleged violations committed by Mr. Ajay Bijli of Clause 49D of the erstwhile Listing Agreement and corresponding Regulation 17(5) of the SEBI Listing Regulations and alleged violations committed by our Company of Clause 36 of the erstwhile Listing Agreement and corresponding Regulation 30 of SEBI Listing Regulations for non-disclosure of such arrangements. Subsequently, such arrangements were terminated and through a settlement order dated January 24, 2018, on payment of certain penalty amount, SEBI disposed of the adjudication proceedings initiated pursuant to the Show Cause Notice. For further details, see “**Other Regulatory and Statutory Disclosures – Compliance with Regulation 99 of the SEBI ICDR Regulations**” on page 187.

Additionally, one of our Promoter Group members had purchased and sold 18,900 Equity Shares (amounting to a negligible percentage of our Equity Share capital) in December 2019 and April 2020, respectively, in respect of which he was required to make disclosures to us within two trading days of undertaking each of these trades, in terms of Regulation 7(2)(a) of the Insider Trading Regulations. However, there was a delay in his submission of such disclosures to us, and these trades may also be deemed to not be in accordance with our code of conduct adopted under the Insider Trading Regulations. While we have informed the Stock Exchanges about such acquisition and disposal, within the time period prescribed under Regulation 7(2)(b) of the Insider Trading Regulations upon receiving the disclosures from the Promoter Group member, we cannot assure you that SEBI will not initiate any action against us or our Promoter Group member. We and our Promoter Group member may be subject to levy of fine and penalties by SEBI and any such action may consequently impact our reputation and trading price of our Equity Shares

Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment in that risk is insignificant. These legal proceedings may not be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities.

If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation and financial condition. For further information, see “**Outstanding Litigation and Defaults**” on page 176.

### **38. Our results of operations fluctuate from quarter-to-quarter.**

The most marketable movies are usually released during the summer and holiday seasons. Therefore, our business is subject to significant seasonal fluctuations, with higher attendance and revenues generally occurring during the summer months and holiday seasons. As a result of this, our quarter-to-quarter results may not be comparable or a meaningful indicator of our future performance. It is possible that in the future some of our quarterly results of operations may be below expectations of market analysts and our investors and which may adversely impact market price of our Equity Shares.

### **39. We depend on third party cinema equipment providers for our screening equipment, as well as for installation and maintenance services, that are essential to our business.**

We depend on third party suppliers to provide us with cinema equipment, such as digital servers and digital projectors. We also rely on some of these providers for installation and maintenance services for this equipment. We have entered into equipment lease contracts for projectors with third parties. These terms of these lease contracts involve significant upfront payments and include a purchase option. In the event that these providers do not fulfil their obligations under our contracts with them, we may not be able to enforce such obligations or succeed in a claim against them for damages, which could affect our business and financial condition. In addition, we may be unable to renew these agreements on favourable terms, in a timely manner, or at all, and we may be unable to procure suitable replacement for such equipment in a timely manner, if at all. If we do not have access to quality cinema equipment or such equipment fails to meet the specifications required by our technical systems, we may not be able to expand our reach to customers or replace non-functioning cinema equipment for existing cinemas, which could result in a damage to our reputation for service and quality. In addition, we may be unable to pass increases in cinema equipment costs on to our customers. If our cinema equipment costs increase, our business, financial condition and results of operations may be adversely affected.

40. ***Certain of our customers account for a significant portion of our advertisement revenues. The loss or reduction in spending by any of these customers could have an adverse effect on our revenues and results of operations.***

While we seek to diversify the sources of our advertisement revenue, a significant portion of our advertisement revenue are derived from our advertising contracts with limited customers. In Fiscal 2020 and Fiscal 2019, advertisement income from our top five customers represented 39.6% and 38.4% of our total revenues in such periods, respectively. If we are unable to provide advertising services to any of these customers, or if we fail to renew our arrangements with these customers or attract new customers, our revenues and results of operations will be adversely affected.

41. ***Internal or external fraud or misconduct by our employees could adversely affect our reputation and our results of operations.***

We may be subject to misconduct by employees, or mishandling of movies and projectors by our employees which could result in piracy of movies, prior to their theatrical release, by such employees. Our businesses may accordingly expose us to the risk of fraud, misappropriation or unauthorized acts by our representatives and employees responsible for dealing with our operations. In addition, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud, insider trading or misconduct by our representatives and employees, which could adversely affect our goodwill. Any instances of such fraud, insider trading or misconduct could adversely affect our reputation, business, results of operations and financial condition.

42. ***Industry information included in this Letter of Offer has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate.***

We have availed the services of an independent third party research agency, CRISIL Research, a division of CRISIL Limited, to prepare an industry report titled “Market Assessment of the film and multiplex industry in India” dated March 2019, for purposes of inclusion of such information in this Letter of Offer. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. Further, some of the industry data and information may be dated. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or the Lead Manager or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer.

43. ***Our employees are unionized and any union action may adversely affect our business.***

Certain of our employees are members of Bhartiya Kamgar Sena in Maharashtra. Accordingly, we may in the future be affected by strikes, work stoppages or other labor disputes, incase such an union organizes any strikes. In the event of a labor dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations. While we believe that we have a strong working relationship with our union and employees, there can be no assurance that we will continue to have such a relationship in the future, and that there will not be significant strikes or disputes with employees that could affect our operations in future.

44. ***Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business and revenues.***

Our existing insurance may not be sufficient to cover all damages, whether foreseeable or not. Presently, for our cinemas, we have obtained an ‘industrial all risk policy’ which covers perils like material damage to property, loss of gross profit and machine breakdown. We have also obtained ‘erection all risks insurance’ for our under construction cinemas in India. We have taken an ‘exhibitor’s loss of revenue’ insurance policy, which

covers any loss of revenue from, amongst others, any strike, 'bandh', terrorism attack and curfew situation without any physical damage to the cinemas in India. In addition, we have obtained a commercial general liability policy to provide insurance cover against any third party liability claims. We have also obtained a director's and officers' liability insurance, a cyber-liability insurance policy and crime insurance policy. Our Company has also obtained a money insurance policy that protects both cash in safe and cash in transit. For our human resources, we maintain an employee group mediclaim policy, which covers all employees including their dependents, and also maintain an employee group term life policy, group personal accidental policy and fidelity insurance policy. While we have various insurance policies, we cannot assure you that there will not be situations which will not be covered under such policies, for instance, while we have an exhibitor's loss of revenue policy in place, the insurance coverage may not be sufficient to meet any losses we face due to the shut-down of cinemas due to COVID-2019. Further, we apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be materially adversely affected.

Insurance against losses of this type can be expensive, and insurance premiums may increase in the near future and rising costs of insurance premiums could have a material adverse effect on our financial position and results of operations.

**45. *We have certain contingent liabilities that have not been accounted for in our financial statements, which if they materialize, may adversely affect our financial condition.***

As of March 31, 2020, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

		(₹ in lakhs)
S.No.	Particulars	March 31, 2020
1.	Estimated tax exposure against various appeals filed by the Group against the demand with Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal and High Court with regard to certain expenses disallowed by the assessing officer in respect of financial year ended March 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 (The Group has paid an amount of ₹ 1,081 lakhs).	2,769
2.	Demand of entertainment tax under Assam Amusement and Betting Tax Act, 1939 where appeal is pending before Supreme Court.	334
3.	Notice from Entertainment Tax Department Chennai against short deposit of Entertainment Tax on regional movies.	43
4.	Notice from Commercial Tax Department, Indore against alleged collection of Entertainment tax during exemption period.	823
5.	Notice from Entertainment Tax Department Maharashtra in respect of levy of Entertainment tax on Convenience fees.	161
6.	Show cause notices raised by Service tax authorities on levy of service tax on 3D glass charges, TM charges, convenience fee, activity of movie distribution/exhibition, admission to alleged bowling alleys (The Group has already deposited under protest an amount of ₹ 249 lakhs).	5,663
7.	Demand raised with regard to service tax on food and beverages (The Group has already deposited under protest an amount of ₹ 185 lakhs).	3,668
8.	Estimated tax exposure of Service tax on sale of food and beverages.	6,032
9.	Demand of VAT under various states VAT Acts where appeal is pending before competent authority (The Group has already deposited under protest an amount of ₹ 28 lakhs).	717
10.	Demand from Entertainment Tax Department of Tamil Nadu in respect of levy of Entertainment tax on Convenience fees.	2,314
11.	Demand of entry tax in the state of Telangana for various material imported into the State (The Group has already deposited under protest an amount of ₹ 25 lakhs).	101
12.	Demand of Entertainment tax under Rule 22 of Punjab Entertainment Tax (Cinematographs shows) Rules, 1954 (The Group has already deposited under protest an amount of ₹ 40 lakhs).	160

S.No.	Particulars	March 31, 2020
13.	Demand under Employees Provident Fund Act, 1952 (The Group has already deposited under protest an amount of ₹ 38 lakhs).	106
14.	Tax assessment & Demand bill issued by Superintendent of Tax Kolhapur Municipal Corporation. (The Group has already deposited under protest an amount of Rs 3 lakhs).	20
15.	Labour cases pending *	Amount not ascertainable

*\*In view of the several number of cases, pending at various forums/courts, it is not practicable to furnish the details of each case, however, as per management estimate, the amount in aggregate is not material. Based on the discussions with the solicitors, the management believes that the Group has strong chances of success in the cases and hence no provision is considered necessary.*

For further information on our contingent liabilities, see “**Financial Statements**” on page 116.

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

**46. *Our Company’s ability to pay dividends in the future will depend on our Company’s earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our Company’s financing arrangements.***

In accordance with SEBI Listing Regulations, we have adopted a dividend distribution policy that sets out the broad parameters and factors that will be taken into consideration by our Directors in relation to the declaration of dividends. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, restrictive covenants contained in agreements entered into with lenders, the extent of realized profits out of the profits calculated as per Ind AS, cash flows, overall financial position, taxation and regulatory concerns, future expansion plans of our Company which could entail cash conservation, past performance and working capital management of our Company, and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Shareholders. Dividend payments will also depend on macroeconomic conditions such as the state of the economy and of the movie industry, and other factors deemed appropriate by our Directors. We may be unable to pay dividends in the near or medium-term particularly as we conserve cash to cope with the disruption in our business operations due to the COVID-2019 pandemic, and our ability to distribute dividends in the future will depend on our capital requirements and financing arrangements in respect of our business, financial condition and results of operations.

**47. *Any increase in our employee and contractors’ costs may adversely affect our margins and results.***

We have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Although our staff costs have not significantly increased in the last three Fiscals, we may incur higher staff costs in the future as we continue to increase our staff count to prepare for future new cinemas. In Fiscal 2020 and Fiscal 2019, employee benefits expense amounted to ₹ 39,381 lakhs and ₹ 33,726 lakhs, respectively, which accounted 11.7% and 12.0%, respectively, of our total expense in such periods.

As of March 31, 2020, we had 5,287 full-time employees. In addition, we contract with third party manpower agencies for the supply of manpower at our cinemas, and as of March 31, 2020, we had over 9,300 contractual employees. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. For instance, in 2017, the Labour Department of the Government of National Capital Territory of Delhi, increased the minimum wages for unskilled, semi-skilled and skilled persons working in Delhi. Further, we may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase. Any of these factors could adversely affect our business, financial condition and results of operations.

In order to rationalize our fixed costs due to COVID-2019, we have reduced the amount of monthly salaries that are paid by us to certain of our employees. Our employees may be dissatisfied and may threaten or commence legal proceedings against us, contesting such reduced payments, which will further result in an increase in our expenses and such proceedings and expenses may have an unfavourable impact on our business and operations.

In view of the COVID-2019 pandemic, we have terminated our contracts with certain of our employees and have also invoked the *force majeure* clauses under our third party contracts and have terminated such contracts with immediate effect in order to rationalize our costs. The Ministry of Labour and Employment, Government of India, (“**Ministry of Labour and Employment**”) issued an advisory dated March 20, 2020 (“**Advisory**”) to all the chief secretaries of states and union territories asking them to direct all the employers of public/private establishments not to terminate their employees, particularly casual and contractual workers from their job or reduce the wages. Pursuant to the Advisory, several state governments have issued advisories/orders directing the public and private establishments to consider the employees as ‘on duty’ and pay the wages during the period of lockdown and subsequently, the Ministry of Home Affairs, Government of India, passed an order dated March 29, 2020 (“**Order**”) making the Advisory mandatory by directing that any violation will be punishable under the DM Act. While a public interest litigation has been filed before the Supreme Court of India, challenging these orders and with the relaxations being introduced by the Government of India, the Order has now been withdrawn with effect from May 18, 2020, we cannot assure you that the termination of our contracts will not be challenged by the third parties and that we will not have to make payments to such contractors for the period during which our cinemas are non-operational, specifically for the duration during which the Order was in force. Additionally, once we re-commence our business and operations, we will be required to enter into contracts again with third parties for the provision of manpower. We cannot assure that we will be able to do so at terms that are favourable to our business and financial condition.

**48. *We may be unable to attract and retain sufficient qualified and trained staff in all or any of our cinemas which may adversely affect our business.***

Providing quality services at our cinemas is also one of the critical aspects for the success of our business operations. Our continued success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees for our cinemas. As we expand our screen network, we will need experienced manpower that has knowledge of the local market and our industry to operate our cinemas. There can be no assurance that attrition rates for our employees, particularly our sales personnel, will not increase. A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our cinemas in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

**49. *We have significant power requirements for continuous running of our business operations. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an adverse effect on our business, results of operations and financial condition.***

Our cinemas have significant electricity requirements and any interruption in power supply to our cinemas may disrupt our operations. Our business and financial results may be adversely affected by any disruption of operations. Our electricity and water charges (net of recovery) was ₹ 20,560 lakhs and ₹ 18,107 lakhs in Fiscal 2020 and Fiscal 2019, respectively.

We depend on third parties for all of our power requirements. Further, we have limited options in relation to maintenance of power back-ups such as diesel generator sets and any increase in diesel prices will increase our operating expenses, which may adversely impact our business margins. Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of our cinemas. In majority of the markets we operate in, there are limited number of electricity providers due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition and results of operations. Further, in certain of our cinemas, the lessor’s / licensor’s responsibility to supply power is dependent on the relevant power distribution or electricity board over which we have no control. Accordingly, we may suffer a loss of revenue in the event there is a prolonged power outage at our cinemas. In addition, the Government may in order to control the pollution levels, restrict or ban the use of diesel generators in the future.

**50. *Grants of stock options under our employee stock option plans may result in a charge to our statement of profit and loss account and, to that extent, adversely affect our business, financial condition, results of operations and prospects.***

We propose to issue stock options under the ESOS 2017 and ESOS 2020. Under Ind AS, the grant of employee stock options results in a charge to our Company's statement of profit and loss account equal to the difference between the fair value of our Equity Shares determined at the date of grant and the exercise price (which will amortize over the vesting period of these stock options). For further information on the employee stock option schemes of our Company, see *"Capital Structure – Details of options and convertible securities outstanding as on the date of filing of this Letter of Offer"* on page 70.

Further, we may continue to introduce such employee stock option schemes in the future, where we issue options to our employees at substantial discount to the market price of the Equity Shares, which may have a material adverse impact on our results of operations and financial condition. The holders of our Equity Shares may experience dilution of their shareholding to the extent that we issue any Equity Shares pursuant to any options issued under our employee stock option schemes.

**51. *A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from Axis Bank, which is an affiliate of the Lead Manager.***

We propose to repay certain loans obtained from Axis Bank, from the Net Proceeds as disclosed in *"Objects of the Issue"* on page 72. Axis Bank is an affiliate of the Lead Manager and is not an associate of the Company in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. Loans and facilities sanctioned to our Company by Axis Bank is a part of its normal commercial lending activity and we do not believe that there is any conflict of interest under the SEBI (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. For details, see *"Objects of the Issue"* on page 72.

**52. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see *"Objects of the Issue"* on page 72.

## **RISKS RELATING TO INDIA**

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

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. Recently, Moody's Investors Services downgraded India's credit rating of its foreign currency and local currency long-term issuer ratings to "Baa3" from "Baa2" and the outlook remains negative. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

**54. *Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

We are incorporated in, and majority of our operations are located in, India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors

influencing the Indian economy. The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. In particular, due to the COVID-2019 pandemic, the global economy including the Indian economy are experiencing an extreme slowdown in economic activity and recessionary conditions may be prevalent globally in the near to medium term. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of the Equity Shares.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

***55. The Indian tax regime is currently undergoing substantial changes which could adversely affect our Company's business and the trading price of the Equity Shares. Further, there could be material amendments to the tax regime in India which could affect our business and operations.***

Previously, we were subject to state entertainment tax, service tax and state value added tax. With effect from July 1, 2017, GST was implemented in India, which combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, central sales tax, entertainment tax, state value added tax, cess and surcharge and excise that were being collected by the GoI and state governments. GST is expected to have a significant impact on the results of our operations. Initially, under the GST regime, movie exhibition fell under the highest tax bracket of 28% (for tickets above ₹ 100), which was comparatively higher than countries, such as, China, Japan and France. However, with effect from January 1, 2019, the GST rate has been reduced to 12% from 18% for tickets up to ₹ 100 and 18% from 28% for tickets above ₹ 100. In addition, initially, the GST rate was 18% on F&B, however, the GST rate has now been fixed at 5% on F&B without any input tax credit, thereby limiting the ability of cinema operators to offset input credit against output tax liability, which increases costs for the cinema operators. Any increase in the GST rates could adversely affect our business and consequently affect the trading price of our Equity Shares. In addition, certain state GST authorities have sought information from our Company in relation to the rates at which various categories of cinema tickets and screen-wise movie tickets were being sold in the period before and after the effective date of reduction in the GST rate, i.e. January 1, 2019, under Section 171 of the Goods and Services Tax Act, 2017. Our Company has responded to the relevant authorities along with necessary documents.

Further, under the erstwhile indirect tax regime in India, the state governments were levying entertainment tax on the exhibition of films in cinemas, including multiplexes. With the implementation of GST, the entertainment tax levied by the state governments was subsumed under GST. However, certain local bodies levy local body entertainment tax, in addition to GST, within their state. For instance, in Tamil Nadu, the Greater Chennai Corporation's Revenue Department levies local body entertainment tax of 8.0% of the net ticket price for Tamil films, 15.0% of the net ticket price for Hindi and other regional films and 20.0% of the net ticket price for English films. If any other local bodies in the states we operate start implementing such entertainment tax or any subsequent increase in LBET could result in a reduction in our profitability and could materially affect our business and results of operations.

In addition, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for India companies from 34.94% to approximately 25.17%. Any such similar material amendments in the laws governing taxation in India may result in changing or modifying our policies/ standards and accordingly, our business, financial condition and results of operations could be impacted.

**56. *A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

**57. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

The annual rate of inflation, based on monthly wholesale price index was 1.0% (provisional) for the month of March 2020 (over March 2019) as compared to 2.26% (provisional) for February 2020 and 3.10% during the corresponding month of the previous year. (Source: *Index Numbers of Wholesale Price in India, Review for the month of March 2020, published on April 15, 2020 by Government of India, Ministry of Commerce and Industry*). Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

**58. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

**59. *Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.***

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

**60. *Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.***

Our articles of association and Indian law govern our corporate affairs. Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions.



**61. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years, in particular has significantly depreciated in the year 2018, and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**62. *Investors may have difficulty enforcing judgments against us or our management.***

Our Company is incorporated under the laws of India. Most of our Directors are residents of India and a substantial portion of our assets and the assets of the Directors are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, (iii) enforce, in an Indian court, court judgments obtained outside of India, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

**RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES INCLUDING THE RIGHTS EQUITY SHARES**

**63. *We will not distribute this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter to certain categories of overseas shareholders.***

In accordance with the SEBI ICDR Regulations and May 6 - Rights Issue Circular, our Company will send, only through e-mail, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the e-mail addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Further, this Letter of Offer will be provided, only through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company. In the event the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that SEBI or any other authority would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

**64. *No active market may develop for the trading of the Rights Entitlements and the price of Rights Entitlements may be volatile. Further, the failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

We cannot assure you that during the Issue Period, an active trading market will develop for the Rights Entitlements on the Stock Exchanges or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares

The Rights Entitlements that are not exercised prior to the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of such Eligible Equity Shareholders will accordingly get diluted. Even if the Investor elects to sell his unexercised Rights Entitlements, the consideration he receives for them, may not be sufficient to fully compensate him for the dilution of his percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Further, in case of Renunciations, Renouncees may not be able to apply in the Issue, in the event that their Rights Entitlements are not credited in a timely manner into their demat accounts, prior to the Issue Closing Date.

**65. *The OAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with May 6 – Rights Issue Circular, a separate web based application platform, i.e., the OAP facility (accessible at <https://rights.kfintech.com/pvr>), has been instituted for making an Application in this Issue by resident Investors. Further, OAP is only an additional option and not a replacement of the ASBA process. On OAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “**Terms of the Issue – Procedure for Application through the OAP**” on page 209. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and

- effectively managing payment solutions logistics and technology infrastructure.

Investors should also note that only certain banks provide a netbanking facility by way of which payments can be made on the OAP platform. In the event that your bank does not provide such facility, you will have to use an UPI ID to make a payment. Further, OAP is a new facility which has been instituted due to challenges arising out of COVID-2019 pandemic. We cannot assure you that OAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative in nature and not exhaustive. Any failure to manage the OAP facility may impair the functioning of the payment mechanism for this Issue. Since applying through the OAP has been introduced recently and is different from the ASBA process, we cannot assure that Investors will not face difficulties in accessing and using such facility.

**66. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of *force majeure*, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

**67. *Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form.***

In accordance with SEBI ICDR Regulations, the Rights Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Rights Equity Shares in physical form. The Rights Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Rights Equity Shares. For details, see "***Terms of the Issue – Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner***" on page 225.

**68. *Investors will be subject to market risks until the Rights Equity Shares credited to their demat accounts are listed and permitted to trade.***

Investors can start trading the Rights Equity Shares allotted to them only after they are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Rights Equity Shares to the date when trading approval is granted for them. Further, there can be no assurance that the Rights Equity Shares allocated to an Investor will be credited to the Investor's demat account or that trading in the Equity Shares will commence in a timely manner.

**69. *The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

**70. *The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.***

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, adverse media reports on our Company, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. If the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, may adversely affect the trading price of our Equity Shares.

**71. *Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.***

Our Company may be required to finance its future growth and business requirements through additional securities offerings. Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares, including sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**72. *Your ability to acquire and sell the Rights Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.***

No actions have been taken to permit a public offering of the Rights Equity Shares offered in the Issue in any jurisdiction except India. As such, our Rights Equity Shares have not and will not be registered under the US Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Rights Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, see "*Notice to Overseas Investors*" and "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" on pages 8 and 191, respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Rights Equity Shares made other than in compliance with applicable law.

**73. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Finance Act, 2018 levies taxes on long term capital gains exceeding ₹ 1,00,000 arising from the sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as STT is paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between

India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

**74. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares of our Company between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions), subject to compliance with certain applicable pricing and reporting requirements. For instance, in accordance with the FEMA Non-Debt Rules, in the event that there is a transfer of Rights Entitlements from a resident to a non-resident, such transfer has to be made in accordance with the pricing guidelines. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issuance of the Rights Equity Shares to Restricted Investors will also require a prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

**75. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Rights Equity Shares, your proportional interests in us would be reduced.

**76. *Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Rights Equity Shares rights to subscribe for additional Rights Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Rights Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Rights Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United

States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board on June 8, 2020, pursuant to Section 62 of the Companies Act.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “*Terms of the Issue*” on page 196.

Issue Details in Brief	
<b>Rights Equity Shares being offered by our Company</b>	Up to [●] Rights Equity Shares
<b>Rights Entitlements</b>	[●] Rights Equity Shares for every [●] Equity Shares held on the Record Date*
<b>Record Date</b>	[●], 2020
<b>Issue Price per Rights Equity Share</b>	₹ [●]
<b>Face Value per Rights Equity Share</b>	₹ 10
<b>Issue Size</b>	Up to ₹ [●] lakhs
<b>Equity Shares subscribed, paid-up and outstanding prior to the Issue</b>	5,13,49,145 Equity Shares of ₹ 10 each
<b>Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlements)</b>	[●] Equity Shares of ₹10 each
<b>ISIN for Rights Entitlements</b>	[●]
<b>Security Codes for the Equity Shares</b>	ISIN: INE191H01014 BSE: 532689 NSE: PVR
<b>Terms of the Issue</b>	See “ <i>Terms of the Issue</i> ” on page 196
<b>Use of Issue Proceeds</b>	See “ <i>Objects of the Issue</i> ” on page 72
<b>Terms of Payment</b>	The full amount is payable on application

\* For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Audited Financial Statements. Our summary financial information presented below, is in Rupees lakhs and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the section “***Financial Information***” on page 116.

*[The remainder of this page has been intentionally left blank]*



**PVR Limited**  
**Consolidated Balance Sheet as at March 31, 2020**  
(Rupees in lakhs, except for per share data and if otherwise stated)

Particulars	March 31, 2020 (Rs. In lakhs)	March 31, 2019 (Rs. In lakhs)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,63,580	1,48,997
Capital work-in-progress	15,471	22,080
Right-of-use assets	3,00,473	-
Goodwill	1,05,204	1,05,330
Other intangible assets	19,346	19,921
Financial assets		
Equity accounted investees	59	112
Investments	50	885
Loans	23,956	23,005
Other financial assets	2,169	2,242
Deferred tax assets (net)	20,631	1,068
Income tax assets (net)	4,774	3,650
Other non current assets	11,846	18,460
<b>Total non-current assets (A)</b>	<b>6,67,559</b>	<b>3,45,750</b>
<b>Current assets</b>		
Inventories	3,067	3,034
Financial assets		
Investments	117	108
Trade receivables	18,926	18,386
Cash and cash equivalents	31,559	2,817
Bank balances other than cash and cash equivalents, above	671	597
Loans	867	1,183
Other financial assets	2,516	2,145
Other current assets	17,638	11,066
<b>Total current assets (B)</b>	<b>75,361</b>	<b>39,336</b>
<b>Total assets [A+B]</b>	<b>7,42,920</b>	<b>3,85,086</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	5,135	4,674
Other equity	1,42,887	1,44,895
<b>Equity attributable to equity holders of the Parent Company</b>	<b>1,48,022</b>	<b>1,49,569</b>
Non-controlling interests	29	46
<b>Total equity (A)</b>	<b>1,48,051</b>	<b>1,49,615</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	91,344	1,01,876
Lease liabilities	3,56,911	-
Other financial liabilities	10,352	4,217
Provisions	1,362	1,825
Deferred tax liabilities (net)	143	3,731
Other non-current liabilities	5,709	18,499
<b>Total non-current liabilities (B)</b>	<b>4,65,821</b>	<b>1,30,148</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	18,734	8,515
Lease liabilities	20,236	-
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	215	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	31,028	36,771
Other financial liabilities	30,630	36,100
Provisions	433	321
Other current liabilities	27,772	23,616
<b>Total current liabilities (C)</b>	<b>1,29,048</b>	<b>1,05,323</b>
<b>Total liabilities [B+C]</b>	<b>5,94,869</b>	<b>2,35,471</b>
<b>Total equity and liabilities [A+B+C]</b>	<b>7,42,920</b>	<b>3,85,086</b>

**PVR Limited**
**Consolidated Statement of Profit and Loss for the year ended March 31, 2020**  
**(Rupees in lakhs, except for per share data and if otherwise stated)**

Particulars	March 31, 2020 (Rs. In lakhs)	March 31, 2019 (Rs. In lakhs)
<b>Income</b>		
Revenue from operations	3,41,444	3,08,556
Other income	3,779	3,314
<b>Total income</b>	<b>3,45,223</b>	<b>3,11,870</b>
<b>Expenses</b>		
Movie exhibition cost	73,345	70,193
Consumption of food and beverages	26,369	23,874
Employee benefits expense	39,381	33,726
Finance costs	48,179	12,801
Depreciation and amortisation expense	54,246	19,128
Other operating expenses	94,690	1,22,130
<b>Total expenses</b>	<b>3,36,210</b>	<b>2,81,852</b>
<b>Profit before share of profit/(loss) of equity accounted investees and tax</b>	<b>9,013</b>	<b>30,018</b>
Share of profit/(loss) of equity accounted investees (net of tax)	(54)	(115)
<b>Profit before tax</b>	<b>8,959</b>	<b>29,903</b>
<b>Tax expense</b>		
Current tax	3,023	6,715
Adjustment of tax relating to earlier periods	(35)	162
Deferred tax (including MAT credit entitlement)	112	4,086
Tax impact related to change in tax rate and law	3,174	-
<b>Total tax expense</b>	<b>6,274</b>	<b>10,963</b>
<b>Net profit after tax</b>	<b>2,685</b>	<b>18,940</b>
Non-controlling interests	45	43
<b>Net profit after tax and after adjustment of non controlling interests [A]</b>	<b>2,730</b>	<b>18,983</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss in subsequent period	(668)	(1,277)
Items that will be reclassified to profit or loss in subsequent period	7	(22)
<b>Other comprehensive income for the year (net of tax) [B]</b>	<b>(661)</b>	<b>(1,299)</b>
<b>Total comprehensive income for the year [A+B] (comprising profit and other comprehensive income)</b>	<b>2,069</b>	<b>17,684</b>
<b>Net Profit attributable to:</b>		
Owners of the Company	2,730	18,983
Non-controlling interests	(45)	(43)
<b>Other Comprehensive Income attributable to:</b>		
Owners of the Company	(661)	(1,299)
Non-controlling interests	-	-
<b>Total Comprehensive Income attributable to:</b>		
Owners of the Company	2,069	17,684
Non-controlling interests	(45)	(43)
<b>Earnings per equity share on Net profit after tax</b>		
<b>[Nominal Value of share Rs. 10 each (March 31, 2019: Rs.10 each)]</b>		
Basic	5.50	39.77
Diluted	5.47	39.52

**PVR Limited**
**Consolidated Statement of Cash Flows for year ended March 31, 2020**
**(Rupees in lakhs, except for per share data and if otherwise stated)**

Particulars	March 31, 2020 (Rs. In lakhs)	March 31, 2019 (Rs. In lakhs)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>8,959</b>	<b>29,903</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	20,499	16,843
Amortisation of intangible assets	2,321	2,285
Amortisation of right-of-use assets	31,426	-
Net loss/(gain) on disposal of property, plant and equipment	(43)	143
Interest income	(1,367)	(1,219)
Allowance for doubtful debts and advances	1,483	1,273
Bad debts/advances written off	56	53
Finance costs	47,297	11,983
Share based payment expense	120	296
Liabilities written back	(183)	(119)
Miscellaneous income	(231)	-
Rent expenses (pertaining to deferred rent)	-	1,149
Share of loss of equity accounted investees	54	115
Inventories written off	183	-
Convenience fees (Time value of money adjustment)	(2,452)	(1,245)
	<b>1,08,122</b>	<b>61,460</b>
<i>Working capital adjustments:</i>		
Increase/(Decrease) in provisions	(128)	86
Increase/(Decrease) in trade & other payables	(15,016)	37,109
Decrease/(Increase) in trade receivables	(1,501)	(2,159)
Decrease/(Increase) in inventories	(216)	(777)
Decrease/(Increase) in loans and advances and other assets	(9,612)	(4,416)
<b>Cash generated from operations</b>	<b>81,649</b>	<b>91,303</b>
Direct taxes paid (net of refunds)	(2,945)	(8,339)
<b>Net cash flows from operating activities (A)</b>	<b>78,704</b>	<b>82,964</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE, Intangible assets, CWIP and Capital advances	(38,505)	(43,619)
Payment towards acquisition of SPI Cinemas Private Limited	-	(53,560)
Security deposits given to Mall Developers	(929)	(4,686)
Proceeds from sale of PPE	129	133
Loan repaid by body corporate	-	114
Interest received	260	271
Fixed deposits with banks	12	(197)
<b>Net cash flows from/(used in) investing activities (B)</b>	<b>(39,033)</b>	<b>(1,01,544)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	50,405	-
Proceeds from long term borrowings	26,419	64,413
Repayment of long-term borrowings	(33,163)	(33,165)
Proceeds from short-term borrowings	35,000	40,000
Repayment of short-term borrowings	(35,000)	(45,550)
Repayment of lease liabilities (includes interest on lease liabilities)	(49,654)	-
Payment of dividend and tax thereon	(3,600)	(1,127)
Interest paid on borrowings	(11,510)	(10,328)
<b>Net cash flows from/(used in) financing activities (C)</b>	<b>(21,103)</b>	<b>14,243</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>18,568</b>	<b>(4,337)</b>
Cash and cash equivalents at the beginning of the year	(743)	2,676
Add: Cash acquired on acquisition of SPI Cinemas Private Limited	-	918
<b>Cash and cash equivalents at the end of the year</b>	<b>17,825</b>	<b>(743)</b>
<b>Cash and cash equivalents</b>		
Cash on hand	91	852
<i>Balance with banks:</i>		
On current accounts	10,262	1,889
On deposits with original maturity of less than three months	10,000	76
Investment in Mutual fund	11,206	-
<b>Cash and cash equivalents</b>	<b>31,559</b>	<b>2,817</b>
Less: Secured bank overdraft	(13,734)	(3,560)
<b>Total cash and cash equivalents</b>	<b>17,825</b>	<b>(743)</b>

## GENERAL INFORMATION

Our Company was incorporated on April 26, 1995 under the Companies Act, 1956 as 'Priya Village Roadshow Limited' with a certificate of incorporation granted by the RoC. On June 28, 2002 the name of our Company was changed to 'PVR Limited' consequent to the exit of 'Village Roadshow Limited' from our Company pursuant to a fresh certificate of incorporation dated June 28, 2002. Further, at the time of incorporation of our Company, our registered office was located at 50, West Regal Building, Connaught Place, New Delhi 110 001 which was changed to 61, Basant Lok, Vasant Vihar, New Delhi 110 057 which was approved by our Board pursuant to its resolution dated August 5, 2005.

### Registered Office

61, Basant Lok, Vasant Vihar,  
New Delhi 110 057  
India

### Corporate Office

Block A, 4<sup>th</sup> Floor, Building No. 9A,  
DLF Cyber City, Phase - III,  
Gurugram 122 002, Haryana  
India

**Corporate Identity Number:** L74899DL1995PLC067827

**Registration Number:** 055-067827

### Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

### Registrar of Companies, National Capital Territory of Delhi and Haryana

4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 019  
India

### Board of Directors

The following table sets out the details of our Board as of the date of this Letter of Offer:

Name	DIN	Address
<b>Mr. Ajay Bijli</b> <i>Designation:</i> Chairman cum Managing Director	00531142	No. 9, Palam Marg, Vasant Vihar, New Delhi 110 057, India
<b>Mr. Sanjeev Kumar</b> <i>Designation:</i> Joint Managing Director	00208173	C-3/2, G/F, F/F C-3, Near Tagore International School, Vasant Vihar-1, New Delhi 110 057, India
<b>Mr. Sanjai Vohra</b> <i>Designation:</i> Independent Director	00700879	6 Hollybush Close, Sevenoaks, Kent TN13 3XW, United Kingdom
<b>Ms. Renuka Ramnath</b> <i>Designation:</i> Non-executive Director	00147182	D-4701/2, Floor 47, Ashok Tower, 63/74, Dr. S.S. Rao Marg, Parel, Mumbai 400 012, Maharashtra, India
<b>Mr. Anish Kumar Saraf<sup>†</sup></b> <i>Designation:</i> Non-executive Director	00322784	Flat No.3002, Vivarea, 30 <sup>th</sup> Floor, B Wing, Near Jacob Circle, Sane Guruji Marg, Mumbai 400 011, India
<b>Mr. Vikram Bakshi</b> <i>Designation:</i> Independent Director	00189930	157, Golf Links, New Delhi 110 003, India
<b>Ms. Deepa Misra Harris</b> <i>Designation:</i> Independent Director	00064912	Flat No.1103, 11 <sup>th</sup> Floor, B Wing, Vivarea Tower, Sane Guruji Marg, Jacob Circle, Mumbai 400 011, India

Name	DIN	Address
<b>Ms. Pallavi Shardul Shroff**</b> <i>Designation: Independent Director</i>	00013580	S – 270, Greater Kailash Part – II, New Delhi 110 048, India

*\*Mr. Anish Kumar Saraf was appointed as an additional Non-executive Director to our Board pursuant to a Board resolution dated June 8, 2020. His appointment will be regularized in the next Annual General Meeting.*

*\*\*Ms. Pallavi Shardul Shroff was appointed as an additional Independent Director to our Board pursuant to a Board resolution dated October 22, 2019. Her appointment will be regularized in the next Annual General Meeting.*

For further details in respect of our Directors, see “**Management- Board of Directors**” on page 112.

#### **Company Secretary and Compliance Officer**

Mr. Pankaj Dhawan is our company secretary and compliance officer. His contact details are as follows:

##### **Mr. Pankaj Dhawan**

Block A, 4<sup>th</sup> Floor, Building No. 9A

DLF Cyber City, Phase – III

Gurugram 122 002

Haryana, India

**Tel:** +91 124 4708 100, **Ext:** 8136

**E-mail:** pankaj.dhawan@pvrcinemas.com

#### **Lead Manager to the Issue**

##### **Axis Capital Limited**

1<sup>st</sup> Floor, Axis House,

C-2 Wadia International Centre

Pandurang Budhkar Marg, Worli

Mumbai 400 025

Maharashtra, India

**Telephone:** +91 22 4325 2183

**E-mail:** pvr.rights@axiscap.in

**Investor Grievance E-mail:** complaints@axiscap.in

**Website:** www.axiscapital.co.in

**Contact Person:** Sagar Jatakiya

**SEBI Registration No.:** INM000012029

#### **Domestic Legal Advisor to the Issue**

##### **Shardul Amarchand Mangaldas & Co**

Amarchand Towers

216, Okhla Industrial Estate, Phase-III

New Delhi 110 020

India

**Tel:** +91 11 4159 0700

#### **Special Purpose International Legal Counsel to the Lead Manager**

##### **Squire Patton Boggs Singapore LLP**

10 Collyer Quay

#03-01/02 Ocean Financial Centre

Singapore 049315

Republic of Singapore

**Tel:** +65 6922 8668

### **Statutory Auditors of our Company**

#### **B S R & Co. LLP, Chartered Accountants**

Building No. 10, 8<sup>th</sup> Floor, Tower B  
DLF Cyber City, Phase-II  
Gurugram 122 002  
Haryana, India  
**Tel:** +91 124 719 1000  
**Fax No:** +91 124 235 8613  
**E-mail:** adhirkapoor@bsraffiliates.com  
**Firm Registration Number:** 101248W/W-100022  
**Peer Review Certificate Number:** 011748

### **Registrar to the Issue**

#### **KFin Technologies Private Limited**

(formerly known as “Karvy Fintech Private Limited”)  
Selenium Tower B  
Plot No- 31 and 32, Financial District  
Nanakramguda, Serilingampally  
Hyderabad, Rangareddi 500 032  
Telangana, India  
**Tel:** +91 40 6717 2222  
**Toll free number:** 18003454001  
**E-mail:** pvr cinemas.rights@kfintech.com  
**Investor grievance E-mail:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** M. Murali Krishna  
**SEBI Registration No.:** INR000000221

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or OAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of OAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of OAP process). For details on the ASBA process and OAP process, see “*Terms of the Issue*” on page 196.

### **Experts**

Our Company has received consent from its Statutory Auditors, B S R & Co. LLP, Chartered Accountants through its letter dated [●], 2020 to include its name as required under the provisions of the Companies Act, in this Letter of Offer in respect of their audit report dated June 8, 2020 relating to Audited Financial Statements in accordance with the SEBI ICDR Regulations, as an “expert” as defined under Section 2(38) of the Companies Act and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the US Securities Act.

### **Banker to the Company**

#### **Axis Bank Limited**

DLF City Gurgaon Branch  
GL 005 to 008  
Cross Point, DLF Phase IV  
Gurugram 122 009, Haryana, India  
**Tel:** +91 124 469 6591  
**E-mail:** dlfgurgaon.branchhead@axisbank.com  
**Website:** www.axisbank.com

## Banker to the Issue

### Axis Bank Limited

DLF City Gurgaon Branch

GL 005 to 008

Cross Point, DLF Phase IV

Gurugram 122 009, Haryana, India

**Tel:** +91 124 469 6591

**Email:** dlfgurgaon.branchhead@axisbank.com

**Investor grievance E-mail:** iponfo.mum@axisbank.com

**Website:** www.axisbank.com

**Contact Person:** Mr. Omkar Kumar Verma

**SEBI Registration No.:** INB100000017

## Designated Intermediaries

### Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time, or at such other website as may be prescribed from time to time. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time.

## Issue Schedule

Last Date for credit of Rights Entitlements:	[●], 2020
Issue Opening Date:	[●], 2020
Last Date for On Market Renunciation#:	[●], 2020
Issue Closing Date*:	[●], 2020
Finalisation of Basis of Allotment (on or about):	[●], 2020
Date of Allotment (on or about):	[●], 2020
Date of credit (on or about):	[●], 2020
Date of listing (on or about):	[●], 2020

*# Eligible Equity Shareholders are requested to ensure that the Off Market Renunciation is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.*

*\* Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●], 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●], 2020. Further, in accordance with the May 6 - Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, but are desirous of subscribing to Rights Equity Shares, may also apply in this Issue during the Issue Period. For further details, see “*Terms of the Issue*” on page 196.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the Applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-2019 related conditions.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such

Eligible Equity Shareholders on the website of the Registrar at <https://rights.kfintech.com/pvr> after keying in their respective details along with other security control measures implemented thereat. For details, see “**Terms of the Issue**” on page 196.

### **Statement of inter-se Responsibilities**

Since only one Lead Manager has been appointed for purposes of the Issue, there is no requirement of an inter-se allocation of responsibilities. However, the list of major responsibilities of Axis Capital in relation to the Issue, inter alia, is as follows:

<b>S. No.</b>	<b>Activity</b>
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.
2.	Drafting and design of the offer documents and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.
3.	Selection of various agencies connected with the Issue, such as Registrars to the Issue, printers, advertising agencies, etc. and co-ordination for execution of related agreements with such agencies.
4.	Co-ordinating and liaising with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.
5.	Arrangements for selection of banker to the issue, collection centres, distribution of publicity and issue material including application form, letter of offer and brochure and deciding upon the quantum of Issue material.
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Banker to the Issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the Company about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar, Banker to the Issue, Self Certified Syndicate Banks, etc.
7.	Co-ordination for submission of 1% security deposit to the Designated Stock Exchange

### **Credit Rating**

As the Issue is of Equity Shares, there is no requirement of credit rating for the Issue.

### **Debenture Trustee**

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

### **Monitoring Agency**

Our Company has appointed Axis Bank as the Monitoring Agency for the Issue, in accordance with Regulation 82 of the SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

#### **Axis Bank Limited**

The Ruby, 2<sup>nd</sup> Floor  
SW, 29 Senapati Bapat Marg  
Dadar West  
Mumbai 400 028  
Maharashtra, India  
**Tel:** +91 87965 46893  
**E-mail:** fort.branchhead@axisbank.com

### **Appraising Entity**

None of the purposes for which the Net Proceeds are proposed to be utilised have been appraised by any agency.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 75% of the Issue Size, or the subscription level



falls below 75% of the Issue Size, after the Issue Closing Date on account of withdrawal of Applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay in making refund of the subscription amount by more than eight days after our Company becomes liable to pay subscription amount (*i.e.* 15 days after the Issue Closing Date) or such other period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rate prescribed under applicable laws. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose.

**Underwriting**

The Issue is not underwritten.

**Filing**

This Letter of Offer is being filed with the Designated Stock Exchange and the other Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously, file this Letter of Offer with SEBI at its office located at 5<sup>th</sup> Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi 110 001, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in accordance with the SEBI ICDR Regulations. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in).

## CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as provided below.

	Aggregate value at face value	Aggregate Value at Issue Price
<b>1 AUTHORISED SHARE CAPITAL</b>		
12,37,00,000 Equity Shares of ₹ 10 each	1,23,70,00,000	N.A.
5,90,000 0.001% non-cumulative convertible preference shares of ₹ 341.52 each	20,14,96,800	N.A.
<b>2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE</b>		
5,13,49,145 Equity Shares of ₹ 10 each	51,34,91,450	N.A.
<b>3 PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER<sup>(1)</sup></b>		
Up to [●] Rights Equity Shares at a premium of ₹ [●], i.e., at a price of ₹ [●] per Rights Equity Share	Up to [●]	Up to [●] <sup>^</sup>
<b>4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE<sup>(2)</sup></b>		
Up to [●] Equity Shares of ₹ 10 each fully paid-up	Up to [●]	N.A.
<b>SECURITIES PREMIUM</b>		
Before the Issue as of March 31, 2020 (in ₹ lakhs)		1,22,627
After the Issue (in ₹ lakhs)		[●] <sup>*</sup>

<sup>(1)</sup> The Issue has been authorised by our Board of Directors by its resolution dated June 8, 2020, pursuant to Section 62 and other applicable provisions of the Companies Act.

<sup>(2)</sup> Assuming full subscription to the Rights Entitlements and Allotment of the Rights Equity Shares.

<sup>^</sup> Rounded off to two decimal places.

<sup>\*</sup> Subject to finalisation of Basis of Allotment, Allotment and deduction of estimated Issue related expenses.

## Notes to the Capital Structure

### 1. Shareholding pattern of our Company

#### A. Shareholding pattern of the Equity Shares of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations

(i) The shareholding pattern of the Equity Shares of our Company as on June 30, 2020, is as follows:

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	4	9530961	0	0	9530961	18.56	9530961	0	9530961	18.56	0	18.56	0	0.00	0	0.00	9530961
(B)	Public	134635	41818184	0	0	41818184	81.44	41818184	0	41818184	81.44	0	81.44	0	0.00	NA	NA	41817913
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
Total:		134639	51349145	0	0	51349145	100.00	51349145	0	51349145	100.00	0	100.00	0	0.00	0	0.00	51348874

(ii) Statement showing shareholding pattern of the Promoter and Promoter Group of our Company as on June 30, 2020:

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y	Total									
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)		
(1)	Indian																			
(a)	Individuals/Hindu undivided Family		4	9530961	0	0	9530961	18.56	9530961	0	9530961	18.56	0	18.56	0	0.00	0	0.00	9530961	
	AJAY BIJLI	AAHPB8092Q	1	5512896	0	0	5512896	10.74	5512896	0	5512896	10.74	0	10.74	0	0.00	0	0.00	5512896	
	SELENA BIJLI*	ACCPB9247Q	1	197608	0	0	197608	0.38	197608	0	197608	0.38	0	0.38	0	0.00	0	0.00	197608	
	SANJEEV KUMAR	AHBPK6535G	1	3744342	0	0	3744342	7.29	3744342	0	3744342	7.29	0	7.29	0	0.00	0	0.00	3744342	
	AAMER KRISHAN BIJLI	BTMPB0837Q	1	76115	0	0	76115	0.15	76115	0	76115	0.15	0	0.15	0	0.00	0	0.00	76115	
(b)	Central Government/State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(c)	Financial Institutions/Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(d)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
	Sub-Total (A)(1)		4	9530961	0	0	9530961	18.56	9530961	0	9530961	18.56	0	18.56	0	0.00	0	0.00	9530961	
(2)	Foreign																			
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
	Sub-Total (A)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		4	9530961	0	0	9530961	18.56	9530961	0	9530961	18.56	0	18.56	0	0.00	0	0.00	9530961	

\*includes 608 Equity Shares, earlier shown in public category

(iii) Statement showing shareholding pattern of the Public shareholder of our Company as on June 30, 2020:

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(1)	Institutions																		
(a)	Mutual Funds		15	7655926	0	0	7655926	14.91	7655926	0	7655926	14.91	0	14.91	0	0.00	NA	NA	7655926
	ICICI PRUDENTIAL EQUITY & DEBT FUND	AAAAI0038F	2	4652796	0	0	4652796	9.06	4652796	0	4652796	9.06	0	9.06	0	0.00	NA	NA	4652796
	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EQUITY FUND	AAATB0102C	2	1430470	0	0	1430470	2.79	1430470	0	1430470	2.79	0	2.79	0	0.00	NA	NA	1430470
	SUNDARAM MUTUAL FUND A/C SUNDARAM DIVERSIFIED EQUITY FUND	AAATS2554B	2	600043	0	0	600043	1.17	600043	0	600043	1.17	0	1.17	0	0.00	NA	NA	600043
(b)	Venture Capital Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Foreign Portfolio Investors		156	18996581	0	0	18996581	36.99	18996581	0	18996581	36.99	0	36.99	0	0.00	NA	NA	18996581
	FIL INVESTMENTS(MAURITIUS)LTD	AAACF8751A	1	664710	0	0	664710	1.29	664710	0	664710	1.29	0	1.29	0	0.00	NA	NA	664710
	FIDELITY FUNDS - INDIA FOCUS FUND	AADCF2079C	1	865442	0	0	865442	1.69	865442	0	865442	1.69	0	1.69	0	0.00	NA	NA	865442
	GRAY BIRCH INVESTMENT LTD	AAGCG2526G	1	2958888	0	0	2958888	5.76	2958888	0	2958888	5.76	0	5.76	0	0.00	NA	NA	2958888
	PLENTY PRIVATE EQUITY FII I LIMITED	AAHCP9367M	1	1392508	0	0	1392508	2.71	1392508	0	1392508	2.71	0	2.71	0	0.00	NA	NA	1392508
	AMANSA HOLDINGS PRIVATE LIMITED	AAKCA7237L	1	1727935	0	0	1727935	3.37	1727935	0	1727935	3.37	0	3.37	0	0.00	NA	NA	1727935
	GAOLING FUND, L.P.	AARFG3937H	1	745751	0	0	745751	1.45	745751	0	745751	1.45	0	1.45	0	0.00	NA	NA	745751

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form			
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held			
									Class X	Class Y	Total										
	SYLEBRA CAPITAL PARTNERS MASTER FUND, LTD.	AAZCS4510P	1	1183215	0	0	1183215	2.30	1183215	0	1183215	2.30	0	2.30	0	0.00	NA	NA	1183215		
(f)	Financial Institutions/Banks		3	61384	0	0	61384	0.12	61384	0	61384	0.12	0	0.12	0	0.00	NA	NA	61384		
(g)	Insurance Companies		1	120000	0	0	120000	0.23	120000	0	120000	0.23	0	0.23	0	0.00	NA	NA	120000		
(h)	Provident Funds/Pension Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0		
(i)	Any Other																				
	FOREIGN CORPORATE BODIES		4	7461030	0	0	7461030	14.53	7461030	0	7461030	14.53	0	14.53	0	0.00	NA	NA	7461030		
	BERRY CREEK INVESTMENT LTD	AAGCB9421P	1	3582585	0	0	3582585	6.98	3582585	0	3582585	6.98	0	6.98	0	0.00	NA	NA	3582585		
	MULTIPLES PRIVATE EQUITY FUND I LIMITED	AAHCM1691B	1	1771598	0	0	1771598	3.45	1771598	0	1771598	3.45	0	3.45	0	0.00	NA	NA	1771598		
	PLENTY PRIVATE EQUITY FUND I LIMITED	AAHCP9334N	1	1965507	0	0	1965507	3.83	1965507	0	1965507	3.83	0	3.83	0	0.00	NA	NA	1965507		
	Sub Total (B)(1)		179	34294921	0	0	34294921	66.79	34294921	0	34294921	66.79	0	66.79	0	0.00	NA	NA	34294921		
(2)	Central Government/State Government(s)/President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0		
	Sub Total (B)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0		
(3)	Non-Institutions																				
(a)	i.Individual shareholders holding nominal share capital up to Rs.2 lakhs		131908	4581627	0	0	4581627	8.92	4581627	0	4581627	8.92	0	8.92		0.00	NA	NA	4581356		
	ii.Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs		4	169219	0	0	169219	0.33	169219	0	169219	0.33	0	0.33		0.00	NA	NA	169219		
(b)	NBFCs Registered with RBI		1	34	0	0	34	0.00	34	0	34	0.00	0	0.00	0	0.00	NA	NA	34		
(c)	Employee Trusts		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0		

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights			Total as a % of (A+B+C)		No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y	Total								
(d)	Overseas Depositories (Holding DRs)(Balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Any Other																		
	TRUSTS		2	233	0	0	233	0.00	233	0	233	0.00	0	0.00	0	0.00	NA	NA	233
	ALTERNATIVE INVESTMENT FUND		3	201741	0	0	201741	0.39	201741	0	201741	0.39	0	0.39	0	0.00	NA	NA	201741
	NON RESIDENT INDIANS		1215	179286	0	0	179286	0.35	179286	0	179286	0.35	0	0.35	0	0.00	NA	NA	179286
	CLEARING MEMBERS		242	348079	0	0	348079	0.68	348079	0	348079	0.68	0	0.68	0	0.00	NA	NA	348079
	Qualified Institutional Buyer		3	446402	0	0	446402	0.87	446402	0	446402	0.87	0	0.87	0	0.00	NA	NA	446402
	NON RESIDENT INDIAN NON REPATRIABLE		639	68654	0	0	68654	0.13	68654	0	68654	0.13	0	0.13	0	0.00	NA	NA	68654
	BODIES CORPORATES		438	1525867	0	0	1525867	2.97	1525867	0	1525867	2.97	0	2.97	0	0.00	NA	NA	1525867
	MULTIPLES PRIVATE EQUITY FUND	AACTM5770B	1	607864	0	0	607864	1.18	607864	0	607864	1.18	0	1.18	0	0.00	NA	NA	607864
	I E P F		1	2121	0	0	2121	0.00	2121	0	2121	0.00	0	0.00	0	0.00	NA	NA	2121
	Sub Total (B)(3)		134456	7523263	0	0	7523263	14.65	7523263	0	7523263	14.65	0	14.65	0	0.00			7522992
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)		134635	41818184	0	0	41818184	81.44	41818184	0	41818184	81.44	0	81.44	0	0.00			41817913

(iv) Statement showing shareholding pattern of the Non Promoter - Non Public Shareholder as on June 30, 2020:

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)						
(1)	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)			0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00			0



2. Except as mentioned below, no Equity Shares have been acquired by our Promoters or members of the Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer.

S. No.	Name of person	Category of person	Date of acquisition	No. of Equity Shares	Mode of acquisition
1.	Mr. Ajay Bijli	Promoter	July 30, 2019	28,000	Market purchase
			October 22, 2019	25,000	Inter-se transfer
			March 5, 2020	10,000	
			March 6, 2020	20,000	
			March 9, 2020	11,898	
			March 12, 2020	3,600	Market purchase
			March 31, 2020	4,100	
2.	Mr. Sanjeev Kumar	Promoter	March 12, 2020	7,200	
			March 18, 2020	4,150	
			March 31, 2020	4,100	
3.	Mr. Rajan Kumar	Promoter Group	December 27, 2019	18,900	Market purchase

3. No Equity Shares held by our Promoters or members of our Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

4. **Subscription to the Issue by our Promoters and Promoter Group**

Our Promoters, Mr. Ajay Bijli and Mr. Sanjeev Kumar and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their Rights Entitlements among themselves subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and (ii) have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of any other member(s) of the Promoter and Promoter Group). In addition, our Promoters and the eligible members of our Promoter Group reserve the right to subscribe to additional Rights Equity Shares in the Issue, including in the event of under-subscription of the Issue, in accordance with Companies Act and SEBI ICDR Regulations.

The acquisition of Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, as applicable, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

5. **Details of options and convertible securities outstanding as on the date of filing of this Letter of Offer**

Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Letter of Offer.

***PVR Employee Stock Option Plan 2017 (“ESOP 2017”) and PVR Employee Stock Option Plan 2020 (“ESOP 2020”)***

Our Company has instituted two employee stock option schemes, ESOP 2017 and ESOP 2020, for the purpose of attracting, retaining, rewarding and motivating our employees to contribute to our growth and profitability. As on the date of this Letter of Offer, the details of options pursuant to ESOP 2017 and ESOP 2020 are as follows:

Particulars	Number of options
<b>ESOP 2017</b>	
Total number of options	3,00,000
Options granted	3,00,000

Particulars	Number of options
Options vested	2,40,000
Options exercised	1,02,000
Options cancelled	Nil
Total options outstanding	1,98,000
<b>ESOP 2020</b>	
Total number of options	5,20,000
Options granted*	Nil
Options vested	Nil
Options exercised	Nil
Options cancelled	Nil
Total options outstanding	Nil

\*The Nomination and Remuneration Committee (“Committee”) of our Company has, on March 11, 2020 granted 4,34,000 employee stock options under the ESOP 2020, however, on account of difficulties faced by our Company due to COVID-2019 pandemic and lockdown measures undertaken by the Government, the Committee on June 5, 2020 withdrew the grant of such employee stock options.

6. The ex-rights price of the Rights Equity Shares is computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●] per Equity Share.
7. At any given time, there shall be only one denomination of the Equity Shares.
8. **Details of the Shareholders holding more than 1% of the Equity Share capital of our Company**

The table below sets forth the details of shareholders of our Company holding more than 1% of the Equity Share capital of our Company, as on June 30, 2020:

Sr. No	Name of the Shareholders	Number of Equity Shares held	Percentage of pre-Issue Equity Shares holding (%)
1.	Ajay Bijli	55,12,896	10.7
2.	Sanjeev Kumar	37,44,342	7.3
3.	Berry Creek Investment Limited	35,82,585	7.0
4.	Gray Birch Investment Limited	29,58,888	5.8
5.	ICICI Prudential Balanced Advantage Fund	23,19,614	4.5
6.	Plenty Private Equity Fund I Limited	19,65,507	3.8
7.	Multiples Private Equity Fund I Limited	17,71,598	3.5
8.	Amansa Holdings Private Limited	17,27,935	3.4
9.	Plenty Private Equity FII I Limited	13,92,508	2.7
10.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund	13,47,270	2.6
11.	Sylebra Capital Partners Master Fund, Limited	11,83,215	2.3
12.	Fidelity Funds - India Focus Fund	8,65,442	1.7
13.	Gaoling fund, L.P.	7,45,751	1.5
14.	FIL Investments (Mauritius) Limited	6,64,710	1.3
15.	Multiples Private Equity Fund	6,07,864	1.2
	<b>Total</b>	<b>3,03,90,125</b>	<b>59.2</b>

All Equity Shares are fully paid-up and there are no partly paid Equity Shares outstanding as on the date of this Letter of Offer. The Rights Equity Shares, when issued, shall be fully paid-up. For further details on the terms of the Issue, see “*Terms of the Issue*” on page 196.

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards the following objects:

1. Repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company; and
2. General corporate purposes.

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

### Issue Proceeds

The details of the Issue Proceeds are set forth in the table below:

(In ₹ lakhs)		
S. No	Particulars	Amount
(a)	Gross proceeds from the Issue*	[●]
(b)	Less: Estimated Issue Related Expenses**	[●]
(c)	Net Proceeds	[●]

\*Assuming full subscription and Allotment.

\*\*See “- *Estimated Issue Related Expenses*” below.

### Requirement of funds and utilisation of Net Proceeds

The proposed utilisation of the Net Proceeds is set forth in the table below:

(In ₹ lakhs)		
S. No	Particulars	Amount
(a)	Repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company	[●]*
(b)	General corporate purposes	[●]*
	<b>Total</b>	<b>[●]</b>

\* However, if our Company receives subscription between 75% to 90%, of the Issue Proceeds, at least 75% of the Issue Proceeds shall be utilized for repayment and/or prepayment, of all or a portion or an installment of certain borrowings availed by our Company (including interest).

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, Promoter Group, Directors, key managerial personnel or Group Companies, as identified by our Company.

### Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### Details of the objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

#### ***Repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company***

Our Company has entered into various financing arrangements with banks and financial institutions. The borrowing arrangements entered into by our Company includes term loans, working capital loans (including bank overdrafts) and non-convertible debentures. Our Company proposes to utilize an estimated amount of ₹ [●] lakhs from the Net Proceeds towards repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company. However, if our Company receives subscription between 75% to 90%, of the Issue Proceeds, at least 75% of the Issue Proceeds shall be utilized for repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company.

The selection of borrowings proposed to be repaid and / or pre-paid from our facilities set forth below shall be based on various factors, including, amongst others (i) cost of the borrowings to our Company, including applicable interest rates; (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfillment of, such requirements, (iii) borrowings becoming due as per the schedule of repayment of respective lenders; (iv) receipt of consents for prepayment from the respective lenders, (v) terms and conditions of any such consents and waivers, (vi) levy of any prepayment penalties and the quantum thereof, (vii) provisions of any law, rules, regulations governing such borrowings, and (viii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan. Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding borrowing amounts may vary from time to time.

The prepayment or repayment will help reduce our outstanding indebtedness and debt-servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to preserve liquidity to sustain our capital requirements due to the disruption of our operations caused by COVID-2019 pandemic in near term and also fund potential business development opportunities and plans to grow and expand our business in long term.

In addition to the above, the amounts under the working capital facilities may be dependent on various factors and may vary with the working capital cycle of the Company and may include intermediate repayments and drawdowns. Accordingly, it may be possible that amount outstanding under our working capital facilities may vary from time to time. We may, from time to time, repay, refinance or draw down funds from any existing term loan or working capital facilities. Further, we may, from time to time, enter into further financing arrangements, such as, by way of issuing commercial papers and draw down funds thereunder or undertaking short term loans or other financing from banks and financial institutions. In such cases or in case any of the above borrowings are repaid, refinanced or pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment or prepayment of the additional commercial papers issued or additional banks or financial institutions borrowings, overdrafts taken or drawn or other such additional indebtedness. However, the aggregate amount to be utilized from the Net Proceeds towards repayment or prepayment of borrowings (including re-financed, additional or new loans availed, if any) would not exceed ₹ [●] lakhs.

The amounts outstanding against the loans disclosed below may vary from time to time, in accordance with the amounts drawn down and the prevailing interest rates. Some of the below mentioned working capital can be re-borrowed / rolled over. Accordingly, the amounts proposed to be prepaid and / or repaid against each facility is indicative and our Company may utilise the Net Proceeds to prepay and / or repay the facilities disclosed below in accordance with commercial considerations, including amounts outstanding at the time of prepayment and / or repayment.

Our Company proposes to repay/prepay either fully or partly any of the following borrowings including combination thereof, subject to terms and conditions stated above:

Sr. No.	Name of the Lender/Debtenture Trustee	Nature of Borrowing	Purpose of Loan*	Outstanding Loan Amount as at May 31, 2020 (in ₹ lakhs)**
1.	HDFC Bank Limited	Term Loan	To part finance future capital expenditure and reimbursement of capex done by the Company through internal accruals for Fiscal 2018 to be limited to ₹ 16,000 lakhs subject to maintenance of margin of 20 % of the capex incurred in the year	9,200.6
2.		Term Loan	Reimbursement of capex done by company from its internal accruals and for capex planned during Fiscal 2019	10,224.7
3.		Term Loan	Part financing future capex and/or reimbursement of capex done	10,145.9

Sr. No.	Name of the Lender/Debt Trustee	Nature of Borrowing	Purpose of Loan*	Outstanding Loan Amount as at May 31, 2020 (in ₹ lakhs)**
during the past 12 months				
4.	ICICI Bank Limited	Term Loan	Part funding of the capital expenditure for adding new screens to film exhibition business	6,133.8
5.	IndusInd Bank Limited	Term Loan	Reimbursement of capex done in Fiscal 2017 and Fiscal 2018 for setting up multiplexes at locations across India.	7,610.1
6.		Term Loan	Reimbursement of capex done in Fiscal 2019 for setting up multiplexes at locations across India.	10,146.8
7.	Kotak Mahindra Bank Limited	Term Loan	For purchase of plant and machinery/ capacity expansion and capex reimbursement of H1, Fiscal 2019	6,932
8.	Axis Bank Limited	Term Loan	Capex expenditure and re-financing of existing debt	10,331.2
9.		Term Loan	Working requirements/cash mismatches capital flow	5,035
10.	IDBI Trusteeship Services Limited	Non Convertible Debentures	Capital expenditure including reimbursement of Capital expenditure, re-financing of existing debt and for any other general corporate purpose specifically excluding acquisition or purchase of land, investment in capital markets / real estate or any such activity restricted by Reserve Bank of India for Bank Finance.	5,022.5
11.		Non Convertible Debentures		3,507.4
12.		Non Convertible Debentures		10,067.6
13.	HDFC Bank Limited	Working Capital Facility	Working capital requirements	6,646.7
14.	Axis Bank Limited	Working Capital Facility	Working requirements/cash mismatches capital flow	4,628.1
15.		Working Capital Facility	Working requirements/cash mismatches capital flow	1,498.9
16.	IndusInd Limited	Bank	Working Capital Facility	To meet short term cash flow mismatches 900
<b>Total</b>				<b>1,08,031.3</b>

\*Bansal & Co LLP pursuant to their certificate dated [●], 2020 have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.

\*\*Our Company has availed the benefit of the moratorium provided by the RBI. RBI, through its circular, RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020, has provided relief to borrowers, amidst the lockdown due to Covid-2019 pandemic, and a deferment has been permitted in the payment of interest and principal repayment for a period of three months starting March 1, 2020. Further, our Company has also applied for the benefit of the

second moratorium provided by the RBI through its "Statement on Developmental and Regulatory Policies" dated May 22, 2020, wherein the RBI in view of the extension of the lockdown has extended the moratorium until August 31, 2020. We are yet to receive approval from our lenders.

We may utilize a portion of the Net Proceeds towards repayment/prepayment of loans availed from Axis Bank Limited which is related to Axis Capital, the Lead Manager to the Issue, either in full or in part. However, on account of such relationship, Axis Capital does not qualify as associate of our Company in accordance with Regulation 21(A) (1) of the SEBI (Merchant Bankers) Regulations, 1992 read with Regulation 69(3) of the SEBI ICDR Regulations. Loans and facilities sanctioned to our Company by Axis Bank Limited are a part of their normal commercial lending activity. Also see "**Risk Factors - A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from Axis Bank, which is an affiliate of the Lead Manager**" on page 43.

### General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹ [●] lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with the SEBI ICDR Regulations, to drive our business growth, including, amongst other things, (a) funding growth opportunities, including strategic initiatives; (b) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (c) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, common area maintenances, power cost, legal and professional cost, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) meeting of exigencies which our Company may face in course of any business, (e) brand building and other marketing expenses, (f) payment of accrued capital and operational expenses liabilities including liabilities outstanding as on March 31, 2020 and (g) meeting any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

### Deployment of funds

(In ₹ lakhs)			
S. No.	Particulars of Objects of Issue	Amount proposed to be funded from Net Proceeds	Proposed Schedule for deployment of the Net Proceeds Fiscal 2021
1.	Repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company	[●]	[●]
2.	General corporate purposes	[●]	[●]
<b>Total</b>		<b>[●]</b>	<b>[●]</b>

The above-stated fund requirements and the proposed deployment of funds for repayment and/or prepayment, of all or of a portion of the principal and / or interest of certain borrowings availed by our Company and general corporate purposes from the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. For details, see "**Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control**" on page 43.

## Estimated Issue Related Expenses

The total expenses of the Issue are estimated to be ₹ [●] lakhs. The break-up of the Issue expenses is as follows:

*(unless otherwise specified, in ₹ lakhs)*

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fee of the Lead Manager	[●]	[●]	[●]
2.	Fee of Registrar to the Issue	[●]	[●]	[●]
3.	Fee to the legal advisors and other professional service providers	[●]	[●]	[●]
4.	Advertising, marketing expenses, shareholder outreach etc.	[●]	[●]	[●]
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	[●]	[●]	[●]
6.	Printing, stationery, and distribution of issue stationery etc.	[●]	[●]	[●]
7.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
<b>Total estimated Issue related expenses*</b>		<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

*\* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.*

## Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

## Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or make any such investment as may be allowed by SEBI from time to time.

## Monitoring Utilization of Funds from the Issue

Our Company has appointed Axis Bank as the Monitoring Agency for the Issue. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and submit its report to our Company in terms of Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilised and will indicate instances, if any, of the unutilised Net Proceeds in our balance sheet for the relevant Fiscals post receipt of listing and trading approvals from the Stock Exchanges. Pursuant to Regulation 82(4) of the SEBI ICDR Regulations and Regulation 32 of the SEBI Listing Regulations, our Company shall, within 45 days from the end of each quarter, publicly disseminate the report of the Monitoring Agency on our website as well as submit the same to the Stock Exchange(s), including the statement indicating deviations, if any, in the use of proceeds from the objects stated above. Such statement of deviation shall be placed before the Audit Committee for review, before its submission to Stock Exchanges. The Monitoring Agency shall submit its report to our Company, on a quarterly basis, until at least 95% of the proceeds of the Issue, excluding the proceeds raised for general corporate purposes, have been utilized.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated above and place it before the Audit Committee, until such time the full money raised through the Issue has been fully utilized. The statement shall be certified by the Statutory Auditors of our Company. The Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate.

**Appraising entity**

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

**Strategic or Financial Partners**

There are no strategic or financial partners to the Objects of the Issue.

**Interest of Promoters, Promoter Group and Directors, as applicable to the objects of the Issue**

Our Promoters, Promoter Group and Directors do not have any interest in the objects of the Issue.



## STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors,

PVR Limited  
Block A, 4<sup>th</sup> Floor, Building No.9A  
DLF Cyber City Phase III  
Gurugram 122 002, Haryana, India

### Sub: Statement of direct tax benefits

1. This report is issued in accordance with the terms of our engagement letter dated May \_\_, 2020 in context of proposed right issue (the “**Issue**”) of equity shares of face value of ₹ 10 each (“**Equity Shares**”) in accordance with Chapter III of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (“**SEBI ICDR Regulations**”) and applicable provisions of the Companies Act, 2013, as amended and the rules framed thereunder (“**Companies Act**”) by PVR Limited (the “**Company**”), (the “**Issue**”).
2. The accompanying ‘Statement of Possible Direct Tax Benefits available to PVR Limited and its Shareholders’, attached herewith, hereinafter referred to as “the Statement” under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 (hereinafter referred to as the “**Income Tax Regulations**”) has been prepared by the management of the Company, which we have initialed for identification purpose proposed to be included in the letter of offer (the “**Letter of Offer**”) of the Company.

### Management’s Responsibility

3. The preparation of this Statement is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management of the Company is also responsible for identifying and ensuring that the Company complies with the laws and regulations, including applicable accounting standards.

### Practitioner’s Responsibility

4. Pursuant to the SEBI ICDR Regulations and the Companies Act, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible tax benefits available to the Company and the shareholders of the Company, under the Income Tax Regulations as at the date of our report.
5. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Letter of Offer.
6. We performed procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information. Several of the benefits mentioned in the Statement are dependent on the

Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the Statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the tax authorities/courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

### **Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible tax benefits available as of May 31, 2020 to the Company and the shareholders of the Company, under the Income Tax Regulations as at the date of our report.
10. Considering the matters referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:
  - (i) The Company or its shareholders will continue to obtain the benefits as per the Statement in future; or
  - (ii) The conditions prescribed for availing the benefits as per the Statement have been/ would be met with.

### **Restriction on Use**

11. We consent to the inclusion of the above information in the Letter of Offer to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the “**Stock Exchanges**”), the Securities and Exchange Board of India, and the Registrar of Companies, and any other authority and such other documents as may be prepared in connection with the Issue.
12. This certificate has been prepared at the request of the Company or submission to the lead manager (“**LM**”) (namely, Axis Capital Limited appointed for the Issue) and legal counsel (namely, Shardul Amarchand Mangaldas & Co) appointed in connection with the Issue by the Company and is not to be considered for any other purpose except submission with the Stock Exchanges, the Securities and Exchange Board of India, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the LM in connection with the Issue. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.
13. We undertake to immediately inform the LM and legal counsel in case of any changes to the above until the date when the Equity Shares pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

We agree to keep the information regarding the Issue strictly confidential.

### **For Bansal & Co LLP**

Firm Regn. No. 001113N/N500079

Peer Review Number 011937

Chartered Accountants

per Siddharth Bansal

Partner

Membership No.: 518004

UDIN: 20518004AAAAAN7049

Place: New Delhi

Date: July 1, 2020

## **STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA**

The information provided below sets out the possible direct tax benefits available to the Company and its shareholders, in a summary manner only, under the direct tax laws presently in force in India (i.e. applicable for Financial Year ('FY') 2020-21 relevant to the assessment year ('AY') 2021-22). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the applicable regulations. Hence, the ability of the Company or its shareholders to derive the possible tax benefits is linked to the fulfillment of such conditions.

This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force (as on date of this Report) in India. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT IN THE SHARES PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL.**

### **A. UNDER THE INCOME TAX ACT, 1961 ('THE ACT' or "IT Act")**

#### **1. Levy of Income-tax**

Levy of income-tax and provisions under the Act are dependent on the residential status of the tax payer. The provisions relevant for determination of the residential status of a tax payer are summarized herein below:

##### **1.1 Residential status**

Under the Act, "Non-Resident" means a person who is not a resident in India.

##### **a. Residential status of an individual**

As per the provisions of the Act, an individual is considered to be a resident in India during any FY if he or she is present in India for:

- (a) a period or periods aggregating to 182 days or more in that FY; or
- (b) a period or periods aggregating to 60 days or more in that FY and for a period or periods aggregating to 365 days or more within the four preceding years; or In the case of a citizen of India or a person of Indian origin living outside India who comes on a visit to India in any previous year, the limit of 60 days under point (b) above shall be read as 182 days. However, from the financial year 2020-21 onwards, the period is reduced to 120 days or more for such an individual whose total income (other than foreign sources) exceeds INR 1.5 million.

In the case of a citizen of India who is not liable to tax in any other country will be deemed to be a resident in India if the total income (other than foreign sources) exceeds INR 1.5 Million and nil tax liability in other countries or territories by reason of his domicile or residence or any other criteria of similar nature.

In the case of a citizen of India who leaves India for employment outside India or as a member of the crew of an Indian ship in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Further if an individual fulfills the conditions prescribed under Section 6(6) of the Act, he/she shall be regarded as 'Resident but not ordinarily resident'.

##### **b. Residential status of a Company**

A Company is resident in India if it is formed and incorporated under the Companies Act, 1956/2013 or the place of effective management, in that year, is situated in India.

For this purpose, the place of effective management (POEM) means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made. Circular 6/2017 issued by Central Board of Direct Taxes introduces a series of new sub-test to address unintended consequences of POEM, based on whether a company has active business outside India.

A company is considered to have active business outside India when (a) its passive income (understood as an aggregation of sale and purchase transactions between related parties, royalty, interest, dividend, capital gains) is less than 50% of its total income; and (b) the number of employees in India, value of assets in India and payroll expenses relating to Indian employees is less than fifty percent of the company's total employees, assets and payroll expenses, respectively. The determination of these factors is based on an average of the data pertaining to the relevant financial year and two previous years. A company having an active business outside India is presumed to be non-resident as long as majority of its board meetings are held abroad. For all other companies, the investigation of residence would involve identification of (a) persons who are responsible for management decisions and (b) place where decisions are actually made.

Companies having turnover or gross receipts less than INR 500 million will not come under the scrutiny of POEM.

### **c. Residential status of a Hindu undivided family ('HUF'), firm or AOP**

A HUF, firm or other association of persons or every other artificial person is resident in India except where, during that year, the control and management of its affairs is situated wholly outside India.

## **1.2 Scope of taxation**

In general, a person who is Resident and Ordinary Resident "ROR" in India in a FY is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India.

Income earned from the equity shares of the Company would be considered to accrue or arise in India and would be taxable in the hands of all categories of tax payers irrespective of their residential status. However, a relief may be available under applicable Double Taxation Avoidance Agreement ('DTAA') to certain non-residents/ investors.

## **2. Special tax benefits available to the Company**

### **2.1 Deduction under section 80JJAA of IT Act**

An assessee to whom section 44AB applies may claim a deduction equal to 30% of the additional employee cost incurred in the course of its business for 3AYs including the AY in which additional employees are taken on board, subject to the conditions.

Deduction under the said section shall be available to the assessee in the year of providing employment to the prescribed number of additional employees, subject to fulfillment of the conditions specified therein.

## **3. Special tax benefits available to the Shareholders**

There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company under the provisions of IT Act except for interest expenditure allowance to the extent of 20% of the income from dividend u/s 57 of IT Act.

With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020 w.e.f. 01st April 2021, which provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

#### 4. General tax benefit to the Company

##### 4.1. Business or Professional Income:

The computation of business income normally is based on the profits shown in the financial statements, after adjusting for exempt income, non-deductible expenditure, special deductions and unabsorbed losses and depreciation. The central government has also issued certain income computation and disclosure standards relating to particular taxpayers or classes of income besides provisions of Income Tax Act, 1961 for tax on business income under the head Profit and Gains from Business and Profession.

##### 4.2. Tax on Dividend Income received from Domestic/Foreign Company:

There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company under the provisions of IT Act except for interest expenditure allowance to the extent of 20% of the income from dividend u/s 57 of IT Act. However, the Company can avail benefit of Section 80M of IT Act (refer Para 3 above).

##### 4.3. Foreign Company Dividend Income:

As per section 115BBD of the Act, dividend income received by an Indian Company from a specified foreign Company i.e. in which the Indian Company holds twenty-six per cent or more in nominal value of the equity share capital, will be taxable @ 15% on gross basis (plus applicable surcharge and education cess). However, foreign company can avail benefit of Section 80M as discussed in para 3 above.

##### 4.4. Income from buy back of shares

###### Exemption u/s 10(34A) of the Act

As per section 10(34A) of the Act, any income arising to the Company being a shareholder, on account of buy back of shares (listed or unlisted) by a company as referred to in section 115QA of the Act will be exempt from tax. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability. As per Section 115QA, any amount of distributed income by the company on buy-back of shares from a shareholder shall be charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent on the distributed income.

However, in view of TLA Ordinance 2019, such a company would not be liable to pay any buyback tax on shared (listed), if public announcement as per SEBI regulations in respect of the same was made prior to July 5, 2019.

##### 4.5. Tax on Long-term Capital Gain:

Long-term capital gains and tax on the same would arise in the following cases:

Nature and period of holding of Shares	Tax Treatment
(i) <b>Listed Shares:</b> Where the equity shares in a company are held for a period of more than 12 months prior to the date of transfer of such shares in case of shares of a company listed on a Recognised Stock Exchange in India and the transaction is chargeable to Securities Transaction Tax;	In accordance with section 112A of the Act, the tax payable on the capital gains exceeding ₹ 0.10 million shall be calculated at the rate of 10% without indexation benefit as provided in the second proviso to section 48 of the Act.
(ii) <b>Unlisted Shares:</b> Where the equity shares in a company are held for a period of more than 24 months in case of shares of unlisted companies prior to the date of transfer of the shares	In accordance with section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation benefit, as provided in the second proviso to section 48 of the Act.

In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

- i. Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index (only for Resident shareholder of unlisted company) notified by the Central Government; and
- ii. Expenditure incurred wholly and exclusively in connection with the transfer of shares

#### 4.6. Tax on Short-term Capital Gain:

Short-term capital gains and tax on the same would arise in the following cases:

Nature and period of holding of Shares	Tax Treatment
(i) <b>Listed Shares:</b> Where the equity shares in a company are held for a period of not more than 12 months prior to the date of transfer where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to Securities Transaction Tax.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a rate of 15% (plus applicable surcharge and education cess).
(ii) <b>Unlisted Shares:</b> Where the equity shares in a company are held for a period of not more than 24 months in case of shares of other companies prior to the date of transfer of the shares.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a normal rate of tax i.e. 30% (plus applicable surcharge and education cess).

#### 4.7. Allowable Deduction/Amortisation:

- a. Under Section 35(1)(i) and Section 35(1)(iv) of the Act, in respect of any revenue or capital expenditure incurred respectively, other than expenditure on the acquisition of any land, on scientific research related to the business of the company are allowed as deduction against the income of Company.
- b. Under Section 35(1)(ii) of the Act, any sum paid to a research association which has as its object, the undertaking of scientific research or to a university, college or other institution to be used for scientific research is eligible for weighted deduction to the extent of one and three-fourth times (175%) of the sum so paid. This weighted deduction is available to amounts paid to approved research association, university, college or institution.
- c. Under Section 35(1)(iia) of the Act any sum paid to a company registered in India which has as its main object the conduct of scientific research and development and is approved by the prescribed authority and fulfills such conditions as may be prescribed shall be liable to deduction at one and one fourth times (125%) of the amount so paid.
- d. Where the Company pays any sum to a National Laboratory or a University or an Indian Institute of Technology or specified person referred to in section 35(2AA) of the Act with a specific direction that the said sum shall be used for scientific research undertaken under a programme approved in this behalf by prescribed authority, the deduction shall be allowed of a sum equal to two times (200%) of the sum so paid.

As per section 35AC of the Act, a deduction of the amount of expenditure incurred by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National committee for carrying out any eligible project or scheme, is allowable while computing income from profits and gains of business or profession.

- e. In case the Company or any of its subsidiary companies is engaged in any of the specified businesses as prescribed in Section 35AD of the Act, there shall be allowed a deduction of 100% or 150% of the capital expenditure incurred except cost of land, goodwill or any financial instruments depending on

the type and nature of the business and the date on which such business commenced as prescribed in Section 35AD.

- f. As per section 35CCD of the Act, a weighted deduction to the extent of one and one-half times (150%) of the amount of expenditure incurred (other than cost of land and building) on any skill development project notified by the Board, is allowable while computing income from profits and gains of business or profession. However, this deduction is restricted to amount of expenditure with effect from assessment year beginning on or after the first day of April, 2021.
- g. Subject to certain conditions, Section 35D of the Act provides for deduction of specified preliminary expenditure incurred before the commencement of the business or after the commencement of business in connection with the extension of the undertaking or in connection with the setting up a new unit. The deduction allowable is equal to one-fifth of such expenditure incurred for each of the five successive previous years beginning with the previous year in which the business commences.
- h. Under Section 35DD of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred in connection with Amalgamation or Demerger of an undertaking by way of amortization over a period of 5 successive years, beginning with the previous year in which the amalgamation or demerger takes place.
- i. Under Section 35DDA of the Act, the company is entitled to a deduction equal to 1/5th of the expenditure incurred in connection Voluntary Retirement Scheme by way of amortization over a period of 5 successive years.
- j. As per Rule 9A (2) of Income Tax Rules, 1962 the film producer is entitled to 100% deduction of the entire cost of production of the film, if
  - the film producer sells all rights of exhibition of the film; or
  - the film producer –
    - ✓ himself exhibits the film on a commercial basis in all or some of the areas; or
    - ✓ sells the rights of exhibition of the film in respect of some of the areas; or
    - ✓ himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,and the film is released for exhibition on a commercial basis at least ninety days before the end of such previous year.
- k. As per Rule 9A (3) of Income Tax Rules, 1962, the film producer is entitled to deduction of the cost of production of the film to the extent so far as it does not exceed the amount realised by the film producer by exhibiting the film on a commercial basis or the amount for which the rights of exhibition are sold or, as the case may be, the aggregate of the amounts realised by the film producer by exhibiting the film and by the sale of the rights of exhibition and the balance, if any, shall be carried forward to the next following previous year and allowed as a deduction in that year, if the film producer –
  - ✓ himself exhibits the film on a commercial basis in all or some of the areas; or
  - ✓ sells the rights of exhibition of the film in respect of some of the areas; or
  - ✓ himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas, and the film is not released for exhibition on a commercial basis at least ninety days before the end of such previous year.
- l. As per Rule 9A (4) of Income Tax Rules, 1962, where, during the previous year in which a feature film is certified for release by the Board of Film Censors, the film producer does not himself exhibit the film on a commercial basis or does not sell the rights of exhibition of the film, no deduction shall be allowed in respect of the cost of production of the film in computing the profits and gains of such previous year; and the entire cost of production of the film shall be carried forward to the next following previous year and allowed as a deduction in that year.
- m. As per Rule 9B (2) of Income Tax Rules, 1962, the film distributor is entitled to 100% deduction of the entire cost of acquisition of the film, if



- the film distributor sells all rights of exhibition of the film; or
- the film distributor –
  - ✓ himself exhibits the film on a commercial basis in all or some of the areas; or
  - ✓ sells the rights of exhibition of the film in respect of some of the areas; or
  - ✓ himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,
 and the film is released for exhibition on a commercial basis at least ninety days before the end of such previous year.
  
- n. As per Rule 9B (3) of Income Tax Rules, 1962, the film distributor is entitled to deduction of cost of acquisition of the film to the extent so far as it does not exceed the amount realised by the film distributor by exhibiting the film on a commercial basis or the amount for which the rights of exhibition are sold or, as the case may be, the aggregate of the amounts realised by the film distributor by exhibiting the film and by the sale of the rights of exhibition and the balance, if any, shall be carried forward to the next following previous year and allowed as a deduction in that year, if the film distributor-
  - ✓ himself exhibits the film on a commercial basis in all or some of the areas; or
  - ✓ sells the rights of exhibition of the film in respect of some of the areas; or
  - ✓ himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas, and the film is not released for exhibition on a commercial basis at least ninety days before the end of such previous year.
  
- o. As per Rule 9B(4) of Income Tax Rules, 1962, where during the previous year in which a feature film is acquired by the film distributor, he does not himself exhibit the film on a commercial basis or does not sell the rights of exhibition of the film, no deduction shall be allowed in respect of the cost of acquisition of the film in computing the profits and gains of such previous year; and the entire cost of acquisition shall be carried forward to the next following previous year and allowed as a deduction in that year

#### **4.8. Exemption on interest, premium on redemption or other payment on notified securities, bonds certificates issued by the Central Government:**

Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Act in accordance with and subject to the conditions and limits as may be specified in notifications.

#### **4.9. Depreciation Allowance:**

The depreciation rates in respect of Motor Cars is 15%, furniture & fittings is 10%, Intangible assets is 25%, Computers 40%, Buildings (Residential) is 5% and Buildings (Others) is 10%.

For Motor Cars acquired on or after August 23, 2019 but before April 1, 2020 and is put to use before April 1, 2020, the rate of depreciation is 30%.

Section 32AC of the Act provides for one-time additional deduction at the rate of 15% on new assets acquired and installed by the assessee subject to fulfilment of certain conditions

#### **4.10. Set off and Carry forwarding of Losses:**

The loss under the head “Profit and Gains from Business or Profession” other than loss from speculative business can be set-off against all heads of income other than head “Salaries” and the excess loss after set-off, if any can be carried forward for set-off against the income under the head “Profit and Gains from Business or Profession” of the next eight Assessment Years.

#### **4.11. Set off and Carry forwarding of Unabsorbed Depreciation:**

The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.

#### **4.12. Allowability of Carry forwarding the MAT Credit:**

As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax (MAT) paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years. The amount of MAT credit available shall be the difference between MAT payable under section 115JB of the Act and taxes payable on total income computed under normal provisions of the Act.

The Finance Act, 2017 has amended the above provision with effect from AY 2018-19 to provide that MAT credit shall be available for set-off up to fifteen years succeeding the Assessment Year in which MAT credit arises.

As per clarification provide vide Circular No. 29/2019 dated October 2, 2019, MAT credit being carried forward from earlier assessment years will be lapsed in case the option under Section 115BAA is exercised.

#### **4.13. Deduction for Donations:**

The Company is entitled to a deduction under Section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that Section, in respect of such amounts and subject to the fulfillment of conditions prescribed therein. No deduction shall be allowed under Section 80G of the Act for any sum exceeding ₹ 2,000 unless such sum is paid by any mode other than cash. The various donations specified in section 80G are eligible for a deduction of up to either 100% or 50% with or without restriction, as provided in section 80G

#### **4.14. Allowability of Bad debts:**

Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.

#### **4.15. Corporate Social Responsibility:**

As per the explanation to Section 37 of the Act, any expenditure incurred by the Company on the activities relating to Corporate Social Responsibility ('CSR') referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the Company for the purpose of the business or profession. However, CSR expenditure which is of the nature described in provisions of Sections 30 to 36 and Section 80G of the Act shall be allowed as deduction under respective sections, subject to fulfillment of conditions, if any, specified therein.

#### **4.16. Availing the benefit of (DTAA):**

In respect of FIIs, the tax rates and consequent taxation mentioned above will be further subject to benefits, if any, available under the DTAA between India and the country of residence of the FII. As per Section 90(2) of the Act, the provisions of the Act or the DTAA, whichever are more beneficial to the taxpayer, would be applicable. Thus, FIIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

As per section 90(4) of the Act, the FIIs shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country i.e. Tax Residency Certificate. As per section 90(5) of the Act, the FIIs shall be required to provide such other information, as may be notified.

#### **4.17. General Anti Avoidance Rules (GAAR):**

The General Anti Avoidance Rule (GAAR) was introduced in the Income-tax Act by the Finance Act, 2012 and was proposed to be made effective 1 April 2013. The FA 2015 makes the provisions of GAAR applicable prospectively from 1 April 2017. Further, investments made up to 31 March 2017 would be protected from the applicability of GAAR. Rule 10U(1)(a) has provided that if the tax benefit is ₹ 30 million or less, for assessment year, then GAAR will not apply

#### **4.18. Corporate Tax Rates:**

- a. The tax rate is 30%. The surcharge on Income tax is 7%, if the total income exceeds ₹ 10.0 million and, 12% if the total income exceeds ₹ 100.0 million. Health & Education cess (H&EC) is 4% on tax & surcharge.
- b. In case of companies having turnover of less than ₹ 4.00 billion in Financial Year 2018-19, the tax rate will be 25% plus surcharge and H&EC for Financial Year 2020-21.
- c. As per Taxation Laws (Amendment) Ordinance, 2019 (“TLA Ordinance 2019”), the Company has option to avail lower rate of 22% (plus surcharge @ 10% and H&EC @ 4% making 25.168% as effective tax rate) under newly inserted section 115BAA in which case, the Company will need to forego specified tax incentives. This option can be exercised for any assessment year beginning with assessment year 2020-21 onwards. Further, as per the aforementioned TLA Ordinance 2019, the option of such reduced tax rates, once exercised for any previous year cannot be subsequently withdrawn for the same or any other previous year. The following specific tax incentives are not available for lower tax rate availed under Section 115BAA:
  - i. Claiming any deduction especially available for units established in special economic zones under section 10AA
  - ii. Claiming additional depreciation under section 32 and investment allowance under section 32AD towards new plant and machinery made in notified backward areas in the states of Andhra Pradesh, Bihar, Telangana, and West Bengal
  - iii. Claiming deduction under section 33AB for tea, coffee and rubber manufacturing companies
  - iv. Claiming deduction towards deposits made towards site restoration fund under section 33ABA by companies engaged in extraction or production of petroleum or natural gas or both in India
  - v. Claiming a deduction for expenditure made for scientific research under section 35
  - vi. Claiming a deduction for the capital expenditure incurred by any specified business under section 35AD
  - vii. Claiming a deduction for the expenditure incurred on an agriculture extension project under section 35CCC or on skill development project under section 35CCD
  - viii. Claiming deduction under chapter VI-A in respect to certain incomes, which are allowed under section 80IA, 80IAB, 80IAC, 80IB and so on, except deduction under section 80JJAA
  - ix. Claiming a set-off of any loss carried forward from earlier years, if such losses were incurred in respect of the aforementioned deductions

Further, MAT Credit will not be available to a Company that opts for lower corporate tax rate under Section 115BAA.

#### **4.19. Minimum Alternate Tax:**

- a. A Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, is imposed at 15% (plus the surcharge and H&EC) on the adjusted book profits, if the tax payable as per normal provisions is lower than MAT.
- b. The provisions of Section 115JB shall not apply if the tax payer is a domestic company and has availed option for lower rate of tax under Section 115BAA or Section 115BAB newly inserted by TLA Ordinance 2019.

### **5. General Tax Benefits to the Shareholders of the Company**

#### **5.1. Residents**

##### **a. Allowance of Securities Transaction Tax (STT) paid by a shareholder:**

Under section 36(1)(xv) of the Act, Securities Transaction Tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”. However, no deduction will be allowed in computing the income chargeable to tax as capital gains for such amount paid on account of STT as per Section 48 of the Act.

**b. Set off of losses under the head “Capital Gain”:**

As per the provision of Section 71(3), if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. Section 74 provides that the short-term capital loss can be set-off against both Short-term and Long-term capital gain. But Long-term capital loss cannot be set-off against short-term capital gain. The unabsorbed short-term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The unabsorbed Long-term capital loss can be carried forward for next eight assessment years and can be set off only against Long-term capital gains in subsequent years

**c. Tax on Long-term Capital Gain:**

Long-term capital gains and tax on the same would arise to a resident shareholder in the following cases:

Nature and period of holding of Shares	Tax Treatment
<b>(i) Listed Shares:</b> Where the equity shares in a company are held for a period of more than 12 months prior to the date of transfer of the shares in case of shares of a company listed on a Recognised Stock Exchange in India and the transaction is chargeable to Securities Transaction Tax.	In accordance with section 112A of the Act, the tax payable on the capital gains exceeding ₹ 0.10 million shall be calculated at the rate of 10% without indexation benefit as provided in the second proviso to section 48 of the Act.
<b>(ii) Unlisted Shares:</b> Where the equity shares in a company are held for a period of more than 24 months in case of shares of other companies prior to the date of transfer of the shares	In accordance with section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation benefit, as provided in the second proviso to section 48 of the Act.

In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

- i. Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index (only for Resident shareholder of unlisted company) notified by the Central Government; and
- ii. Expenditure incurred wholly and exclusively in connection with the transfer of shares

Further, section 55(2)(ac) inserted by Finance Act 2018 further provides that cost of acquisition of specified capital asset referred to in section 112A acquired prior to 1 February 2018 shall be higher of

- Cost of acquisition of such asset and
- Lower of –
  - (A) The Fair Market Value of such asset
  - (B) Full value of consideration received or accruing as a result of transfer of capital asset

**d. Tax on Short-term Capital Gain:**

Short-term capital gains and tax on the same would arise to a resident shareholder in the following cases:

Nature and period of holding of Shares	Tax Treatment
<b>(i) Listed Shares:</b> Where the equity shares in a company are held for a period of not more than 12 months prior to the date of transfer where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to Securities Transaction Tax.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a rate of 15% (plus applicable surcharge and education cess).

<b>(ii) Unlisted Shares:</b> Where the equity shares in a company are held for a period of not more than 24 months in case of shares of other companies prior to the date of transfer of the shares	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a normal rate of tax i.e. 30% (plus applicable surcharge and education cess).
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**e. Exemption from Capital Gains:**

- Under section 54EC of the Act, Long-term capital gain arising on the transfer of long-term capital assets, being land or building is exempt from tax to the extent the same is invested in long-term specified asset within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million). The capital gain shall not be charged to tax subject to certain conditions specified in this section.

The definition of long-term specified asset, for making any investment under the section on or after the 1st day of April 2018, shall mean any bond, redeemable after five years and issued on or after 1st day of April 2018 by the National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf. This amendment will take effect, from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- In accordance with section 54F, long-term capital gains arising on the transfer of long-term capital asset, not being a residential house, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.
  - If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

**f. Tax on property received without adequate consideration:**

If an individual or HUF receives any property, which includes shares, without consideration, the aggregate fair market value of which exceeds ₹ 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding ₹ 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient

The Finance Act, 2017 has inserted a new clause under sub-section (2) of section 56 of the Act to provide that receipt of any sum of money or any property by any person from any person after 01st April 2017, without consideration or for inadequate consideration in excess of ₹ 50,000 shall be chargeable to tax in the

hands of the recipient under the head "Income from other sources". These amendments have become applicable with effect from 1st April 2018 and accordingly, applicable in relation to the assessment year 2018-19 and subsequent assessment years

The Finance Act 2018 has further amended section 56(2)(x) to provide that no adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than the higher of following amounts namely:

- (i) Amount of fifty thousand rupees and
- (ii) ten percent of the sale consideration.

These amendments will take effect from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

**g. Tax Rates for Individuals, HUFs, BOI and Association of Persons:**

Slab of income (₹)	Rate of tax (%)
Up to ₹ 0.25 million	Nil
₹ 0.251 million to ₹ 0.50 million	5%
₹ 0.501 million to ₹ 1 million	20%
Above ₹ 1 million	30%

**Notes:**

- (i) In respect of senior citizens resident in India, the basic exemption limit is ₹ 0.30 million.
- (ii) In case super senior citizen who is of the age of eighty years or more, the basic exemption is ₹ 0.50 million.
- (iii) Surcharge on income tax shall be as follows:

Limits	STCG u/s 111A	LTCG u/s 112A	Any income*	Other
Up to ₹ 5 million	Nil	Nil	Nil	
More than ₹ 5 million but up to ₹ 10 million	10%	10%	10%	
More than ₹ 10 million but up to ₹ 20 million	15%	15%	15%	
More than ₹ 20 million but up to ₹ 50 million	15%	15%	25%	
More than ₹ 50 million	15%	15%	37%	

\*The Finance (No. 2) Act, 2019 has been amended to withdraw the enhanced surcharge, i.e., 25% or 37%, as the case may be from income chargeable to tax under section 111A and 112A. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%. However, where other income of a person does not exceed ₹ 2 crores but after including the incomes as referred to in section 111A and 112A, the total income exceeds ₹ 2 crores then irrespective of the amount of other income, surcharge shall be levied at the rate of 15% on the amount of tax payable on both normal income as well as income referred to in section 111A and 112A.

The surcharge shall be subject to marginal relief:

- a. where income exceeds ₹ 5 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 5 million by more than the amount of income that exceeds ₹ 50 lakhs.
- b. where income exceeds ₹ 10 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 10 million by more than the amount of income that exceeds ₹ 10 million

- c. where income exceeds ₹ 20 million, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 20 million by more than the amount of income that exceeds ₹ 20 million
- d. where income exceeds ₹ 50 million rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 50 million rupees by more than the amount of income that exceeds ₹ 50 million rupees

(iv) Health & Education Cess will be levied at the rate of 4% on income tax and surcharge.

(v) Rebate under Section 87A: The rebate is available to a resident individual if his total income does not exceed ₹ 5,00,000. The amount of rebate shall be 100% of income-tax or ₹ 12,500, whichever is less.

As per Finance Act, 2020, the Individuals/HUF have option to pay income tax at lower rates under Section 115BAC of IT Act. The new system is applicable for income earned from 1 April 2020 i.e. FY 2020-2021.

The tax rate under the new tax regime are:

Slab of income (₹)	Rate of tax (%)
Up to ₹ 0.25 million	Nil
₹ 0.25 million to ₹ 0.50 million	5%
₹ 0.50 million to ₹ 0.75 million	10%
₹ 0.75 million to ₹ 1 million	15%
₹ 1 million to ₹ 1.25 million	20%
₹ 1.25 million to ₹ 1.5 million	25%
Above ₹ 1.5 million	30%

This option can be exercised for any assessment year beginning with assessment year 2021-22 onwards. Further, as per the new tax regime, the option of such reduced tax rates, once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be able to exercise option under this section, except where such person ceases to have any income from business or profession in case of non-salaried tax payer. Salaries tax- payer can opt for old and new regime on year-on-year basis. The following specific tax incentives are not available for lower tax rate availed under Section 115BAC:

- a. Claiming deduction towards Leave Travel Concession {u/s 10(5)}, House Rent Allowance {u/s 10(13A)}, Other Allowances {u/s 10(14)}, Allowance to MPs/MLAs {u/s 10(17)}, Allowance for income of minor clubbed {u/s 10(32)};
- b. Deduction for SEZ Units under Section 10AA of IT Act;
- c. Standard deduction under Section 16 of IT Act;
- d. Interest u/s 24 in respect of self-occupied or vacant property;
- e. Additional depreciation u/s 32(1)(iia) of IT Act;
- f. Investment allowance u/s 32AD, Deduction for deposit with tea, coffee and rubber Board u/s 33AB, Site Restoration Fund u/s 33ABA, Expenditure for scientific research u/s 35, Specified business u/s 35AD, Notified Agricultural extension project u/s 35CCC;
- g. Deduction from family pension received u/s 57(iia);
- h. Any deduction under Chapter VI-A except 80JJAA and 80CCD(2)
- i. the carried forward losses or unabsorbed additional depreciation, if any, shall not be eligible to be set-off by the assessee. The losses not set-off shall also not be allowed to be carried forward to future years;
- j. Similar to the provisions of Section 115BAA / Section 115BAB of Act, the amount of unabsorbed additional depreciation not allowed to be set-off shall be added to the opening WDV of the block of asset as on 1 April 2020

## 5.2. Non-Residents

### a. Taxability on Dividend Income received from Domestic Company:

There are no special tax benefits available to the shareholders (other than resident corporate

shareholder) of the Company under the provisions of IT Act except for interest expenditure allowance to the extent of 20% of the income from dividend u/s 57 of IT Act.

**b. Benefit of Double Tax Avoidance Agreement (DTAA/ Tax Treaty):**

As per the provisions of Section 90, the Non-Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

**c. Computation of Capital Gains on Investment made in foreign currency:**

In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

**d. Tax on Long-term Capital Gain:**

Long-term capital gains and tax on the same would arise to a non-resident shareholder in the following cases:

Nature and period of holding of Shares	Tax Treatment
<b>(i) Listed Shares:</b> Where the equity shares in a company are held for a period of more than 12 months prior to the date of transfer of the shares in case of shares of a company listed on a Recognised Stock Exchange in India and the transaction is chargeable to Securities Transaction Tax.	In accordance with section 112A of the Act, the tax payable on the capital gains exceeding ₹ 0.10 million shall be calculated at the rate of 10% without indexation benefit as provided in the second proviso to section 48 of the Act.
<b>(ii) Unlisted Shares:</b> Where the equity shares in a company are held for a period of more than 24 months in case of shares of other companies prior to the date of transfer of the shares	In accordance with section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 10% (plus applicable surcharge and education cess). In case of non-resident shareholder, the indexation benefit as provided in the second proviso to section 48 of the Act is not available.

In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

(a) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index (only for Resident shareholder of unlisted company) notified by the Central Government; and

(b) Expenditure incurred wholly and exclusively in connection with the transfer of shares.

Section 55(2)(ac) inserted by Finance Act 2018 further provides that cost of acquisition of specified capital asset referred to in section 112A acquired prior to 1 February 2018 shall be higher of –

- Cost of acquisition of such asset and
- Lower of ---

(A) The fair market value of such asset

(B) Full value of consideration received or accruing as a result of transfer of capital asset



**e. Tax on Short-term Capital Gain:**

Short-term capital gains and tax on the same would arise to a non-resident shareholder in the following cases:

Nature and period of holding of Shares	Tax Treatment
<b>(i) Listed Shares:</b> Where the equity shares in a company are held for a period of not more than 12 months prior to the date of transfer where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to Securities Transaction Tax.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a rate of 15% (plus applicable surcharge and education cess).
<b>(ii) Unlisted Shares:</b> Where the equity shares in a company are held for a period of not more than 24 months in case of shares of other companies prior to the date of transfer of the shares.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a normal rate of tax i.e. 30% (plus applicable surcharge and education cess).

**f. Exemption from Capital Gains:**

- Under section 54EC of the Act, Long-term capital gain arising on the transfer of long-term capital assets, being land or building is exempt from tax to the extent the same is invested in long-term specified asset within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million). The capital gain shall not be charged to tax subject to certain conditions specified in this section.

The definition of long-term specified asset, for making any investment under the section on or after the 1st day of April 2018, shall mean any bond, redeemable after five years and issued on or after 1st day of April 2018 by the National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf. This amendment will take effect, from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be

income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

### 5.3. Non-Resident Indians

A Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.

#### a. Filing of Return of Income in India:

In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.

#### b. Benefit of Double Tax Avoidance Agreement (DTAA/ Tax Treaty):

As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

#### c. Tax on Long-term Capital Gain:

- In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess). Income by way of long-term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus education cess).
- In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset and such specified assets is not converted or transferred into money within a period of three years from the date of acquisition.

#### d. Tax on Short-term Capital Gain:

Short-term capital gains and tax on the same would arise to a non-resident shareholder in the following cases:

Nature and period of holding of Shares	Tax Treatment
<b>(i) Listed Shares:</b> Where the equity shares in a company are held for a period of not more than 12 months prior to the date of transfer where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to Securities Transaction Tax	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a rate of 15% (plus applicable surcharge and education cess).
<b>(ii) Unlisted Shares:</b> Where the equity shares in a company are held for a period of not more than 24 months in case of shares of other companies prior to the date of transfer of the shares.	In accordance with section 111A of the Act, taxable short-term capital gains are subject to tax at a normal rate of tax i.e. 30% (plus applicable surcharge and education cess).

If the provisions of Section 111A are not applicable to the short-term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess.

**e. Exemption from Capital Gains:**

- Under section 54EC of the Act, Long-term capital gain arising on the transfer of long-term capital assets, being land or building is exempt from tax to the extent the same is invested in long-term specified asset within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million). The capital gain shall not be charged to tax subject to certain conditions specified in this section.

The definition of long-term specified asset, for making any investment under the section on or after the 1st day of April 2018, shall mean any bond, redeemable after five years and issued on or after 1st day of April 2018 by the National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf. This amendment will take effect, from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

**f. Transfer of assets**

The Finance Act 2018 has amended the section 47 of the Act so as to provide that transactions in the following assets, by a non-resident on a recognized stock exchange located in any International Financial Services Centre shall not be regarded as transfer, if the consideration is paid or payable in foreign currency:— (i) bond or Global Depository Receipt, as referred to in sub-section (1) of section 115AC; or (ii) rupee denominated bond of an Indian company; or (iii) derivative. This amendment will take effect, from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

The Finance (No.2) Act, 2019 has further amended Section 47 to include Category III Alternative Investment Fund (AIF), of which all the unit holders are non-resident, subject to fulfillment of specified conditions

**5.4. Foreign Institutional Investors (FIIs)**

**a. Tax on Capital Gains:**

In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), on the transfer of the shares and at 15% (plus applicable surcharge and education cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short-term capital gains, then the tax will be charged at the rate of 30% plus applicable surcharge and education cess, as applicable.

Section 112A of the Act provides that where the total income, includes any income chargeable under the head “Capital gains”, arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, subject to the conditions specified under the section, the tax payable on the capital gains exceeding ₹ 0.10 million shall be calculated at the rate of 10%.

**b. Benefit of Double Tax Avoidance Agreement (DTAA/ Tax Treaty):**

As per the provisions of Section 90, the Non-Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

**c. No TDS on capital gain arising from the transfer of securities referred to in section 115AD:**

Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD. As per Section 115AD, the expression "securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).

**d. Exemption from Capital Gains:**

Under section 54EC of the Act, Long-term capital gain arising on the transfer of long-term capital assets, being land or building is exempt from tax to the extent the same is invested in long-term specified asset within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million). The capital gain shall not be charged to tax subject to certain conditions specified in this section.

The definition of long-term specified asset, for making any investment under the section on or after the 1st day of April 2018, shall mean any bond, redeemable after five years and issued on or after 1st day of April 2018 by the National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf. This amendment will take effect, from 1st April 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

**5.5. Persons carrying on business or profession in shares and securities.**

Under section 36(1)(xv) of the Act, Securities Transaction Tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

A non-resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Act).

**5.6. Mutual Funds**

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

## **5.7. Venture Capital Companies/Funds**

In terms of section 10(23FB) of the Act, income of:

Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and

Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax,

Exemption available under the Act is subject to investment in domestic company whose shares are not listed, and which is engaged in certain 'specified' business/ industry

## **5.8. Investment Funds**

- a. Under section 10(23FBA) of the Act, any income except for income under the head "Profits and Gains of Business/ Profession" of Venture Capital Funds, registered as category-I or category-II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) regulations, 2012 would be exempt from income tax, subject to conditions specified therein
- b. As per section 115UB of the Act, any income accruing or arising to or received by a person from his investment in investment funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had directly made the investments.

### **Notes:**

1. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
2. This statement of possible direct tax benefits enumerated above is as per the Act as amended till the Finance Act, 2020 and other amendments. The above statement of possible Direct-tax benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India relevant for the assessment year 2021-22. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
3. The above statement covers only certain relevant Direct Tax Law benefits and does not cover any Indirect Tax Law benefits or benefits under any other law.

## SECTION IV: ABOUT OUR COMPANY

### OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section “**Forward-Looking Statements**” on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read “**Risk Factors**” on page 18, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements included in this Letter of Offer. For further information, see “**Financial Information**” on page 116.*

*Our Company completed the acquisition of SPI Cinemas with effect from August 17, 2018, and subsequently, SPI Cinemas was amalgamated with our Company with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme. Accordingly, our historical financial statements prior and subsequent to the acquisition (of 71.69% of SPI Cinemas with effect from August 17, 2018) and amalgamation (of SPI Cinemas with effect from August 17, 2018, pursuant to the NCLT, New Delhi order dated August 23, 2019 in relation to the SPI Merger Scheme) are not comparable to those subsequent to such acquisition and/ or amalgamation. Further, the Company has given effect to this amalgamation in the books of accounts in accordance with acquisition method as per Indian Accounting Standard (Ind AS) 103 “Business Combination”, as prescribed by section 133 of the Companies Act, 2013. Accordingly, Fiscal 2019 financial numbers referred in this offer document and reported as previous year numbers in Audited Financial Statements have been represented to give effect of the scheme and will not reconcile to the signed financials for the year ended March 31, 2019 approved on May 10, 2019. For further information see “**Audited Financial Statements Note 43**” on page 161.*

*In this section, unless the context otherwise requires, a reference to “our Company” is a reference to PVR Limited on a standalone basis, while any reference to “we”, “us”, “our” or “Group” is a reference to PVR Limited on a consolidated basis.*

#### Overview

We are the market leader in terms of screen count in India, as of January 2019, with a market share of 28% in total multiplexes based on the number of screens in India (*Source: CRISIL Report*). We are the leader in terms of screens in seven out of eight key cities in India, which include Ahmedabad, Bengaluru, Chennai, National Capital Territory of Delhi, Hyderabad, Mumbai and Pune (*Source: CRISIL Report*). Further, we are the market leader in three out of the four regions in India, i.e. north, south and west regions of India, in terms of screens among the multiplex operators in India (*Source: CRISIL Report*).

We have, over the years, consistently added screens, both organically and inorganically, through strategic investments and acquisitions. As a result of our acquisition and amalgamation of SPI Cinemas with effect from August 17, 2018, we added 76 screens to our screen network. Further, consequent to our acquisition and amalgamation of SPI Cinemas, we became the leader in terms of properties and screens in Chennai and further consolidated our leadership position in terms of screens in Bengaluru and Hyderabad (*Source: CRISIL Report*). As of March 31, 2020, we had 845 screens in 176 cinemas in 71 cities in India and Sri Lanka with an aggregate seating capacity of approximately 1.82 lakhs seats.

We offer a diversified cinema viewing experience through our formats, including ‘PVR Director’s Cut’, ‘PVR Gold Class’, ‘PVR IMAX’, ‘PVR Superplex’, ‘PVR P[XL]’, ‘PVR Playhouse’, ‘PVR ECX’, ‘PVR Premiere’, ‘PVR ICON’, ‘PVR LUXE’, ‘PVR Cinemas’ and ‘PVR Utsav’, and pursuant to our acquisition and amalgamation of SPI Cinemas, ‘Escape’, ‘Sathyam’ and ‘Palazzo’. We exhibit diversified content to serve different regional customer segments across India, with Hindi, English and Indian regional language movies accounting for 59.6%, 16.0% and 24.4%, respectively, of our Gross Box Office Collections in Fiscal 2019, while such movies accounted for 56.0%, 19.3% and 24.7%, respectively, of our Gross Box Office Collections in Fiscal 2020. We are present in 60% of the 20 largest operational malls, in terms of property size, in India, as of March 2019 (*Source: CRISIL Report*) and are typically the anchor tenant in various malls across India where our cinemas are located. We have, over the years, established relationships with various mall developers.

We have a diversified revenue stream and generate revenues primarily from box office (income from sale of movie tickets) and non-box office (Sale of F&B, advertisement income, convenience fees, virtual print fees, income from movie production/ distribution, food court rental income, gaming income and management fees). We have maintained a consistent track record of financial performance with our total income increasing from ₹3,11,870 lakhs in Fiscal 2019 to ₹ 3,45,223 lakhs in Fiscal 2020, witnessing a growth of 10.7%. Our Adjusted EBITDA increased from ₹ 61,947 lakhs in Fiscal 2019 to ₹ 1,11,438 lakhs in Fiscal 2020, witnessing the growth of 79.9%. PAT for the Fiscal 2020 was ₹ 2,685 lakhs as against ₹ 18,940 lakhs in Fiscal 2019. After eliminating the impact of Ind AS -116 “Leases”, our Adjusted EBITDA and PAT would have been ₹ 61,394 lakhs and ₹13,104 lakhs respectively. For reconciliation of Adjusted EBITDA, see “- *Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA) and Adjusted EBITDA Margin*” below. Further, set out below are the tables which provide comparison of financial and operating performance between Fiscal 2020 and Fiscal 2019.

### Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA) and Adjusted EBITDA Margin

The following tables provides the reconciliation of Adjusted EBITDA and Adjusted EBITDA margin for the periods indicated:

(₹ in lakhs, unless otherwise specified)				
Particulars	For the financial year ended March 31, 2020 (a)	Changes due to Ind AS 116 (Increase/(Decrease) (b)	Comparable for the financial year ended March 31, 2020 (a+b)	For the financial year ended March 31, 2019
<b>Net Profit after tax [A]</b>	<b>2,685</b>	<b>10,419</b>	<b>13,104</b>	<b>18,940</b>
Add: Total Tax expense	6,274	3,504	9,778	10,963
<b>Profit before tax [B]</b>	<b>8,959</b>	<b>13,923</b>	<b>22,882</b>	<b>29,903</b>
Less: Share of profit/(loss) of equity accounted investees (net of tax)	-54	-	-54	-115
Add: Finance costs	48,179	-32,965	15,214	12,801
Add: Depreciation and amortisation expense	54,246	-31,002	23,244	19,128
<b>Total Adjustments [C]</b>	<b>1,02,479</b>	<b>-63,967</b>	<b>38,512</b>	<b>32,044</b>
<b>Adjusted EBITDA [D=B+C]</b>	<b>1,11,438</b>	<b>-50,044</b>	<b>61,394</b>	<b>61,947</b>
<b>Total Income [E]</b>	<b>3,45,223</b>	<b>-</b>	<b>3,45,223</b>	<b>3,11,870</b>
<b>Adjusted EBITDA margin (Adjusted EBITDA/Total income in %) [D/E]</b>	<b>32.3%</b>		<b>17.8%</b>	<b>19.9%</b>

The following tables provides details of certain operational key performance indicators of our business:

Particulars	Fiscal 2019	Fiscal 2020
Number of cinemas	164	176
Number of screens	763	845
Number of seats (in approximate lakhs)	1.7	1.8
Number of Admits (in lakhs)	993	1,017
Occupancy percentage <sup>(1)</sup>	36.2%	34.9%
Average Ticket Price (₹) <sup>(2)</sup>	207	204
Spend Per Head (₹) <sup>(3)</sup>	91	99

Notes:

(1) Occupancy percentage represents Admits in a period divided by the seating capacity as of the relevant period.

(2) Average Ticket Price represents Gross Box Office Collections plus 3D glasses income divided by the number of admits.

(3) Spend Per Head represents gross sale of food and beverages from exhibition business (gross sales from food and beverages including applicable taxes) divided by the Admits.

## Impact of COVID-2019 Pandemic on Our Business

The World Health Organization declared the outbreak of COVID-2019 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020. The spread of COVID-2019 and the recent developments surrounding the global pandemic have had, and continue to have, a material adverse effect on our business. All our screens across India have been shut from March 24, 2020 while most of the screens were shut down even earlier following the outbreak of COVID-2019 on the basis of the orders passed by various statutory and regulatory authorities in those specific regions. Further, our cinemas in Sri Lanka were also shut since March 24, 2020 which have now subsequently resumed operations. For details of the risks related to our business due to COVID-2019 pandemic, see ***“Risk Factors - COVID-2019 has had, and is expected to continue to have, a significant impact on our financial condition and operations. The current, and uncertain future, impact of the COVID-2019 pandemic, including its effect on the ability or desire of people to visit cinemas and watch movies, is expected to continue to impact our results, operations, outlook, plans, goals, growth, strategy, reputation, cash flows, liquidity, and the price of our Equity Shares.”*** on page 18.

In order to manage such an unprecedented complete business shutdown, our Company has implemented a number of steps to ensure cost efficiency, enhanced liquidity and a prudent cash flow management as well as preparations for a turn around when the lockdown is over.

We have endeavoured to rationalise our fixed cost in order to survive the lockdown as our variable costs are directly linked to our revenue and we do not incur these variable costs if our screens are shut. Our major fixed costs, amongst other, includes rents, CAM cost and employee expenses. Our average monthly fixed cost at standalone level prior to the shutdown was approximately ₹ 14,400 lakhs (average of employee benefits expenses and other operating expenses excluding Ind AS 116 “Leases” impact) for the period between April 2019 and December 2019. In relation to our rent expenses, we have sent notices to most of the mall developers, landlords, lessors and partners invoking *force majeure* clauses under our contractual arrangements, or requested for waivers where such *force majeure* clauses were not present, and we have temporarily stopped payment of rent and continue to be in discussions with such mall developers, landlords and partners to find sustainable solutions for our lease/rental arrangements until our business operations stabilize after the nationwide lockdown as a result of the COVID-2019 pandemic. We have not made any payment towards CAM costs due to the invocation of the *force majeure* clauses under our contractual arrangements. For security and housekeeping cost, we had entered into agreements with third party service providers for security and housekeeping services. However, due to the shutdown of our screens, we have terminated these agreements with security and housekeeping service providers. In relation to employee expenses, we have taken a proactive decision to rationalise salaries across the organization during the period of this temporary shutdown. The senior management has taken a 50% salary cut, while we have reduced salaries in range of 35%- 20% for the rest of the organisation until we open our screens again. We have also rationalised our total work-force from 5,287 full time and over 9,300 contractual as of March 31, 2020 to 5,028 full time and over 3,700 contractual as of May 31, 2020. All discretionary spends like advertising, capex and other non-essential expenses have been kept on hold.

We are also focusing on enhancing our liquidity position. In order to sustain our operations during the pandemic, we have raised additional borrowings from existing lenders and are also undertaking this Issue to raise capital from our existing shareholders. Further to optimize our cash flow management, we are working with our suppliers and vendors to negotiate alternative payment schedules for our trade payables. We have also availed the benefit of the moratorium provided by the RBI through its circular dated March 27, 2020 wherein a deferment has been permitted in the payment of interest and principal repayment for a period of three months starting March 1, 2020. Further, we have also applied for the benefit of the second moratorium provided by the RBI through its “Statement on Developmental and Regulatory Policies” dated May 22, 2020, wherein the RBI in view of the extension of the lockdown has extended the moratorium until August 31, 2020. We are yet to receive approval from certain lenders. We have also temporarily deferred a substantial portion of our planned capital expenditures that we were undertaking prior to the shutdown.

Our Company has also taken a one-time write off of perishable inventory of ₹ 183 lakhs for the fiscal ended March 31, 2020, on account of spoilage due to closure of cinemas pursuant to COVID-2019.

## Our Strengths

### *Movie exhibition industry leader in India*



We are the market leader in terms of screen count in India, as of January 2019, with a market share of 28% in total multiplexes based on the number of screens in India (*Source: CRISIL Report*). We have a pan-India presence and as of March 31, 2020, we had 845 screens in 176 cinemas in 71 cities in India and Sri Lanka. We believe our leadership position has enabled us to capitalize on movie attendance trends, consolidation opportunities and ancillary businesses with relatively higher margins. Further, we believe our large scale, brand equity and cinema experience has made us the preferred choice for movie exhibition for movie distributors, production houses and real estate developers in India. We are the leader in terms of screens in seven out of eight key cities in India, which include Ahmedabad, Bengaluru, Chennai, National Capital Territory of Delhi, Hyderabad, Mumbai and Pune (*Source: CRISIL Report*). Further, we are the market leader in three out of the four regions in India, i.e. North, South and West regions of India, in terms of screens among the multiplex operators in India (*Source: CRISIL Report*). We have over the years, acquired and successfully integrated our strategic acquisitions into our operations, such as our acquisitions of ‘Cinemax Cinemas’ in November 2012 and ‘DT Cinemas’ in May 2016, which added 138 screens and 32 screens, respectively, to our screen network. Following our acquisition and amalgamation of SPI Cinemas in August 2018, we added 76 screens to our screen network. Further, consequent to our acquisition and amalgamation of SPI Cinemas, we became the leader in terms of screens in Chennai and further consolidated our leadership position in terms of screens in Bengaluru and Hyderabad (*Source: CRISIL Report*).

In addition, brand and reputation are important for customers and we believe that our history, market leadership position, and quality cinema experience have led to wide recognition of the ‘PVR’ brand in India, which has enabled us to effectively target new customers, increase the scale of our operations and enter into new geographical areas.

#### ***Strategically located cinemas***

As of March 31, 2020, we had 845 screens in 176 cinemas in 71 cities in India and Sri Lanka with an aggregate seating capacity of approximately 1.82 lakhs seats. Also as of March 2019, we were present in 60% of the 20 largest operational malls, in terms of property size, in India, such as LuLu International Shopping Mall in Kochi, DLF Mall of India in Noida, VR Mall in Chennai, Ambience Mall in Gurgaon, Phoenix Market City in Bengaluru, Select Citywalk in Delhi and Elante Mall in Chandigarh (*Source: CRISIL Report*). Accordingly, we believe that the location of our cinemas in such malls provides us with wide visibility and also enables recurring admits and high occupancy percentages.

We believe we have, over the years, established relationships with various mall developers, which along with our ability to attract footfalls, has enabled us to obtain prime locations at competitive terms. We operate based on an asset-light model and accordingly, all our cinemas are located on leased premises. We obtain the right to operate cinemas through various contractual arrangements, which we execute with mall developers/ owners of the concerned cinema. The tenure of our leases is typically for a period of 10 to 20 years which, in many instances, are renewable subject to mutual agreement. We are typically the anchor tenant in various malls across India where our cinemas are located. Accordingly, based on our relationships with mall developers and status as anchor tenants, we believe we will be able to secure further strategic locations that are proposed to be developed by the mall developers. We believe that our strategy of being in prime retail locations that generate significant admits, has helped in building our leadership position in terms of average ticket price, revenue per screen and EBITDA per screen, and increasing our profitability.

#### ***Diversified product offerings and premium guest experience***

We have been able to become an integral part of a customers’ movie viewing experience by offering multiple products and a premium experience. We offer a diversified cinema viewing experience through our different formats, including ‘PVR Director’s Cut’, ‘PVR Gold Class’, ‘PVR IMAX’, ‘PVR Superplex’, ‘PVR P[XL]’, ‘PVR Playhouse’, ‘PVR ECX’, ‘PVR Premiere’, ‘PVR ICON’, ‘PVR Luxe’, ‘PVR Cinemas’ and ‘PVR Utsav’, and pursuant to our acquisition and amalgamation of SPI Cinemas, ‘Escape’, ‘Sathyam’ and ‘Palazzo’. Premium screen formats include IMAX, Playhouse, Gold, P[XL] and Director’s Cut, and serve different customer segments. As of March 31, 2020, we had 94 premium screen formats. Further, we exhibit diversified content to serve different regional customer segments across India. In Fiscal 2019, Hindi, English and regional languages accounted for 59.6%, 16.0% and 24.4%, respectively, of our Gross Box Office Collections, while in Fiscal 2020, Hindi, English and regional languages accounted for 56.0%, 19.3% and 24.7%, respectively, of our Gross Box Office Collections.

We also aim to improve customer experience by providing premium seating, quality visual and sound experience, convenient ticketing experience, diversified content and plush interiors. To cater to the diverse eating habits and dietary needs, we have enhanced our food and beverages (“F&B”) offerings and also appointed a celebrity chef to render culinary/ cooking services at our cinemas. We offer several seating options through our various premium formats, including loungers, recliners, beanbags and double armrest seats. In addition, we have recently introduced D-Box enabled motion seats at certain of our cinemas. Further, our technology based product offerings include our own website and mobile application which allows customers to browse movies and trailers, select and reserve seats, pre-order F&B that can be served at their seat, make bulk bookings, book a cab, purchase gift cards and, have access to various offers and deals. We also introduced ‘quick tix machines’, a digital instant and upcoming ticketing solution which promotes cashless transactions, along with ‘quick response code based paperless ticketing’ for admission into our cinemas.

We also provide our customers the option of purchasing pre-paid gift cards, both physical and digital, which can be redeemed against purchase of tickets, and F&B at our cinemas and on our website and mobile application. We offer our customers deals, rewards, cashbacks and offers for which we have collaborated with various banks, payment banks, digital wallet companies and online aggregator platforms. Further, we have introduced a loyalty programme, ‘PVR Privilege’, which provides our customers with a range of benefits, personalised offers and services, including reward points on each purchase of tickets or F&B, bonus points during special occasions, and an automated conversion of reward points into vouchers that can be used to pay for tickets and F&B. As of March 31, 2020, we had approximately 113.2 lakhs ‘PVR Privilege’ members.

### ***Leadership across key operating metrics and robust financial position***

We had the highest revenue per screen (₹ 37.8 million per screen) and EBITDA per screen (₹ 6.9 million per screen) among the top three multiplex operators in India, as of and for the year ended March 31, 2018 (*Source: CRISIL Report*). We believe our high revenue per screen is attributed to brand premiumization and premium locations resulting in higher average ticket price and spend per head, and certain key factors, such as, premium and innovative screen formats, including Director’s Cut, Gold Class, Playhouse, P[XL], and a differentiated F&B menu.

We have diversified revenue streams and generate revenues primarily from: (i) income from sale of movie tickets; (ii) sale of food and beverages (iii) advertisement income; and (iv) other operating revenue which includes income from movie production/ distribution, convenience fees, virtual print fees, food court rental income, gaming income and management fees. Our income from sale of movie tickets increased from ₹ 1,63,543 lakhs in Fiscal 2019 to ₹ 1,73,115 lakhs in Fiscal 2020. Our Average Ticket Price has decreased from ₹ 207 in Fiscal 2019 to ₹ 204 in Fiscal 2020 primarily due to reduction in the rate of GST in January 2019 last year. Our Spend Per Head has increased from ₹ 91 in Fiscal 2019 to ₹ 99 in Fiscal 2020. Our revenue from sale of F&B has also been steadily increasing from ₹ 85,839 lakhs in Fiscal 2019 to ₹ 96,046 lakhs in Fiscal 2020. Our occupancy rates were 36.2% and 34.9% in Fiscal 2019 and Fiscal 2020, respectively.

We have proven the advertising monetization potential of our platform by increasing advertisement income from ₹ 35,352 lakhs in Fiscal 2019 to ₹ 37,588 lakhs in Fiscal 2020. We believe that the premium associated with our brand has helped us in charging high in-cinema advertising rates from advertisers. We have a relatively higher gross margin on advertisement revenue as our costs are limited to the extent of the manpower hired. In addition, our revenue from convenience fees has also increased from ₹ 13,035 lakhs in Fiscal 2019 to ₹ 17,193 lakhs in Fiscal 2020. Our Company renewed arrangements with certain online aggregator platforms for booking and selling our ticketing inventory through their digital platforms for a period of three years commencing from July 2018. Due to the COVID-2019 pandemic, we have agreed with our online ticket aggregators to extend the tenure of these arrangements for the period of lockdown in light of the shutdown of the screens due to COVID-2019 pandemic.

We have maintained a consistent track record of financial performance with our total income increasing from ₹ 3,11,870 lakhs in Fiscal 2019 to ₹ 3,45,223 lakhs in Fiscal 2020, witnessing a growth of 10.7%. Our Adjusted EBITDA increased from ₹ 61,947 lakhs in Fiscal 2019 to ₹ 1,11,438 lakhs in Fiscal 2020, witnessing the growth of 79.9%. PAT for the fiscal 2020 was ₹ 2,685 lakhs as against ₹ 18,940 lakhs in fiscal 2019. After eliminating the impact of Ind AS -116 “Leases” our Adjusted EBITDA and PAT would have been ₹ 61,394 lakhs and ₹ 13,104 lakhs, respectively. For reconciliation of Adjusted EBITDA, see “- *Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA) and Adjusted EBITDA Margin*” above. We believe that with our ₹ 31,559 lakhs as cash and cash equivalents as on March 31, 2020, our consistent track record of financial performance, our A1+ (ICRA), AA (CRISIL) and AA (India Ratings) credit ratings which

enable us to raise additional borrowings and our successful raising of capital of ₹ 50,000 lakhs through a qualified institutions placement recently in October 2019 along with the proceeds of this Issue, place us in robust financial position to sustain during this pandemic.

***Experienced Promoters, Key Managerial Personnel and senior management team with established track record***

We benefit from the experience of our Promoters, Key Managerial Personnel and the senior management team who have extensive industry knowledge and expertise. Mr. Ajay Bijli, our Chairman cum Managing Director and one of the Promoters of our Company, is the founder of our Company and has over two decades of experience in the movie exhibition industry, and has been awarded, amongst others, the “EY Entrepreneurial Award for Business Transformation” in 2013, the “Most Admired Multiplex Professional of the year” award at the CMO Asia’s Multiplex Excellence Awards in the year 2014 and the “Business Icon of the year” award at the International Film Business Awards by Indywood Film Market and ALIIFF in 2015. Mr. Sanjeev Kumar, our Joint Managing Director and one of the Promoters of our Company, also has over two decades of experience in the movie exhibition industry and manages the film acquisition and distribution business and programming activities, and is also involved in the development and growth strategy of our Company. Our Promoters are actively involved in our operations, and together with our Board of Directors and our senior management, have been instrumental in implementing our growth strategies and successfully integrating our acquisitions.

Mr. Gautam Dutta, the Chief Executive Officer of our Company, has been associated with us for 14 years and is responsible for managing our day-to-day business operations to ensure an effective management of resources and delivering the statement of profit and loss. Mr. Kamal Gianchandani, the Chief of Business Planning & Strategy of our Company and is also the chief executive officer of one of our Subsidiaries, PVR Pictures, has been associated with us for 20 years and is presently responsible for handling film financing, distribution, syndication, licensing, cinema exhibition (for both Indian and foreign language films) in India and also oversees business planning and strategy of our Company. Mr. Nitin Sood, the Chief Financial Officer of our Company, has been associated with us for 18 years and oversees the finance, accounting and legal compliance and is also responsible for managing all activities relating to mergers and acquisitions, fund raising and strategic business expansion opportunities for our Company. Mr. Pramod Arora, the Chief Growth & Development Officer of our Company, has been associated with us for 19 years and is presently responsible for overseeing growth and development of new screen portfolio and execution and fit-outs of new screens. We intend to continue to leverage the experience of our Promoters, Key Managerial Personnel and senior management team to further grow our business and strategically target new market opportunities.

**Our Strategies**

***Rationalize near-term costs, enhance liquidity and optimize cash flows***

All our screens across India have been shut from March 24, 2020 while most of the screens were shut down even earlier following the outbreak of COVID-2019 on the basis of the orders passed by various statutory and regulatory authorities in those specific regions. Further, our cinemas in Sri Lanka were also shut since March 24, 2020 which have now subsequently resumed operations. The spread of COVID-2019 and the recent developments surrounding the global pandemic have had, and continue to have, a material adverse effect on our business. In order to endure such an unprecedented business disruption which has completely wiped out our operating revenues, we have set up a crisis management team comprising executives from across the country handling different aspects of the business. The aim of the crisis management team is to rationalise expenses, enhance liquidity and optimize cash flows. Based on the recommendations of the crisis management team, we have implemented and will continue to implement a number of steps towards these purposes. We have looked at both our variable costs and fixed costs and endeavoured to rationalize them in the near-term. Our variable costs have become negligible as these included distributor pay-outs and cost of goods sold. We have also reduced our fixed costs by temporarily stopping payment of rent and CAM costs by invoking *force majeure* clauses, or requested for waivers where such *force majeure* clauses were not present, terminating agreements for security services and rationalizing salaries of our senior management by 50% and other employees in range of 20%-35% as well as by reductions in our total work-force. We also seek to raise funds through debt and equity (including through this Issue) to enhance our liquidity to sustain our capital requirements due to the disruption of our operations. Towards optimizing our cash flows, we are working with our suppliers and vendors to negotiate alternative payment schedules for our trade payables. We availed the benefit of the moratorium provided by the RBI through its circular dated March 27, 2020 wherein a deferment has been permitted in the payment of interest and principal repayment for a period of three months starting March 1, 2020. Further, we have also

applied for the benefit of the second moratorium provided by the RBI through its “Statement on Developmental and Regulatory Policies” dated May 22, 2020, wherein the RBI in view of the extension of the lockdown has extended the moratorium until August 31, 2020. We are yet to receive approval from certain lenders. We have also temporarily deferred and/or reassessed our planned capital expenditures among other measures.

While the COVID-2019 pandemic has caused unprecedented disruption to our business, we believe that our prudent cost rationalization measures and enhanced capital will enable us to sustain our operations in the near-term, and position us for future growth when our operations stabilize.

***Enhance customer experience including through more technology enabled services, and complying with social distancing and hygiene norms as a result of the COVID-2019 pandemic***

While all our screens are currently shut due to the COVID-2019 pandemic, as per the Guidelines for Re-opening of the Government of India, we expect cinemas to be allowed to open in the third phase of re-opening. Given the nature of the COVID-2019 pandemic, we propose to implement a number of measures to ensure health and safety of our customers and employees through social distancing, disinfecting and enhanced use of technology to reduce human-contact. These steps include adhering to all social distancing norms and guidelines as proposed by the Multiplex Association of India to the Government of India and the respective state governments, ensuring that while families, groups or couples would be seated together, one adjacent seat would be left empty, disinfecting all possible areas of the cinema premise, body temperature checks with infrared scanners, mandatory use of face masks and PPE kits will be made available to our customers (for purchase) at our theatres, placement of hand sanitizers at all strategic locations in the theatres and demarcated directives at all points of sales in our theatre premises. We also seek to promote enhanced use to technology in booking tickets, collection of tickets and purchase of food and beverages at our cinemas to ensure minimum human contact.

We also plan to continue improving customer experience to take greater advantage of incremental revenue-generating opportunities, primarily through an array of improved and differentiated customer experiences. We actively engage in refurbishment of our existing infrastructure and developing new screen formats, seating, technology and infrastructure in order to improve our cinemas. For instance, ‘quick response code based paperless ticketing’ and ‘quick tix machines’ are instances of measures undertaken by us, aimed at providing convenience to our customers. We also provide flexibility to our customers by offering the facility of ‘book now and decide later’, wherein a customer has the option to cancel the movie ticket and F&B booked prior to the start of the show. Further, through our loyalty programme, ‘PVR Privilege’, we provide personalised offers and services, including reward points, bonus points during special occasions and an automated conversion of reward points into vouchers. Our services also include providing our customers with the option of organizing events such as birthdays, anniversaries, workshops, seminars and school trips at our cinemas.

We seek to continue to offer exclusive screenings for women (‘Women on Wednesdays’) and senior citizens (‘Seniors Day’), and dedicated screens for children (‘Playhouse’). We have also announced our ‘Accessible Cinema Program’ for people with mobility, hearing and visual impairment and intend to install step sliders, step climbers, roll-a-ramps, stair lifts and one-step ramps in our cinemas to ensure access for people with mobility issues along with offering audio description available on mobile applications and screening with subtitles and captions. Further, our messaging notification service (through an online messaging platform), provides customers with details of the movie tickets booked and upcoming movies. Further, in certain of our cinemas in Delhi and Mumbai, we monitor the air quality and filter the air in order to maintain the optimum level of air quality in our cinemas. We also intend to focus on online sales of tickets and F&B through partnerships with online aggregator platforms, which enable us to collate data and understand the behavior and preferences of our customers in terms of movies, actors, offers, timings and F&B. In addition, we intend to use technology in seating by introducing electronic leather recliners with charging ports in our existing and new cinemas. We have also installed computer systems at certain of our cinemas to collate customers’ feedback/ ratings, which we believe will further help us improving our customer service. As part of our digital initiatives, we have launched a theatre-on-demand service, VKAAO, through a joint venture, which uses a crowdsourcing model to enable customers to plan exclusive screenings of movies of their choice from our collection of movies at a cinema of their choice, and also created a digital cinema environment for our customers at our cinemas. By using analytic tools and machine learning, we offer personalized communication and digital marketing campaigns as well as voice based interfaces to enhance our customers’ experiences.

***Focus on increasing non-box office revenue***

We intend to increase our non-box office revenues particularly in F&B, advertising and convenience fees. The F&B segment is a high margin business with approximately 70% to 75% gross margin (*Source: CRISIL Report*). Accordingly, multiplexes in India will aim to provide more F&B menu options, create more sales touch points and innovate in price and products (*Source: CRISIL Report*). As a result, we have and further intend to expand our menu of F&B products to include more options for meals, healthy snacks, mixed drinks, organic food and other gourmet products. We also intend to focus on offers on F&B, 'combo' products, sale of F&B along with movie tickets which will help us in increasing the average value of transaction. Further, the launch of premium properties will increase the average Spend Per Head on F&B, resulting in the growth of the cinema exhibition industry (*Source: CRISIL Report*).

As a percentage of total advertising revenue, in-cinema advertising has increased its share and is further expected to increase at a CAGR of approximately 10% from ₹ 11 billion in Fiscal 2019 to ₹ 16 billion in Fiscals 2023 (*Source: CRISIL Report*). However, as of December 2018, Indian multiplex operators' advertisement revenues were lower in comparison with international counterparts (*Source: CRISIL Report*). The key drivers for growth of in-cinema advertising in India include the increase in number of multiplex screens and number of advertisers selecting cinemas as a mode of advertising, and the presence of digital panels in multiplex lobbies (*Source: CRISIL Report*). Accordingly, we intend to capitalize on this opportunity and grow revenues from our advertising offerings through deepening advertiser engagement, attracting new advertisers to our platform, expanding our on-screen and off-screen advertising offerings and growing our advertising spot rates. In addition, we are exploring innovative mechanisms for advertisements such as advertisements on seat covers, ticketing windows and other publicly accessible places in cinema.

Our online Gross Box Office Collection contribution (as a percentage of Gross Box Office Collection) has been steadily increasing and was 59.3% and 61.9% in Fiscal 2019 and Fiscal 2020, respectively. We have and further intend to increase the share of online Gross Box Office Collection through our partnerships with online ticket aggregators and our website and mobile application by offering various offers and services including ticket cancellation, booking a cab, loyalty rewards, redemption of coupons, pre-paid cards and discounts and cashbacks. In addition, the information collected through such platforms will help us in determining the customers' behaviour and preferences, which will consequently enable us in improving our customer experience.

#### ***Further expand our screen network***

At such time as our business operations attain sustainable levels, we seek to continue to further expand our screen network across India. For our expansion plans, we intend to organically pursue cinema and screen expansion opportunities, continue to work with commercial real estate developers, and also focus on premium screen formats. We also aim to enhance our operations by selectively expanding and upgrading existing operational properties in prime locations. Further, we have experience in identifying and integrating acquisitions/ amalgamations of cinemas and continue to intend to expand our screen network through strategic investments, amalgamations and acquisitions. We have, in the past, made certain acquisitions/ amalgamations and have been able to successfully integrate such acquisitions/ amalgamations, such as, Cinemax Cinemas in November 2012, DT Cinemas in May 2016 and SPI Cinemas in August 2018, which added 138 screens, 32 screens and 76 screens, respectively, to our screen network. In particular, we believe that significant opportunities exist for us to generate economies of scale from our recent acquisition and amalgamation of SPI Cinemas.

Our growth is also supported by the trend of increasing middle and high income groups, rising per capita income, growth in working population and increase in median age in India (*Source: CRISIL Report*). Further, the share of single screens in India in terms of overall screen count is expected to reduce from 74% as of March 31, 2018 to 60% as of March 31, 2023 (*Source: CRISIL Report*), which also provides considerable expansion scope for multiplex operators. Further, we believe significant opportunities exist in international markets as well, that offer incremental attendance-generating and revenue-generating prospects. We intend to selectively pursue opportunities that will consolidate our market position and enhance our financial position, expand our existing product offerings and increase our sales and marketing network, customers and geographical reach, enhance our customer experience and help us in technological advancements. These opportunities could be by way of strategic acquisitions, joint ventures, technical collaborations, new partner tie-ups and asset purchases.

#### **Our Operations**

### ***Movie Exhibition Business***

As of March 31, 2020, we were operating 845 screens in 176 cinemas with an aggregate seating capacity of approximately 1.82 lakhs. Our cinemas appeal to a diverse group of customers due to the diverse range of movies and multiple show times. In addition, our cinemas feature amenities such as wall-to-wall screens, audio and projection technology, such as three way digital sound systems, multi-station F&B stands, computerized ticketing systems, stadium seating and movie-themed interiors and exteriors.

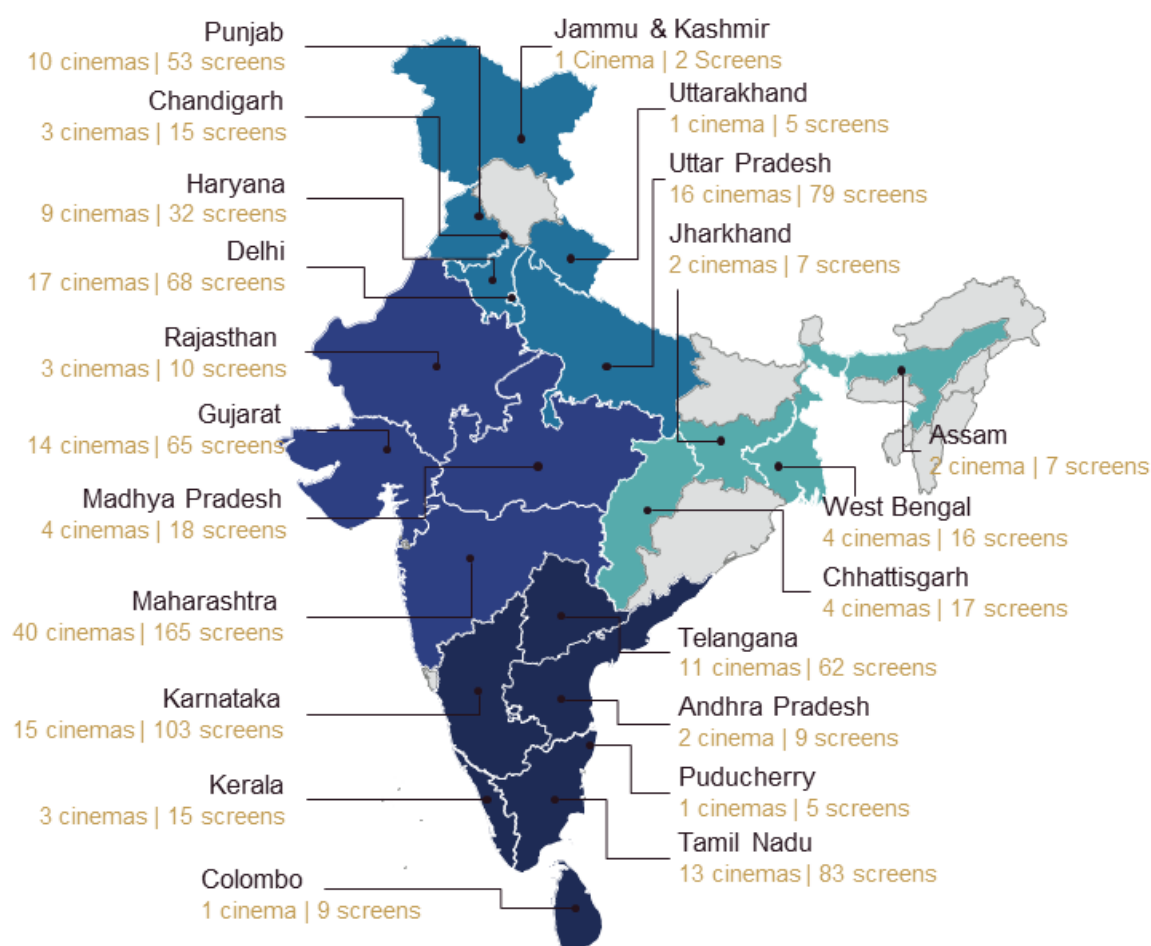
Following table provides the details of our premium screen formats for the periods indicated:

<b>Particulars</b>	<b>As of March 31, 2019</b>	<b>As of March 31, 2020</b>
	<b>Number of premium screens</b>	
Gold class	31	37
IMAX	8	9
Playhouse	8	13
P[XL]	6	8
Director's Cut	4	4
4DX	14	18
Onyx	1	1
Sapphire	0	4
<b>Total</b>	<b>72</b>	<b>94</b>

The following table provides details in relation to our number of screens for the periods indicated:

<b>Particulars</b>	<b>As of March 31, 2019</b>	<b>As of March 31, 2020</b>
<b>Number of screens</b>	763	845

The map below shows the location of our cinemas and screens in India as of June 8, 2020:



*Note: Map not to scale*

The following table provides the location of our cinemas and screens in India as on June 8, 2020:

State/UT	Country	No. of Cinemas	No. of Screens
Maharashtra	India	40	165
Karnataka	India	15	103
Tamil Nadu	India	13	83
Uttar Pradesh	India	16	79
Delhi	India	17	68
Gujarat	India	14	65
Telangana	India	11	62
Punjab	India	10	53
Haryana	India	9	32
Madhya Pradesh	India	4	18
Chhattisgarh	India	4	17
West Bengal	India	4	16
Chandigarh	India	3	15
Kerala	India	3	15
Rajasthan	India	3	10
Colombo	Sri Lanka	1	9
Andhra Pradesh	India	2	9
Assam	India	2	7
Jharkhand	India	2	7
Uttarakhand	India	1	5
Pondicherry	India	1	5
Jammu & Kashmir	India	1	2
<b>Grand Total</b>		<b>176</b>	<b>845</b>

The following table provides details of our screens by region for the periods indicated:

Particulars	As of March 31, 2019		As of March 31, 2020	
	Number of screens	As a percentage of total screens (%)	Number of screens	As a percentage of total screens (%)
South India <sup>(1)</sup>	259	34	286	34
West India <sup>(2)</sup>	247	32	258	30
North India <sup>(3)</sup>	213	28	254	30
East India <sup>(4)</sup>	44	6	47	6
<b>Total</b>	<b>763</b>	<b>100</b>	<b>845</b>	<b>100</b>

(1) South India includes Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana and Pondicherry.

(2) West India includes Rajasthan, Gujarat, Madhya Pradesh and Maharashtra.

(3) North India includes Chandigarh, Delhi, Haryana, Punjab, Uttar Pradesh, Uttarakhand and Jammu and Kashmir.

(4) East India includes Assam, Jharkhand, Chhattisgarh and West Bengal.

The following table provides the details of our cinemas and screens in certain key cities in India for the periods indicated:

Particulars	As of March 31, 2020	
	Number of cinemas	Number of screens
Delhi - National Capital Region	32	142
Bengaluru	12	89
Mumbai	20	78
Chennai	11	72
Hyderabad	9	51
Pune	6	35
Ahmedabad	6	29
Vadodara	4	17

### **Revenue Model**

We generate revenues primarily from: (i) income from sale of movie tickets; (ii) Sale of F&B (iii) advertisement income; and (iv) other operating revenue, which includes income from movie production/ distribution, convenience fees, virtual print fees, food court rental income, gaming income and management fees.

The following table provides selected details of the revenue from operations for the periods indicated:

Particulars	(in ₹ lakhs)	
	Fiscal 2019	Fiscal 2020
Income from sale of movie tickets	1,63,543	173,115
Sale of F&B	85,839	96,046
Advertisement income	35,352	37,588
Convenience fees	13,035	17,193



## HISTORY AND CORPORATE STRUCTURE

### Brief History of our Company

Our Company was incorporated on April 26, 1995 under the Companies Act, 1956 as 'Priya Village Roadshow Limited' with a certificate of incorporation granted by the RoC and also obtained a certificate of commencement of business on December 4, 1995. On June 28, 2002 the name of our Company was changed to 'PVR Limited' consequent to the exit of 'Village Roadshow Limited' from our Company pursuant to a fresh certificate of incorporation dated June 28, 2002. Further, at the time of incorporation of our Company, our registered office was located at 50, West Regal Building, Connaught Place, New Delhi 110 001 which was changed to 61, Basant Lok, Vasant Vihar, New Delhi 110 057 by an approval of our Board pursuant to its resolution dated August 5, 2005.

Our Company filed a prospectus dated December 19, 2005, in respect of an IPO of its equity shares of face value of ₹10 each. Such equity shares were listed on the Stock Exchanges pursuant to the IPO.

### Main objects

The main objects of our Company as contained in our Memorandum of Association are as follows:

- "1. To secure, develop, operate, construct, maintain, manage, promote, own, procure, utilise or initiate Multiplex Entertainment Complexes, Multiple Cinemas or Speciality Cinemas including Three Dimensional and Seat Simulators.*
- 2. To carry on business which provides leisure, entertainment, cultural promotion, amusement , sports or health units including Amusement Arcades, Food Courts, Food Plazas, Fashion Outlets, Discotheques, Video Parlours, Restaurants, Pubs, etc. as well as to carry on all kinds of like business relating to Hotel and Tourism related Industries.*
- 3. To manufacture, buy, sell, exchange, distribute, import, export, deal in, market, trade as manufacturers, principal, agents, sub-agents, stockists, representatives, suppliers, distributors , merchants, brokers, auctioners, importers, exporters of/in video cassettes, movies, films including video films, pictures produced in India and abroad.*
- 4. To distribute, produce, co-produce buy, sell, exchange, import, export of all kinds of movies or otherwise deal in and to carry out the business as distributors, producers, principal agents, representatives, importers and exporters of movies, films including video films, pictures produced in India and abroad."*

The main objects as contained in our Memorandum of Association enable our Company to carry on our existing business.

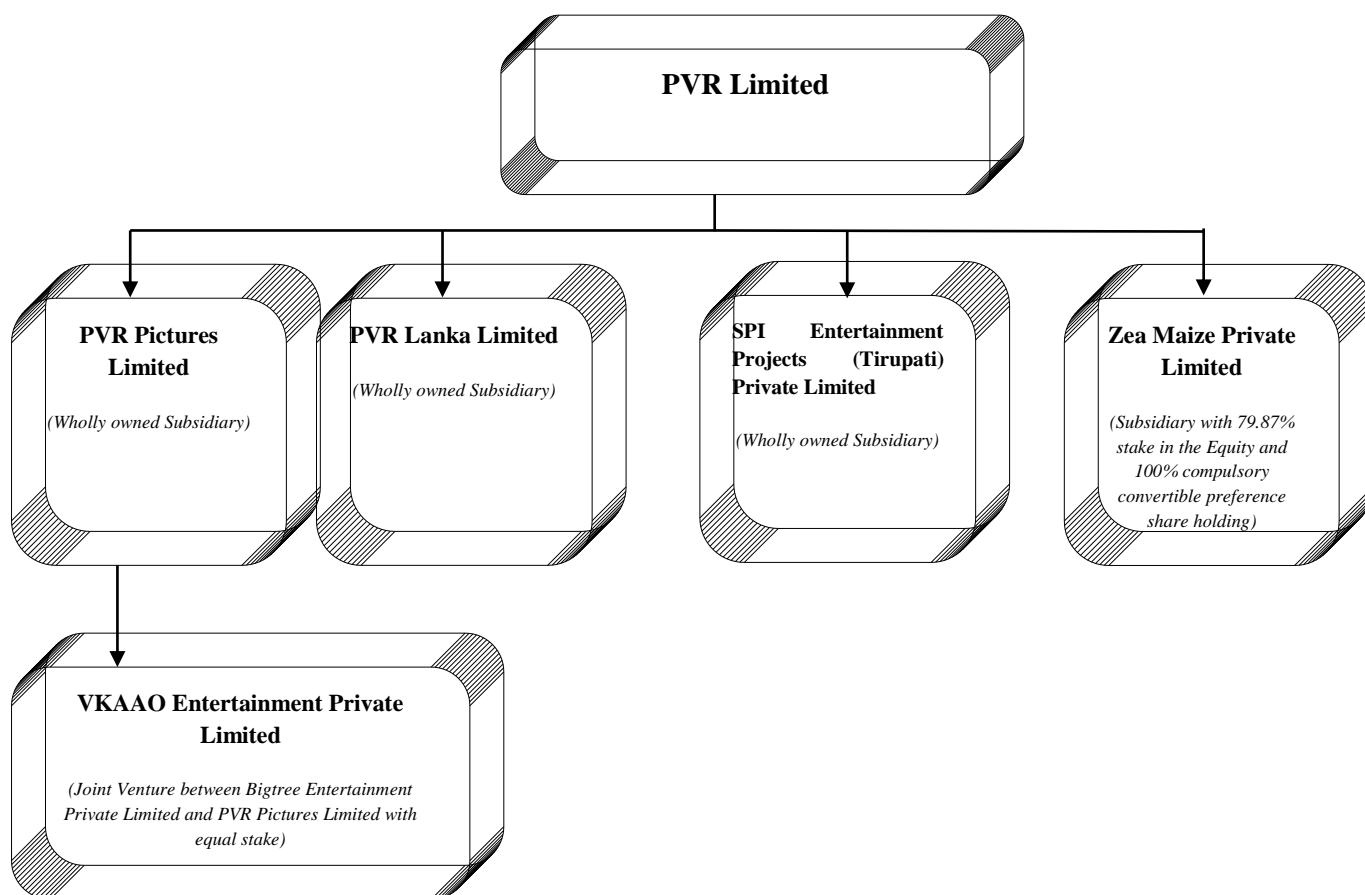
### Major events

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Major Milestones
1997	Opened first cinema in Delhi
2003	Received first private equity investment
2006	Listed on the Stock Exchanges
2008	Crossed over 100 screens
2012	Acquired Cinemax India Limited ('Cinemax Cinemas')
2016	Acquired part of the cinema exhibition undertaking of DLF Utilities Limited
2016	Crossed over 500 screens
2018	Acquisition and amalgamation of SPI Cinemas, wherein the appointed date was August 17, 2018
2018	Crossed over 700 screens
2019	Crossed over 800 screens
2019	Raised funds through Qualified Institutions Placement of ₹ 50,000 lakhs
2019	Started operations in Sri Lanka

## Corporate Structure of our Company

As of the date of this Letter of Offer, we have four Subsidiaries and one Joint Venture, as set forth below:



## OUR MANAGEMENT

### Board of Directors

In accordance with Article 105 of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. However, the Company may appoint more than 15 Directors pursuant to a special resolution. As of the date of this Letter of Offer, our Company has eight Directors, of which two Directors are Executive Directors and six Directors are Non-Executive Directors, including four Independent Directors. Our Board is compliant with the requirements of the SEBI Listing Regulations.

The following table sets forth details regarding our Board as of the date of filing this Letter of Offer:

Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation and Address of our Directors	Age (in years)	Other Directorships
<b>Mr. Ajay Bijli</b>  <i>Designation:</i> Chairman cum Managing Director  <i>Date of Birth:</i> February 9, 1967  <i>Term:</i> Five years with effect from April 1, 2018 until March 31, 2023, liable to retire by rotation as Executive Director  <i>Period of Directorship:</i> Director since inception  <i>Occupation:</i> Business  <i>DIN:</i> 00531142  <i>Address:</i> No. 9, Palam Marg, Vasant Vihar, New Delhi 110 057, India	53	1. Kriros Private Limited 2. Priya Exhibitors Private Limited 3. PVR Pictures Limited
<b>Mr. Sanjeev Kumar</b>  <i>Designation:</i> Joint Managing Director  <i>Date of Birth:</i> April 1, 1972  <i>Term:</i> Five years with effect from April 1, 2018 until March 31, 2023 and liable to retire by rotation as Executive Director  <i>Period of Directorship:</i> Director since inception  <i>Occupation:</i> Business  <i>DIN:</i> 00208173  <i>Address:</i> C-3/2, G/F, F/F C-3, Near Tagore International School, Vasant Vihar-1, New Delhi 110 057, India	48	1. Priya Exhibitors Private Limited 2. P V R Lanka Limited 3. PVR Pictures Limited
<b>Mr. Sanjai Vohra</b>  <i>Designation:</i> Independent Director  <i>Date of Birth:</i> September 5, 1960  <i>Term:</i> Five years with effect from July 25, 2019 until July 24, 2024  <i>Period of Directorship:</i> Director since September 30, 2011	59	1. Tivass Strategies (India) Private Limited

Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation and Address of our Directors	Age (in years)	Other Directorships
<p><i>Occupation:</i> Business</p> <p><i>DIN:</i> 00700879</p> <p><i>Address:</i> 6 Hollybush Close, Sevenoaks, Kent TN13 3XW, United Kingdom</p>		
<p><b>Ms. Renuka Ramnath</b></p> <p><i>Designation:</i> Non-executive Director</p> <p><i>Date of Birth:</i> September 14, 1961</p> <p><i>Period of Directorship:</i> Director since January 30, 2013</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Occupation:</i> Business</p> <p><i>DIN:</i> 00147182</p> <p><i>Address:</i> D-4701/2, Floor 47, Ashok Tower, 63/74, Dr. S.S. Rao Marg, Parel, Mumbai 400 012, Maharashtra, India</p>	58	<ol style="list-style-type: none"> <li>Arvind Limited</li> <li>Encube Ethicals Private Limited</li> <li>IVC Association</li> <li>Multiples Alternate Asset Management Private Limited</li> <li>Multiples ARC Private Limited</li> <li>Multiples Asset Management IFSC Private Limited</li> <li>Multiples Equity Fund Trustee Private Limited</li> <li>Peoplestrong Technologies Private Limited</li> <li>Shri Nath G Corporate Management Services Private Limited</li> <li>Tata Communications Limited</li> <li>Tv18 Broadcast Limited</li> <li>Vastu Housing Finance Corporation Limited</li> <li>Vikram Hospital (Bengaluru) Private Limited</li> </ol>
<p><b>Mr. Anish Kumar Saraf</b></p> <p><i>Designation:</i> Non-executive Director</p> <p><i>Date of Birth:</i> October 30, 1977</p> <p><i>Period of Directorship:</i> Director since June 8 , 2020</p> <p><i>Term:</i> Up to the next Annual General Meeting*</p> <p><i>Occupation:</i> Service</p> <p><i>DIN:</i> 00322784</p> <p><i>Address:</i> Flat No.3002, Raheja Vivarea, 30<sup>th</sup> Floor B Wing, Near Jacob Circle, Sane Guruji Marg, Mumbai 400 011, India</p>	42	<ol style="list-style-type: none"> <li>Biba Apparels Private Limited</li> <li>Hamstede Living Private Limited</li> <li>Kalyan Jewellers India Limited</li> <li>PRL Developers Private Limited</li> <li>R Retail Ventures Private Limited</li> <li>Warburg Pincus India Private Limited</li> </ol>
<p><b>Mr. Vikram Bakshi</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Birth:</i> January 6, 1955</p> <p><i>Period of Directorship:</i> Director since September 19, 2005</p> <p><i>Term:</i> Five years with effect from July 25, 2019 until July 24, 2024</p> <p><i>Occupation:</i> Business</p> <p><i>DIN:</i> 00189930</p> <p><i>Address:</i> 157, Golf Links, New Delhi 110 003, India</p>	65	<ol style="list-style-type: none"> <li>Ascot Estates (Manesar) Private Limited</li> <li>Ascot GTM Mehtab Complex Jalandhar Private Limited</li> <li>Ascot Hotels and Resorts Private Limited</li> <li>Ascot Inns Private Limited</li> <li>Bakshi Holdings Private Limited</li> <li>Bakshi Vikram Vikas Construction Company Private Limited</li> <li>Bee Gee Promoters Private Limited</li> <li>Brite India Private Limited</li> <li>Crescent Printing Works Private Limited</li> <li>Kalanidhi International Private Limited</li> <li>Pan India Charms and Jewellery Private Limited</li> </ol>

Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation and Address of our Directors	Age (in years)	Other Directorships
		12. Penguin Resorts Private Limited 13. Vikram Bakshi and Company Private Limited
<b>Ms. Deepa Misra Harris</b>  <i>Designation:</i> Independent Director  <i>Date of Birth:</i> October 26, 1958  <i>Period of Directorship:</i> Director since March 27, 2019  <i>Term:</i> Five years with effect from March 27, 2019 until March 26, 2024  <i>Occupation:</i> Branding and marketing consultant  <i>DIN:</i> 00064912  <i>Address:</i> Flat No.1103, 11 <sup>th</sup> Floor, B Wing, Vivarea Tower, Sane Guruji Marg, Jacob Circle, Mumbai 400 011, India	61	1. ADF Foods Limited 2. Concept Hospitality Private Limited 3. Jubliant FoodWorks Limited 4. Prozone Intu Properties Limited 5. Taj Safaris Limited 6. TCPL Packaging Limited
<b>Ms. Pallavi Shardul Shroff</b>  <i>Designation:</i> Independent Director  <i>Date of Birth:</i> April 22, 1956  <i>Period of Directorship:</i> Director since October 22, 2019  <i>Term:</i> Up to the next Annual General Meeting**  <i>Occupation:</i> Professional (Lawyer)  <i>DIN:</i> 00013580  <i>Address:</i> S – 270, Greater Kailash Part – II, New Delhi 110 048, India	64	1. Aavanti Realty Private Limited 2. Amarchand Mangaldas Properties Private Limited 3. Amarchand Towers Property Holdings Private Limited 4. Apollo Tyres Limited 5. Asian Paints Limited 6. Baghbaan Properties Private Limited 7. One97 Communications Limited 8. First Full Services Private Limited 9. First Universal Virtual International Arbitration Centre Private Limited 10. First Commercial Services India Private Limited 11. InterGlobe Aviation Limited 12. Juniper Hotels Private Limited 13. PSNSS Properties Private Limited 14. Trident Limited 15. UVAC Centre (India) Private Limited

\*Mr. Anish Kumar Saraf was appointed as an additional Non-executive Director to our Board pursuant to a Board resolution dated June 8, 2020. His appointment will be regularized in the next Annual General Meeting.

\*\*Ms. Pallavi Shardul Shroff was appointed as an additional Independent Director to our Board for a period of five years pursuant to a Board resolution dated October 22, 2019. Her appointment will be regularized in the next Annual General Meeting.

None of the Directors are related to each other.

### Confirmations

- None of our Directors is or was a director of any listed company during the last five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company.
- None of our Directors is or was a director of any listed company which has been or was delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer.

### Service contracts with our Directors for benefits upon termination

There are no service contracts that have been entered into by any Director with our Company providing for benefits upon their termination of employment.

**Arrangement or understanding with major shareholders, customers, suppliers or others**

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a Director as of the date of this Letter of Offer.

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Nos.
(i)	The Statutory Auditor's report and the Audited Financial Statements.	117

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of PVR Limited**

#### **Report on the Audit of Consolidated Financial Statements**

##### **Opinion**

We have audited the consolidated financial statements of PVR Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint ventures as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint ventures as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

##### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its joint ventures operations in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Description of Key Audit Matters

S No.	The key audit matter	How the matter was addressed in our audit
1.	<p><b><u>Going concern assumption</u></b></p> <p>See note 53 to the consolidated financial statements</p> <p>Due to the outbreak of COVID-19 pandemic, the Group and joint ventures operations, i.e., the movie exhibition locations &amp; distribution business have been shut since mid of March 2020 and post balance sheet, till date and this necessitates the evaluation of the Group and joint ventures ability to continue as a Going concern and meeting its obligations to the stakeholders, creditors, employees and lenders.</p>	<p><b><u>Audit procedures</u></b></p> <p>In this area our procedures included:</p> <ul style="list-style-type: none"> <li>Discussed with the management and Those in charged with Governance regarding the possibility and plan for resumption of operations and the Group and joint ventures ability to meet their obligations during and after the period effected due to COVID-19. Assessed sufficiency of the Group and joint ventures resources/ funds to meet its costs in the foreseeable future.</li> <li>Evaluated the external inputs and assumptions within the going concern model by comparing them to the assumptions used elsewhere in the preparation of the financial statements.</li> <li>Assessed the appropriateness and reasonableness of the cash flow forecasts for the foreseeable future taking into account the adverse effects that could arise from the outbreak of COVID-19 pandemic.</li> <li>Evaluated the mitigation measures taken by the Group's management and Those in Charged with Governance. In particular, we evaluated measures of cost rationalization, managing the Group's liquidity position and maintaining the facilities for resumption after the lockdown is lifted.</li> <li>Assessed the adequacy of related disclosures in the consolidated financial statements.</li> </ul>
2.	<p><b><u>Impairment of goodwill, other intangible assets, property, plant and equipment, capital work-in-progress and ROU assets</u></b></p> <p>See Notes 3, 4 and 4B to the consolidated financial statements</p> <p>The carrying value of the Group's goodwill is Rs. 105,204 Lakhs and that of other intangible assets, property, plant and equipment, capital work-in-progress, ROU assets as at 31 March 2020 amounts Rs. 498,870 Lakhs. Due to the impact of</p>	<p><b><u>Audit procedures</u></b></p> <p>In this area our procedures included:</p> <ul style="list-style-type: none"> <li>Tested the design and implementation of key controls with respect to impairment assessment of Goodwill and other intangible assets, property, plant and equipment, capital work-in-progress and ROU Assets and tested operating effectiveness of such controls.</li> </ul>

S No.	The key audit matter	How the matter was addressed in our audit
	<p>COVID-19 Pandemic, an impairment assessment of these assets is to be performed.</p> <p>The impairment testing of the above requires significant judgements and estimates in assessing the Value in Use ('VIU') regarding assessment and measurement for impairment loss, if any. The risk relates to uncertainties involved in forecasting of cash flows, for key assumptions such as future revenue, margins, overheads, growth rates and weighted average cost of capital for the purpose of determining VIU.</p> <p>We have identified impairment assessment of such assets as a key audit matter because of the significance of the carrying value of such assets and involvement of judgements and estimates.</p>	<ul style="list-style-type: none"> <li>▪ Evaluated the impairment model which is based on discounted cash flows including the adverse effects which could arise from the outbreak of COVID-19 pandemic. This includes evaluation of the assumptions used in key inputs such as forecasted revenue, gross margin and discount rate based on our knowledge of the Group and the industry with the assistance of our subject matter experts.</li> <li>▪ Performed sensitivity analysis to evaluate whether any foreseeable change in assumptions could lead to a significant change in the VIU.</li> <li>▪ Assessed the adequacy of related disclosures in the consolidated financial statements.</li> </ul>
3.	<p><b><u>First-time adoption of Ind AS 116 "Leases"</u></b></p> <p>See Notes 4B and 19 to the consolidated financial statements</p> <p>Ind AS 116, Leases, is applicable from 1 April 2019 and introduces a new lease accounting model, wherein the Company (lessee) is required to recognise a right-of-use (ROU) asset and a lease liability in their balance sheet in respect of contracts which qualify as a lease.</p> <p>The Group and joint ventures has implemented Ind AS 116 from 1 April 2019 and is required to disclose the impact of implementation Ind AS 116 in the consolidated financial statements.</p> <p>In implementing Ind AS 116, the Group and joint ventures has opted for the modified retrospective approach for transition to Ind AS 116. Therefore, the cumulative effect of implementing Ind AS 116 upto 1 April 2019 is recognised as an adjustment to the opening balance of retained earnings as at that date without restating the comparative information.</p> <p>The assessment of the impact of transition to Ind AS 116 is significant to our audit as it involves selection of the transition option and identification and processing all</p>	<p><b><u>Audit procedures</u></b></p> <p>In this area our procedures included:</p> <ul style="list-style-type: none"> <li>▪ Assessed the appropriateness of the accounting policy for leases as per relevant accounting standard with special reference to methodology of the selected transition approach to this standard.</li> <li>▪ Evaluated and tested Group and joint ventures internal control processes in relation to lease identification, assessment of the terms and conditions of lease contracts and the calculation of the related lease liability and ROU asset.</li> <li>▪ Evaluated the reasonableness of Group and joint ventures key judgements and estimates made in preparing the transition adjustments, specifically in relation to the lease term and discount rate.</li> <li>▪ Tested the completeness and accuracy of underlying lease data and Ind AS 116 adjustments by checking its reconciliation with the number of operating lease contracts and relevant records of the Group.</li> </ul>

S No.	The key audit matter	How the matter was addressed in our audit
	<p>relevant data associated with the leases which is complex and voluminous. Significant judgement is required in the assumptions and estimates made in the measurement of the ROU asset and lease liability. Such assumptions and estimates include assessment of lease term including termination and renewal options, and determination of appropriate discount rates.</p> <p>In view of the above, the adjustments arising from the first-time adoption of Ind AS 116 are material and are considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>▪ On a sample basis, tested the accuracy and existence of the ROU asset and lease liability recognised on transition by examining the original lease agreements and re-performing the calculations after considering the impact of the variable lease payments, if any.</li> <li>▪ Assessed the adequacy of the disclosures included in the consolidated financial statements.</li> </ul>
4.	<p><b><u>Revenue Recognition</u></b></p> <p>See Note 25 to the consolidated financial statements</p> <p>The Group's significant portion of revenue comes from income from sale of movie tickets and food and beverages ("revenue").</p> <p>We have identified revenue recognition as a key audit matter, because its significance to the Consolidated Financial Statements and reliance on the Group's IT system.</p> <p>Further, as the revenue comprises of high volumes of individually small transactions, the process of summarizing and recording sales revenue is critical.</p>	<p><b><u>Audit procedures</u></b></p> <p>In this area our procedures included:</p> <ul style="list-style-type: none"> <li>▪ Evaluated the design and implementation and operating effectiveness of key controls in relation to recognition of revenue</li> <li>▪ Involvement of our Subject Matter Experts on information technology with respect to testing of key IT system controls which impacts revenue recognition.</li> <li>▪ Performed substantive testing (including year-end cutoff testing) by selecting samples of revenue transactions recorded during and after the year and verifying the underlying documents</li> <li>▪ Tested the reconciliation between sales recorded and cash / card / online transactions and agreed those reconciliations through underlying documents on sample basis.</li> <li>▪ Assessed the adequacy of related disclosures in the consolidated financial statements.</li> </ul>

## **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures is responsible for overseeing the financial reporting process of each company.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

- (a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs. 8,387 Lakhs as at 31 March 2020, total revenues of Rs. 829 Lakhs and net cash outflows amounting to Rs. 100 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of Rs. 54 Lakhs for the year ended 31 March 2020, in respect of two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the audit reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint ventures, none of the directors of the Group companies and joint ventures incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, and joint ventures, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its joint ventures Refer Note 36 to the consolidated financial statements.
- ii. The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint ventures incorporated in India during the year ended 31 March 2020.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under Section 197(16) of the Act:

We draw attention to note 54 to the consolidated financial statements, relating to Managerial Remuneration accrued by the Holding Company for the financial year ended 31 March 2020 which exceeds the limits prescribed under Section 197 of the Companies Act, 2013 by Rs. 982 Lakhs, and hence, is subject to the approval of the shareholders in the General Meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us. Our opinion is not modified in respect of this matter.

Further, in case of one subsidiary company, incorporated in India, where provisions of Section 197 of the Act are applicable, such subsidiary company has not paid / provided for any remuneration to its directors during the current year.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Adhir Kapoor**

*Partner*

Place: New Delhi

Date: 8 June 2020

Membership No.: 098297

ICAI UDIN: 20098297AAAABL6981

**Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of PVR Limited for the year ended 31 March 2020**

**Report on the internal financial controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of PVR Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, and its joint venture companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, and joint venture companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and



operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and joint venture companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company and one joint venture company, which are incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

Place: New Delhi  
Date: 8 June 2020

**Adhir Kapoor**  
Membership No.098297  
ICAI UDIN: 20098297AAAABL6981

**PVR Limited**  
**Consolidated Balance Sheet as at March 31, 2020**  
**(Rupees in lakhs, except for per share data and if otherwise stated)**

Particulars	Note	March 31, 2020	March, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,63,580	1,48,997
Capital work-in-progress	3	15,471	22,080
Right-of-use assets	4B	3,00,473	-
Goodwill	4	1,05,204	1,05,330
Other intangible assets	4	19,346	19,921
Financial assets			
Equity accounted investees	5A	59	112
Investments	5B	50	885
Loans	14	23,956	23,005
Other financial assets	6	2,169	2,242
Deferred tax assets (net)	7A	20,631	1,068
Income tax assets (net)	8	4,774	3,650
Other non current assets	9	11,846	18,460
<b>Total non-current assets</b>	<b>A</b>	<b>6,67,559</b>	<b>3,45,750</b>
<b>Current assets</b>			
Inventories	10	3,067	3,034
Financial assets			
Investments	11	117	108
Trade receivables	12	18,926	18,386
Cash and cash equivalents	13A	31,559	2,817
Bank balances other than cash and cash equivalents, above	13B	671	597
Loans	14	867	1,183
Other financial assets	6	2,516	2,145
Other current assets	9	17,638	11,066
<b>Total current assets</b>	<b>B</b>	<b>75,361</b>	<b>39,336</b>
<b>Total assets [A+B]</b>		<b>7,42,920</b>	<b>3,85,086</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	15	5,135	4,674
Other equity	16	1,42,887	1,44,895
<b>Equity attributable to equity holders of the Parent Company</b>		<b>1,48,022</b>	<b>1,49,569</b>
Non-controlling interests	17	29	46
<b>Total equity</b>	<b>A</b>	<b>1,48,051</b>	<b>1,49,615</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	91,344	1,01,876
Lease liabilities	19	3,56,911	-
Other financial liabilities	23	10,352	4,217
Provisions	20	1,362	1,825
Deferred tax liabilities (net)	7B	143	3,731
Other non-current liabilities	24	5,709	18,499
<b>Total non-current liabilities</b>	<b>B</b>	<b>4,65,821</b>	<b>1,30,148</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	21	18,734	8,515
Lease liabilities	19	20,236	-
Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		215	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		31,028	36,771
Other financial liabilities	23	30,630	36,100
Provisions	20	433	321
Other current liabilities	24	27,772	23,616
<b>Total current liabilities</b>	<b>C</b>	<b>1,29,048</b>	<b>1,05,323</b>
<b>Total liabilities [B+C]</b>		<b>5,94,869</b>	<b>2,35,471</b>
<b>Total equity and liabilities [A+B+C]</b>		<b>7,42,920</b>	<b>3,85,086</b>
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements  
As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101248W / W-100022

**Adhir Kapoor**  
Partner  
ICAI Membership Number: 098297

Place: New Delhi  
Date: June 08, 2020

**For and on behalf of the Board of Directors of PVR Limited**

**Ajay Bijli**  
Chairman cum Managing Director  
DIN: 00531142

**Pankaj Dhawan**  
Company Secretary  
ICSI M. No.: F3170

Place: New Delhi  
Date: June 08, 2020

**Sanjeev Kumar**  
Joint Managing Director  
DIN: 00208173

**Nitin Sood**  
Chief Financial Officer

**PVR Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2020**  
(Rupees in lakhs, except for per share data and if otherwise stated)

Particulars	Note	March 31, 2020	March, 2019
<b>Income</b>			
Revenue from operations	25	3,41,444	3,08,556
Other income	26	3,779	3,314
<b>Total income</b>		<b>3,45,223</b>	<b>3,11,870</b>
<b>Expenses</b>			
Movie exhibition cost		73,345	70,193
Consumption of food and beverages		26,369	23,874
Employee benefits expense	27	39,381	33,726
Finance costs	28	48,179	12,801
Depreciation and amortisation expense	29	54,246	19,128
Other operating expenses	30	94,690	1,22,130
<b>Total expenses</b>		<b>3,36,210</b>	<b>2,81,852</b>
<b>Profit before share of profit/(loss) of equity accounted investees and tax</b>		<b>9,013</b>	<b>30,018</b>
Share of profit/(loss) of equity accounted investees (net of tax)	5A	(54)	(115)
<b>Profit before tax</b>		<b>8,959</b>	<b>29,903</b>
<b>Tax expense:</b>			
Current tax		3,023	6,715
Adjustment of tax relating to earlier periods		(35)	162
Deferred tax (including MAT credit entitlement)		112	4,086
Tax impact related to change in tax rate and law (refer note 7A)		3,174	-
<b>Total tax expense</b>		<b>6,274</b>	<b>10,963</b>
<b>Net profit after tax</b>		<b>2,685</b>	<b>18,940</b>
Non-controlling interests		45	43
<b>Net profit after tax and after adjustment of non controlling interests [A]</b>		<b>2,730</b>	<b>18,983</b>
<b>Other comprehensive income</b>	31		
Items that will not be reclassified to profit or loss in subsequent period		(668)	(1,277)
Items that will be reclassified to profit or loss in subsequent period		7	(22)
<b>Other comprehensive income for the year (net of tax) [B]</b>		<b>(661)</b>	<b>(1,299)</b>
<b>Total comprehensive income for the year [A+B] (comprising profit and other comprehensive income )</b>		<b>2,069</b>	<b>17,684</b>
<b>Net Profit attributable to:</b>			
Owners of the Company		2,730	18,983
Non-controlling interests		(45)	(43)
<b>Other Comprehensive Income attributable to:</b>			
Owners of the Company		(661)	(1,299)
Non-controlling interests		-	-
<b>Total Comprehensive Income attributable to:</b>			
Owners of the Company		2,069	17,684
Non-controlling interests		(45)	(43)
<b>Earnings per equity share on Net profit after tax</b>	32		
<b>[Nominal Value of share Rs. 10 each (March 31, 2019: Rs.10 each)]</b>			
Basic		5.50	39.77
Diluted		5.47	39.52
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W / W-100022

**For and on behalf of the Board of Directors of PVR Limited**

**Ajay Bijli**  
Chairman cum Managing Director  
DIN: 00531142

**Sanjeev Kumar**  
Joint Managing Director  
DIN: 00208173

**Adhir Kapoor**  
Partner  
ICAI Membership Number: 098297

**Pankaj Dhawan**  
Company Secretary  
ICSI M.No: F3170

**Nitin Sood**  
Chief Financial Officer

Place: New Delhi  
Date: June 08, 2020

Place: New Delhi  
Date: June 08, 2020

**PVR Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2020**  
**(Rupees in lakhs, except for per share data and if otherwise stated)**

	March 31, 2020	March 31, 2019
<b>A. Equity Share Capital</b>		
Balance at the beginning of the year	4,674	4,674
Changes in equity share capital during the year	461	-
<b>Balance at the end of the year</b>	<b>5,135</b>	<b>4,674</b>

**B. Other Equity**

Particulars	Reserves and Surplus							Other comprehensive income			Total
	Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share options outstanding account	Share pending issuance	Retained earnings	Re-measurement gains/(loss) on defined benefit plans	Exchange difference in translating foreign subsidiary	Gain/(loss) on equity instruments designated at FVTOCI	
<b>As at March 31, 2018</b>	<b>602</b>	<b>47,124</b>	<b>7,285</b>	<b>4,563</b>	<b>305</b>	<b>-</b>	<b>44,098</b>	<b>(227)</b>	<b>-</b>	<b>(888)</b>	<b>1,02,862</b>
Profit for the year	-	-	-	-	-	-	18,983	-	-	-	18,983
Other comprehensive income (net of taxes) (refer note 31)	-	-	-	-	-	-	-	(403)	(22)	(874)	(1,299)
<b>Total Comprehensive Income</b>	<b>602</b>	<b>47,124</b>	<b>7,285</b>	<b>4,563</b>	<b>305</b>	<b>-</b>	<b>63,081</b>	<b>(630)</b>	<b>(22)</b>	<b>(1,762)</b>	<b>1,20,546</b>
Employee stock compensation for options granted (refer note 34)	-	-	-	-	306	-	-	-	-	-	306
Adjustment on account of acquisition of business (refer note 43)	-	-	-	-	-	24,999	-	-	-	-	24,999
Adjustment on adoption of Ind AS 115	-	-	-	-	-	-	17	-	-	-	17
Transfer to Debenture redemption reserve	-	-	2,895	-	-	-	(2,895)	-	-	-	-
Transfer from Debenture redemption reserve	-	-	(2,250)	-	-	-	2,250	-	-	-	-
Dividends (including CDT <sup>1</sup> )	-	-	-	-	-	-	(1,127)	-	-	-	(1,127)
Goodwill created on account of additional investment in Zea Maize Private Limited	-	-	-	153	-	-	-	-	-	-	153
<b>As at March 31, 2019</b>	<b>602</b>	<b>47,124</b>	<b>7,930</b>	<b>4,716</b>	<b>611</b>	<b>24,999</b>	<b>61,327</b>	<b>(630)</b>	<b>(22)</b>	<b>(1,762)</b>	<b>1,44,895</b>
Adjustment on adoption of Ind AS 116 (refer note 19)	-	-	-	-	-	-	(50,868)	-	-	-	(50,868)
<b>Restated balance as at March 31, 2019</b>	<b>602</b>	<b>47,124</b>	<b>7,930</b>	<b>4,716</b>	<b>611</b>	<b>24,999</b>	<b>10,459</b>	<b>(630)</b>	<b>(22)</b>	<b>(1,762)</b>	<b>94,027</b>
Profit for the year	-	-	-	-	-	-	2,729	-	-	-	2,729
Other comprehensive income (net of taxes) (refer note 31)	-	-	-	-	-	-	-	152	7	(820)	(661)
<b>Total Comprehensive Income</b>	<b>602</b>	<b>47,124</b>	<b>7,930</b>	<b>4,716</b>	<b>611</b>	<b>24,999</b>	<b>13,188</b>	<b>(478)</b>	<b>(15)</b>	<b>(2,582)</b>	<b>96,095</b>
Employee stock compensation for options granted (refer note 34)	-	1,620	-	-	124	-	-	-	-	-	1,744
Transferred from stock options outstanding	-	-	-	-	(203)	-	-	-	-	-	(203)
Transfer from Debenture redemption reserve <sup>2</sup>	-	-	(7,930)	-	-	-	7,930	-	-	-	-
Dividends (including CDT <sup>1</sup> )	-	-	-	-	-	-	(3,604)	-	-	-	(3,604)
Securities premium received on account of QIP <sup>3</sup>	-	49,044	-	-	-	-	-	-	-	-	49,044
Adjustment on account of issuance of shares to SPI shareholder (refer note 43)	-	24,839	-	-	-	(24,999)	-	-	-	-	(160)
Adjustment on account of dissolution of PVR Middle East FZ LLC	-	-	-	-	-	-	10	-	-	-	10
Exchange differences on translation of P V R Lanka Limited	-	-	-	-	-	-	-	-	(10)	-	(10)
Adjustment on account of change in ownership in Zea Maize Private Limited	-	-	-	(29)	-	-	-	-	-	-	(29)
<b>As at March 31, 2020</b>	<b>602</b>	<b>1,22,627</b>	<b>-</b>	<b>4,687</b>	<b>532</b>	<b>-</b>	<b>17,524</b>	<b>(478)</b>	<b>(25)</b>	<b>(2,582)</b>	<b>1,42,887</b>

<sup>1</sup> Corporate Dividend Tax

<sup>2</sup> Pursuant to Companies (Share Capital and Debentures) Amendment Rules, 2019, the requirement with respect to creation of DRR has been done away with accordingly the outstanding balance of DRR is transferred to retained earnings.

<sup>3</sup> Securities premium on issues of shares via QIP is net of Share issue expenses amounting to Rs 665 Lakhs (net of deferred tax Rs 358 Lakhs).

**Summary of significant accounting policies**

2.3

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101248W / W-100022

**Adhir Kapoor**

*Partner*

ICAI Membership Number: 098297

**For and on behalf of the Board of Directors of PVR Limited**

**Ajay Bijli**

*Chairman cum Managing Director*

DIN: 00531142

**Pankaj Dhawan**

*Company Secretary*

ICSI M.No: F3170

Place: New Delhi

Date: June 08, 2020

**Sanjeev Kumar**

*Joint Managing Director*

DIN: 00208173

**Nitin Sood**

*Chief Financial Officer*

Place: New Delhi

Date: June 08, 2020

**PVR Limited**  
**Consolidated Statement of Cash Flows for year ended March 31, 2020**  
(Rupees in lakhs, except for per share data and if otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>8,959</b>	<b>29,903</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	20,499	16,843
Amortisation of intangible assets	2,321	2,285
Amortisation of right-of-use assets	31,426	-
Net loss/(gain) on disposal of property, plant and equipment	(43)	143
Interest income	(1,367)	(1,219)
Allowance for doubtful debts and advances	1,483	1,273
Bad debts/advances written off	56	53
Finance costs	47,297	11,983
Share based payment expense	120	296
Liabilities written back	(183)	(119)
Miscellaneous income	(231)	-
Rent expenses (pertaining to deferred rent)	-	1,149
Share of loss of equity accounted investees	54	115
Inventories written off	183	-
Convenience fees (Time value of money adjustment)	(2,452)	(1,245)
	<b>1,08,122</b>	<b>61,460</b>
<i>Working capital adjustments:</i>		
Increase/(Decrease) in provisions	(128)	86
Increase/(Decrease) in trade & other payables	(15,016)	37,109
Decrease/(Increase) in trade receivables	(1,501)	(2,159)
Decrease/(Increase) in inventories	(216)	(777)
Decrease/(Increase) in loans and advances and other assets	(9,612)	(4,416)
<b>Cash generated from operations</b>	<b>81,649</b>	<b>91,303</b>
Direct taxes paid (net of refunds)	(2,945)	(8,339)
<b>Net cash flows from operating activities (A)</b>	<b>78,704</b>	<b>82,964</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE, Intangible assets, CWIP and Capital advances	(38,505)	(43,619)
Payment towards acquisition of SPI Cinemas Private Limited (refer note 43)	-	(53,560)
Security deposits given to Mall Developers	(929)	(4,686)
Proceeds from sale of PPE	129	133
Loan repaid by body corporate	-	114
Interest received	260	271
Fixed deposits with banks	12	(197)
<b>Net cash flows from/(used in) investing activities (B)</b>	<b>(39,033)</b>	<b>(1,01,544)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	50,405	-
Proceeds from long term borrowings	26,419	64,413
Repayment of long-term borrowings	(33,163)	(33,165)
Proceeds from short-term borrowings	35,000	40,000
Repayment of short-term borrowings	(35,000)	(45,550)
Repayment of lease liabilities (includes interest on lease liabilities)	(49,654)	-
Payment of dividend and tax thereon	(3,600)	(1,127)
Interest paid on borrowings	(11,510)	(10,328)
<b>Net cash flows from/(used in) financing activities (C)</b>	<b>(21,103)</b>	<b>14,243</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>18,568</b>	<b>(4,337)</b>
Cash and cash equivalents at the beginning of the year	(743)	2,676
Add: Cash acquired on acquisition of SPI Cinemas Private Limited (refer note 43)	-	918
<b>Cash and cash equivalents at the end of the year</b>	<b>17,825</b>	<b>(743)</b>

Particulars	March 31, 2020	March 31, 2019
<b>Cash and cash equivalents</b>		
Cash on hand	91	852
<i>Balance with banks:</i>		
On current accounts	10,262	1,889
On deposits with original maturity of less than three months	10,000	76
Investment in Mutual fund	11,206	-
<b>Cash and cash equivalents (refer note 13A)</b>	<b>31,559</b>	<b>2,817</b>
Less: Secured bank overdraft (refer note 21)	(13,734)	(3,560)
<b>Total cash and cash equivalents</b>	<b>17,825</b>	<b>(743)</b>

**PVR Limited**  
**Consolidated Statement of Cash Flows for year ended March 31, 2020**  
(Rupees in lakhs, except for per share data and if otherwise stated)

**Note:**

- The Consolidated Statement of Cash Flows has been prepared in accordance with 'Indirect method' as set out in the Ind AS - 7 "Statement of Cash Flows".
- During the year, the Group paid in cash Rs. 468 lakhs (March 31, 2019: Rs. 360 lakhs) towards corporate social responsibility (CSR) expenditure (Refer note 40).
- Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities is as below:

Particulars	Non - current borrowings <sup>1</sup>	Current borrowings
<b>Opening balance as at April 01, 2019<sup>2</sup></b>	<b>1,19,866</b>	<b>5,000</b>
Cash flows during the year:		
- Proceeds	26,419	35,000
- Repayments	(33,163)	(35,000)
Changes due to adoption of Ind AS 116:		
- Reclassification of Finance lease obligation due to adoption of Ind AS 116	(2,274)	-
<b>Closing balance as at March 31, 2020<sup>2</sup></b>	<b>1,10,848</b>	<b>5,000</b>

<sup>1</sup>Includes current maturities of non-current borrowings.

<sup>2</sup>Opening and closing balance excludes transaction cost.

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101248W / W-100022

**For and on behalf of the Board of Directors of PVR Limited**

**Ajay Bijli**

*Chairman cum Managing Director*

DIN: 00531142

**Sanjeev Kumar**

*Joint Managing Director*

DIN: 00208173

**Adhir Kapoor**

*Partner*

ICAI Membership Number: 098297

**Pankaj Dhawan**

*Company Secretary*

ICSI M. No.: F3170

**Nitin Sood**

*Chief Financial Officer*

Place: New Delhi

Date: June 08, 2020

Place: New Delhi

Date: June 08, 2020

**1 Reporting entity**

PVR Limited ("the Company" or the "Parent Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The Consolidated Financial Statements of the Company as at and for the year ended on March 31, 2020 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the group interest in joint ventures. The Group is engaged in the business of Movie exhibition, distribution & production and also earns revenue from in-house advertisement, sale of food & beverages, gaming and restaurant business.

(i) The Subsidiaries which are considered in the consolidation and the Group's holdings therein is as under:

S.No.	Subsidiary Company	Country of Incorporation	Parent Company	Percentage of ownership as on March 31, 2020
1	PVR Pictures Limited	India	PVR Limited	100%
2	Zea Maize Private Limited	India	PVR Limited	80% (87.8% through compulsory convertible preference shares)
3	P V R Lanka Limited	Sri Lanka	PVR Limited	100%
4	SPI Entertainment Projects (Tirupati) Private Limited (w.e.f August 17,2018)	India	PVR Limited	100%
5	PVR Middle East FZ-LLC <sup>1</sup> (upto January 30, 2020)	UAE	PVR Limited	-

<sup>1</sup>During the previous year ended March 31, 2019, the Parent company had invested a sum of Rs 10 lakhs in PVR Middle East FZ LLC, a Company incorporated on November 15, 2018 in UAE to subscribe 50 number of equity shares of AED 1,000 each. This Company was deregistered on January 30, 2020. The Parent company has taken provision against the full investment value during the year ended March 31, 2020.

(ii) The joint ventures which are considered in the consolidation and the Group's holdings therein is as under:

S.No.	Joint Venture	Country of Incorporation	Shareholder	Percentage of ownership as on March 31, 2020
1	Vkaao Entertainment Private Limited (refer note 5A)	India	PVR Pictures Limited	50%
2	PVR Pictures International Pte. Limited (refer note 5A) (Upto September 17, 2019) <sup>1</sup>	Singapore	PVR Pictures Limited	-

<sup>1</sup>During the year ended March 31, 2018, PVR Pictures Ltd. (wholly owned subsidiary of the Parent Company) had invested through a Joint Venture with M/s Cinestar Limited in M/s PVR Pictures International PTE Limited, Singapore (incorporated on February 23, 2018) wherein both the ventures have subscribed equally for SGD 500 equity shares each and SGD 49,500 towards share application money pending allotment. The share application money (SGD 49,500) has been credited on July 26, 2018 and the balance SGD 500 equity shares has been sold and funds credited in our bank account on September 18, 2019.

The audited financial statements of the subsidiary companies and joint ventures which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2020.

**2.1 Basis of preparation**

**(a) Statement of compliance**

These Consolidated Financial Statements of Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These Consolidated Financial Statements for the year ended March 31, 2020 are approved by the Audit Committee and Board of Directors at its meeting held on June 08, 2020.

**(b) Functional and presentation currency**

These Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

**(c) Basis of Measurement**

These Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments, refer note 2.3 (x))

**(d) Critical accounting estimates and judgements**

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, Income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively.

Information about significant areas of estimation and judgements in applying accounting policies that have the most significant effect on the Consolidated Financial Statements are as follows:

- Note 2.3 (p) (iii) and 33 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 2.3 (b), (c), (d), 3 and 4- measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets;
- Note 36 - Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy;
- Note 2.3 (u) - judgement required to determine ESOP assumptions;
- Note 2.3 (q) - judgement required to determine probability of recognition of current tax, deferred tax assets and MAT credit entitlement; and
- Note 2.3 (x)- fair value measurement of financial instruments.
- Note 2.3 (i)(iii) and 4B- Determination of lease term for computation of lease liabilities and right of use assets and discount rate used for discounting the lease payments to compute the present value of lease liabilities.

There are no assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year.

## **2.2 Basis of consolidation**

### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

### **(ii) Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

### **(iii) Loss of control**

When the Group loses control over subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date of control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

### **(iv) Equity accounted investees**

The Group's interest in equity accounted investees comprise interests in joint ventures. A Joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangements, rather than rights to its assets and obligations for its liabilities.

Interest in Joint Venture is accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

### **(v) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **2.3 Summary of Significant accounting policy**

### **(a) Current and non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it satisfies any of the following criteria:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ▶ Held primarily for the purpose of trading;
- ▶ Expected to be realised within twelve months after the reporting period; or
- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Group classifies all other assets as non-current.

A liability is current when it satisfies any of the following criteria:

- ▶ It is expected to be settled in normal operating cycle;
- ▶ It is held primarily for the purpose of trading;
- ▶ It is due to be settled within twelve months after the reporting period; or
- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of classification of assets and liabilities as current and non-current.

### **(b) Property, plant and equipment (PPE)**

#### **(i) Recognition and Measurement:**

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of trade discounts, rebates and refundable taxes) and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition or construction of PPE which take substantial period of time to get ready for its intended use 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 various cinema locations.

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Expenses those are capitalised are considered as pre-operative expenses and are disclosed under capital work-in-progress until the project is capitalized.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The Group identifies any particular component embedded in the main asset having significant value to total cost of asset and also a different life as compared to the main asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Amount paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under Capital advances and Capital work in progress respectively.

#### **(ii) Subsequent expenditure:**

Subsequent expenditure on additions and betterment of operational properties are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and expenditures for maintenance and repairs are charged to statement of profit & loss as incurred.

### **(c) Depreciation on Property, plant and equipment**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their useful lives using Straight-line method. Estimated useful life of the assets are generally in line with the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013 except in the following cases, where the management based on technical and internal assessment considers life to be different than prescribed under Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.



Particulars	Useful life as per Schedule II (in years)	Management estimate of Useful life (in years)
Concession equipments	15	8
Gaming equipments	15	13.33
Projectors	13	10
Furniture & fixtures	8	5 to 10.53
Vehicles	8	5
LCD's	5	4

The Parent company has estimated the residual value @ 5% of original cost for all assets except for sound and projections equipment's which are taken @ 10% of original cost based on technical assessment done by management.

Leasehold improvements are amortised on a straight-line basis over the estimated period of lease including renewals or unexpired period of lease, whichever is shorter. The Group has estimated the residual value @ 20% of original cost for leasehold improvement where the lease term considered is shorter than the agreed lease term as per agreement.

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

Depreciation on addition (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which assets is ready for use (disposed of). Further, depreciation includes accelerated depreciation of Rs 705 Lakhs (March 31, 2019 : Rs 620 Lakhs on account of change in estimate of useful lives of property, plant and equipment resulting from Cinema closure earlier than planned or due to renovation.

**(d) Intangible assets**

**(i) Recognition and Measurement:**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

**(ii) Subsequent Expenditure:**

Subsequent expenditure is capitalized only when it increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss as incurred.

**(iii) The useful life and the basis of amortization and impairment losses are as under:**

**a. Software**

Cost relating to purchased software and software licenses are capitalized and amortized on a straight-line basis over their estimated useful lives of 6 years.

**b. Goodwill**

Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

**c. Trademarks and copyrights**

Trademark and copyrights for the brand name acquired and registered by the Group are capitalised and are amortised over an estimated life of five years.

**d. Film Right's**

The intellectual property rights acquired/ created in relation to films are capitalized as film rights. The amortization policy is as below:

**(a) In respect of films which have been co-produced /co owned/acquired and in which the Group holds rights for a period of 5 years and above as below:**

► 60% to 80% of the cost of film rights on first domestic theatrical release of the film based on the management estimates. The said amortization relates to domestic theatrical rights, international theatrical rights, television rights, music rights and video rights etc.

In case these rights are not exploited along with or prior to their first domestic theatrical release, proportionate cost of such right is carried forward to be written off as and when such right is commercially exploited or at the end of 1 year from the date of first domestic theatrical release, whichever occurs earlier.

► Balance 40% to 20% is amortized over the remaining license period based on an estimate of future revenue potential subject to a maximum period of 10 years.

**(b) In respect of films, where the Group holds rights for a limited period of 1 to 5 years, entire cost of movies rights acquired or produced by the Group is amortized on first theatrical release of the movie. The said amortization relates to domestic theatrical rights, international theatrical rights, television rights, music rights and video rights and others.**

In case these rights are not exploited along with or prior to the first domestic theatrical release, proportionate cost of such right is carried forward to be written off as and when such right is commercially exploited or at the end of 1 year from the date of first theatrical release, whichever occurs earlier.

**(c) In one of the subsidiary Company, PVR Pictures Limited, acquiring films and associated rights are recorded at their acquisition costs less accumulated amortization and impairment losses, if any. Cost includes acquisition cost. When ready for exploitation, advances granted to secure rights are transferred to film rights. These rights are amortised over the period of useful life of the content rights. Amortization of film rights is presented under line item "Depreciation and amortisation expense" in the statement of profit and loss.**

The intellectual property rights acquired in relation to films are capitalized as Film rights. The amortization policy is as below:

► In case where theatrical rights/ satellite rights/ home video rights are acquired (primarily for foreign films)

- Cost of theatrical rights is amortised on domestic theatrical release of the movie as per allocation mentioned in the agreement, in cases where allocation is not mentioned then 25% of the cost is amortised.

- 40% of the cost amortised on the sale of Satellite rights.

In cases where there is no theatrical release, 65% of the cost is amortised at time of sale of satellite rights.

- 10% of the cost is amortised on the outright sale of Home Video rights.

- balance 25% cost is amortised on the second sale of satellite rights.

a. In cases where the sale is on Minimum Guarantee Basis, such 10% is amortised at the time of sale.

b. In cases where the sale is on Consignment basis, an estimate of future revenue potential is expected up to 3 years from the date of release on Home Video. In such cases 7.5% of the total cost (75% of 10% cost) is amortised in the First year of sale and balance 1.25% (12.5% of 10%) is amortised equally for Second and Third year.

► (b) In case where theatrical rights/ satellite rights/ home video rights are acquired for a limited period of 1 to 5 years entire cost of movie rights acquired is amortised on first theatrical release of the movie. The said amortisation relates to domestic theatrical rights, international theatrical rights, television rights, music rights, video rights and others.

In case these rights are not exploited along with or prior to the first domestic theatrical release, proportionate cost of such right is carried forward to be written off as and when such right is commercially exploited or at the end of 1 year from the date of first theatrical release, whichever occurs earlier.

In case circumstances indicate that the realizable value of a right is less than its unamortised cost, an impairment loss is recognised for the excess of unamortised cost over the management estimate of film rights realizable value.

In respect of unreleased films, payments towards film rights are classified under “Long term loans and advances” as Capital advances.

**(e) Brands and Beneficial Lease Rights**

Intangible assets resulting from acquisition of SPI Cinemas comprise of ‘Beneficial Lease Rights’ which are amortised on straight-line basis over remaining lease period and ‘Brands’ which are amortised on straight-line basis over a period of 20 years and tested for impairment annually.

**(f) Borrowing Costs**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

**(g) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group’s of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, if any are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**(h) Inventories**

Inventories are valued as follows:

**(a) Food and beverages**

Lower of cost and net realizable value. Cost is determined on weighted average basis.

**(b) Stores and spares**

Lower of cost and net realizable value. Cost is determined on First In First Out (FIFO) basis.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition;

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The comparison of cost and Net realizable value is made on an item-by-item basis.

**(i) Leases**

**(i) Determining whether an arrangement contains a lease**

An arrangement is, or contains, a lease if the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**(ii) Assets held under lease**

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the Right-of-use assets measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of estimated lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**(iii) Transition to Ind AS 116 - 'Leases':**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

**(j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue can be reliably measured regardless of when the payment is being made. Revenue excludes goods and service tax, sales tax and local body tax which are collected by the Group on behalf of the Government and deposited to the credit of respective Governments.

Effective April 01, 2018, the Group has adopted Ind AS 115 (Revenue from contracts with customers) which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Ind AS 115 "Revenue from contracts with customers" replaces Ind AS 18 "Revenue recognition and related interpretations". The Group has adopted Ind AS 115 "Revenue from contracts with customers" using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. April 01, 2018). Under this transition method, the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 "Revenue recognition and related interpretations". The adoption of the standard did not have any material impact on the Consolidated Financial Statements of the Group.

Following table depicts the amount of impact on Consolidated Financial Statements:

	As reported at March 31, 2018	Adjustments due to adoption of Ind AS 115	Adjusted opening balance as at April 1, 2018
Retained earnings	44,098	17	44,115

The following specific recognition criteria must also be met before revenue is recognised:

**i Income from sale of movie tickets (Box office revenue)**

Revenue from sale of movie tickets is recognized as and when the film is exhibited.

**ii Sale of food and beverages**

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

**iii Revenue from Gift vouchers and Breakage revenue**

Non-refundable Gift cards and vouchers are sold to customers, that give customers the right to receive goods or services in the future. The prepayment amount received from the customer is recognised as unearned revenue liability. If a customer does not exercise their right, this amount is recognised as breakage revenue in proportion to the pattern of rights exercised by the customer as there is an expectation that the Group will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future.

**iv Advertisement revenue**

Advertisement revenue is recognized as and when advertisement are displayed at the cinema halls and in accordance with the term of the agreement.

**v Income from movie production and distribution**

Revenues from film produced, co-produced/co-owned are accounted for based on the terms of the agreement.

**vi Convenience Fee**

Convenience fee is recognized as and when the movie tickets are sold on digital platforms. Further, in case of fixed contracts with digital ticketing partners, revenue is recognized on accrual basis in accordance with the terms of the agreement.

**vii Virtual Print fees (VPF)**

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreements.

**viii Gaming Income**

Revenue from bowling games is recognized as and when the games are played by patrons.

**ix Management fee**

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreements.

**x Rental and food court income**

Rental Income is recognized on accrual basis for the period the space in cinema and food court is let out under the operating lease arrangement.

**xi Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**xii Dividend income**

Dividend Income is recognized when the Group's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

**xiii Loyalty**

The Group operates a loyalty program "PVR PRIVILEGE" where a customer earn points as and when the customer transacts with the Group, these points can be redeemed in the future for goods and services. Under Ind AS 115, the loyalty program gives rise to a separate performance obligation as it provides a material right to the customer. The Group allocates a portion of transaction price to the loyalty program based on relative standalone selling price, instead of allocating using the fair value of points issued.

**(k) Government grants**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Similarly, where the grant relates to an asset, it is recognised as deferred income and released to income in equal instalments over the expected useful life of the related assets.

**(l) Cost Recognition**

Cost and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Group are broadly categorized in Movie exhibition, distribution cost, consumption of food and beverages, Employee benefit expenses, depreciation and amortization expenses, finance cost and other operating expenses. Other operating expense mainly includes, Rent, common area maintenance, Electricity, legal and professional fees, travel expenses, Repair and Maintenance and other expenses. Other expenses is an aggregation of costs which are individually not material.

**(m) Business Combination and Goodwill**

Business combinations are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- ▶ Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively;
- ▶ Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date;
- ▶ Assets (or disposal Group's) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- ▶ Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or Other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through Other comprehensive income.

As a result from business combination the Group as whole has gained synergies relating to increase in revenue, decrease of certain operational cost and effective vendor negotiation. The Group as a whole is considered as a CGU, and there are no other CGU's identifiable to which Goodwill from business combinations is allocated, unless mentioned separately.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**(n) Foreign currency**

**i Foreign currency transaction**

Transactions in foreign currencies are translated into the respective functional currencies of Group Companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

**ii Foreign operations**

The assets and liabilities of foreign operations (subsidiaries and joint ventures) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The Income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate approximates the actual rate at the date of the transaction.

**(o) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuer's are involved for valuation of significant assets, liabilities, such as ESOP, Gratuity etc.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Financial instruments (including those carried at amortised cost) (note 2.2(x))

**(p) Employee benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans.

The Company has the following employee benefit plans:

**i Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services is provided. A liability is recognised for the amount expected to be paid e.g. under short-term cash bonus, incentives, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the amount of obligation can be estimated reliably.

**ii Defined contribution Plan**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders service.

**iii Defined Benefit Plan**

Gratuity is a defined benefit obligation. The Company has approved gratuity funds managed with ICICI Prudential Life Insurance Company Limited and Bajaj Allianz Life Insurance Company Limited, Birla Sunlife Insurance Company Limited and Life Insurance Company for the payment of gratuity to the employees. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income.

**iv Other long term Employee benefits**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

**(q) Income taxes**

Income Tax comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in OCI.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain, as the case may be, that sufficient future taxable income will be available

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit entitlement as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**(r) Earnings Per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares (unless the effect is anti-dilutive), which includes all stock options granted to employees.

**(s) Provisions**

**General**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best management estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and are adjusted to reflect the current best management estimates.

**Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

**(t) Cash and Cash equivalents**

Cash and cash equivalents comprise cash at bank, cash in hand and short term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**(u) Share based payments**

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and IndAS 102 Share-based Payments, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense, together with a corresponding increase in the "Employee Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest.

**(v) Dividend**

The Company recognise a liability to make dividend distributions to equity holders when the distribution is approved by the shareholders.

**(w) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

**(x) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit & Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**Trade and other payable**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are generally unsecured. Trade and other payable are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- ▶ Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- ▶ Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18;

The Company impairs its trade receivables basis past experience and trend. Other financial asset, are impaired on case to case basis.

**(y) Corporate Social Responsibility ("CSR") expenditure:**

CSR expenditure incurred by the group is charged to the statement of the profit and loss.

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**PVR Limited**

**Notes to the Consolidated financial statements for the year ended March 31, 2020**

**(Rupees in lakhs, except for per share data and if otherwise stated)**

**3 Property, plant and equipment**

Particulars	Freehold Land	Leasehold Land	Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Vehicles	Leasehold Improvements	Total	Capital work in progress
<b>As at March 31, 2018</b>	2	-	10	66,336	17,896	4,054	553	57,817	<b>1,46,668</b>	
Additions	-	-	-	15,503	3,822	797	41	12,175	32,338	
Adjustment on account of Business Combination (refer note 43)	-	797	-	9,966	1,691	302	37	8,208	21,001	
Disposals and discard	-	-	-	(912)	(1,294)	(116)	-	(447)	(2,769)	
<b>As at March 31, 2019</b>	<b>2</b>	<b>797</b>	<b>10</b>	<b>90,893</b>	<b>22,115</b>	<b>5,037</b>	<b>631</b>	<b>77,753</b>	<b>1,97,238</b>	
Additions	-	-	70	16,914	5,413	1,051	900	14,874	39,222	
Adjustment on account adoption of Ind AS 116 (refer note 19)	-	(797)	-	(4,468)	-	-	-	-	(5,265)	
Disposals and discard	-	-	-	(1,935)	(698)	(368)	(320)	(402)	(3,723)	
Translation difference	-	-	-	10	2	-	-	11	23	
<b>As at March 31, 2020</b>	<b>2</b>	<b>-</b>	<b>80</b>	<b>1,01,414</b>	<b>26,832</b>	<b>5,720</b>	<b>1,211</b>	<b>92,236</b>	<b>2,27,495</b>	
<b>Depreciation</b>										
<b>As at March 31, 2018</b>	-	-	-	14,816	5,485	1,826	290	11,556	<b>33,973</b>	
Charge for the year	-	11	-	7,683	2,677	857	115	5,500	16,843	
Disposals and discard	-	-	-	(892)	(1,122)	(115)	-	(446)	(2,575)	
<b>As at March 31, 2019</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>21,607</b>	<b>7,040</b>	<b>2,568</b>	<b>405</b>	<b>16,610</b>	<b>48,241</b>	
Charge for the year	-	-	2	8,896	3,186	1,022	126	7,350	20,582	
Adjustment on account of adoption of Ind AS 116 (refer note 19)	-	(11)	-	(1,263)	-	-	-	-	(1,274)	
Disposals and discard	-	-	-	(1,881)	(679)	(368)	(306)	(400)	(3,634)	
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>27,359</b>	<b>9,547</b>	<b>3,222</b>	<b>225</b>	<b>23,560</b>	<b>63,915</b>	
<b>Net Block</b>										
<b>As at March 31, 2019</b>	<b>2</b>	<b>786</b>	<b>10</b>	<b>69,286</b>	<b>15,075</b>	<b>2,469</b>	<b>226</b>	<b>61,143</b>	<b>1,48,997</b>	<b>22,080</b>
<b>As at March 31, 2020</b>	<b>2</b>	<b>-</b>	<b>78</b>	<b>74,055</b>	<b>17,285</b>	<b>2,498</b>	<b>986</b>	<b>68,676</b>	<b>1,63,580</b>	<b>15,471</b>

**Note:**

**i. Capital work in progress**

Capital work in progress represents leasehold improvements, plant and machinery and other assets under installation and cost relating thereto.

**ii. For details regarding charge on property plant and equipment, refer note 18.**

**iii. Capitalised borrowing cost**

The amount of borrowing costs capitalised was Rs. 624 lakhs (March 31, 2019: Rs. 1,501 lakhs).

4 Intangible assets

Particulars	Goodwill* (Including Goodwill on consolidation)	Other Intangible assets					Other Intangible Assets total B+C+D+E
		Software Development	Brand	Beneficial Lease Rights	Film Rights		
		B	C	D	E		
As at March 31, 2018	43,447	2,566	-	-	3,907	6,473	
Additions	160	763	-	-	1,600	2,363	
Adjustment on account of Business combination (refer note 43)	61,723	315	7,263	9,422	-	17,000	
Disposals and discard	-	(12)	-	-	(183)	(195)	
As at March 31, 2019	1,05,330	3,632	7,263	9,422	5,324	25,641	
Additions	-	598	-	-	1,148	1,746	
Adjustment on account of Business combination (refer note 43)	(127)	-	-	-	-	-	
Disposals and discard	-	(1)	-	-	(233)	(234)	
As at March 31, 2020	1,05,204	4,229	7,263	9,422	6,239	27,153	
Amortisation							
As at March 31, 2018	-	1,064	-	-	2,566	3,630	
For the year	-	537	298	445	1,005	2,285	
Deductions/ Adjustments	-	(12)	-	-	(183)	(195)	
As at March 31, 2019	-	1,589	298	445	3,388	5,720	
For the year	-	581	405	721	614	2,321	
Deductions/ Adjustments	-	(1)	-	-	(233)	(234)	
As at March 31, 2020	-	2,169	703	1,166	3,769	7,807	
Net Block							
As at March 31, 2019	1,05,330	2,043	6,965	8,977	1,936	19,921	
As at March 31, 2020	1,05,204	2,060	6,560	8,256	2,470	19,346	

\*Includes Goodwill on consolidation amounting to Rs 947 lakhs (March 31, 2019 : Rs 947 lakhs).

**Note:**

**Impairment testing of Goodwill:**

Goodwill represents excess of consideration paid over the net assets acquired. This is monitored by the management at the level of cash generating unit (CGU) and is tested annually for impairment. Cinemax India Limited, Cinema exhibition undertaking of DLF Utilities Limited and SPI Cinemas Private Limited acquired in financial year 2012- 13, 2016-17 and 2018-19 respectively is now completely integrated with the existing cinema business of the Parent company, and accordingly is monitored together as one CGU. The Parent company tested goodwill for impairment using a post-tax discounted cash flow methodology with a peer-based, risk-adjusted weighted average cost of capital, using discount rate of 10% to 12.5% p.a. and terminal growth rate of 5% to 10%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector. We believe use of a discounted cash flow approach is the most reliable indicator of the fair values of the businesses. The Parent company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

No impairment of goodwill was identified as of March 31, 2020.

4B Right-of-use assets (refer note 19)

Particulars	Class of assets			Right-of-use assets total A+B+C
	Cinema properties	Plant and Machinery	Leasehold Land	
	A	B	C	
Addition on account of adoption of Ind AS 116	2,61,347	3,205	786	2,65,338
Additions	66,894	-	-	66,894
Disposals and discard	(352)	(10)	-	(362)
Translation difference	20	-	-	20
<b>As at March 31, 2020</b>	<b>3,27,909</b>	<b>3,195</b>	<b>786</b>	<b>3,31,890</b>
For the year	31,002	422	2	31,426
Deductions/ Adjustments	-	(10)	-	(10)
Translation difference	1	-	-	1
<b>As at March 31, 2020</b>	<b>31,003</b>	<b>412</b>	<b>2</b>	<b>31,417</b>
<b>Net Block</b>				
<b>As at March 31, 2020</b>	<b>2,96,906</b>	<b>2,783</b>	<b>784</b>	<b>3,00,473</b>

Leasehold land situated at Chennai, Tamil Nadu amounting to Rs. 797 lakhs (March 31, 2019: Rs 797 Lakhs) (Gross block), is in the name of SPI Cinemas Private Limited, which was acquired pursuant to the Scheme of Amalgamation approved by the National Company Law Tribunal. Due to the amalgamation, the mutation of name is pending in the favor of the Parent Company.

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**PVR Limited**

**Notes to Consolidated financial statements for the year ended March 31, 2020**

**(Rupees in lakhs, except for per share data and if otherwise stated)**

**5A Equity accounted investees**

	March 31, 2020	March 31, 2019
<b>Investment in joint ventures (unquoted)</b>		
(i) <b>Vkaao Entertainment Private Limited</b>	59	112
Equity share of Rs. 10 each 3,000,000 (March 31, 2019: 3,000,000)		
(ii) <b>PVR Pictures International Pte Limited</b> [#] <sup>1</sup>	-	0
Equity share of SGD 1 each 500 (March 31, 2019: 500)		
	<b>59</b>	<b>112</b>

[#] amount below Rs. 1 lakh

The following table summarise the financial information of Vkaao Entertainment Private Limited and the carrying amount of Group's interest therein:

**Percentage ownership interest**

	March 31, 2020 50%	March 31, 2019 50%
Non current assets	24	119
Current assets (including cash and cash equivalents Rs. 65 lakhs (March 31, 2019: Rs. 30 lakhs)	194	184
Current liabilities	(101)	(79)
<b>Net assets</b>	<b>117</b>	<b>224</b>
Group's share of net assets (50%)	<b>59</b>	<b>112</b>
Carrying amount of interest in joint ventures	<b>59</b>	<b>112</b>

**Statement of Profit and Loss**

	March 31, 2020	March 31, 2019
Revenue	252	184
Employee benefits expense	(56)	(83)
Depreciation and amortisation expense	(95)	(137)
Other expenses	(208)	(194)
<b>Profit</b>	<b>(107)</b>	<b>(230)</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(107)</b>	<b>(230)</b>
Group's share of profit (50%)	<b>(54)</b>	<b>(115)</b>
Group's share of OCI (50%)	-	-
<b>Group's share of Total Comprehensive Income (50%)</b>	<b>(54)</b>	<b>(115)</b>

<sup>1</sup> During the year ended March 31, 2018, PVR Pictures Ltd. (wholly owned subsidiary of the Parent Company) had invested through Joint Venture with M/s Cinestar Limited in M/s PVR Pictures International PTE Limited, Singapore (incorporated on February 23, 2018) wherein both the ventures have subscribed equally for SGD 500 equity shares each and SGD 49,500 towards share application money pending allotment. The share application money (SGD 49,500) has been credited on July 26, 2018 and the balance SGD 500 equity shares has been sold and funds credited in our bank account on September 18, 2019.

**5B Investments**

	March 31, 2020	March 31, 2019
(i) <b>Quoted equity shares</b>		
<b>Equity shares at FVTOCI</b>		
<b>iPic Entertainment Inc.</b> <sup>1</sup>	2,581	2,581
Common membership units of \$ 18.13 each 220,629 (March 31, 2019 : 220,629)		
Less: Diminution in the value of investment (refer note 31)	(2,581)	(1,761)
<b>Net value of Investment</b>	<b>-</b>	<b>820</b>
(ii) <b>Unquoted Government securities</b>		
<b>Government Securities- at amortised cost</b>		
<b>National savings certificates</b> <sup>2</sup>	167	173
(Deposited with various tax authorities)		
	<b>167</b>	<b>173</b>
Less: Amount disclosed under current investment (refer note 11)	117	108
(being due for maturity within next 12 month)		
	<b>50</b>	<b>885</b>
Aggregate amount of unquoted investments	226	285
Aggregate amount of quoted investments	2,581	2,581
Aggregate amount of impairment in value of investments	2,581	1,761

<sup>1</sup> During the year ended March 31, 2018, the Parent company had acquired a minority stake for a value of USD 4 million (equivalent to Rs. 2,581 lakhs), in an American luxury restaurant-and-theatre Company "iPic Entertainment Inc." (formerly known as iPic-Gold Entertainment LLC). The Parent company designated this investment as equity shares at FVTOCI because these equity shares represent investments that the Parent company intends to hold for long-term strategic purpose. Accordingly, the fair value changes with respect to such investment has been recognised in OCI - 'Equity investments at FVTOCI'. Further, as "iPic Entertainment Inc" has filed for bankruptcy under Chapter XI during FY 2019-20, the Parent company has created provision against the full investment value.

<sup>2</sup> National saving certificates are held in various names in the Interest of the Parent Company as follows:

	March 31, 2020	March 31, 2019
Managing Director	20	20
Employees	130	136
Promoters of the erstwhile subsidiary Company	17	17

**6 Other financial assets**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Non-current bank balances (refer note 13B)	154	227	-	-
Interest accrued on:				
Fixed deposits	8	8	33	32
National saving certificate	13	13	66	60
Others	-	-	17	12
	<b>175</b>	<b>248</b>	<b>116</b>	<b>104</b>
Revenue earned but not billed	-	-	987	1,077
Government grant receivable <sup>1</sup>				
Unsecured, considered good	1,994	1,994	1,413	964
Unsecured, considered doubtful	-	65	-	-
	<b>1,994</b>	<b>2,059</b>	<b>1,413</b>	<b>964</b>
Allowance for doubtful Government grant receivable	-	(65)	-	-
	<b>1,994</b>	<b>1,994</b>	<b>1,413</b>	<b>964</b>
<b>Total</b>	<b>2,169</b>	<b>2,242</b>	<b>2,516</b>	<b>2,145</b>

<sup>1</sup>The Entertainment tax /GST exemption in respect of some of the Multiplexes of the Parent company has been accounted on the basis of eligibility criteria as laid down in the respective erstwhile/current State Government schemes and applications filed with the authorities, but is subject to final orders yet to be received from the respective State authorities for some of the exempted Multiplexes.

**7 Deferred tax assets/ liabilities (net) (includes MAT credit entitlement)**

**7A Deferred tax assets (net)**

**Deferred tax assets<sup>1</sup>**

Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis

Allowance for doubtful debts and advances

Ind AS 116 impact (refer note 19)

Translation difference

Others

**Gross deferred tax assets**

**Less: Deferred tax liabilities**

Impact of differences in depreciation/amortisation in block of tangible and intangible assets as per tax books and financial books

**Gross deferred tax liabilities**

**Net deferred tax assets**

Add: MAT credit entitlement<sup>2</sup>

**Net deferred tax assets (includes MAT credit entitlement)**

	March 31, 2020	March 31, 2019
	778	115
	1,169	236
	22,860	-
	2	-
	1,781	202
	<b>26,590</b>	<b>553</b>
	15,779	(515)
	<b>15,779</b>	<b>(515)</b>
<b>A</b>	<b>10,811</b>	<b>1,068</b>
<b>B</b>	9,820	-
<b>A+B</b>	<b>20,631</b>	<b>1,068</b>

<sup>1</sup> The Parent Company has not accounted for Deferred tax assets on loss on fair valuation of "iPic Entertainment Inc." Investment on account of absence of reasonable certainty.

<sup>2</sup> The MAT credit entitlement recognized by the Group represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of the Income-tax Act, 1961. The management, based on the present trend of profitability and future projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Group to utilize MAT credit entitlement.

On September 20, 2019 the Government of India vide the Taxation Laws (Amendment) Ordinance, 2019 inserted Section 115BAA in the Income-tax Act, 1961 which provides domestic companies an option to pay corporate income tax rate at 22% plus applicable surcharge and cess ("New tax rate") subject to certain conditions therein. The Parent company has made an assessment of the impact of the Ordinance and decided to continue with existing tax structure until utilization of accumulated MAT credit as on March 31, 2020.

Further, Ind AS 12 requires deferred tax assets and liabilities to be measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Parent company has made estimates, based on its budgets, regarding income anticipated in foreseeable future years when those temporary differences are expected to reverse and measured the same at the New tax rate. The full impact of re-measurement of deferred tax assets/liabilities, including deferred tax assets created on transition to Ind AS 116 as at April 1, 2019, as per Note 19 on account of this change has been recognised in Consolidated Statement of Profit and Loss. The tax expense for the year ended March 31, 2020 include one time net charge of Rs 3,174 lakhs on account of re-measurement of deferred tax assets/liabilities.

**7B Deferred tax liabilities (net) (includes MAT credit entitlement)**

**Deferred tax liabilities**

Impact of differences in depreciation/amortisation in block of tangible and intangible assets as per tax books and financial books

**Gross deferred tax liabilities**

**Deferred tax assets**

Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis

Allowance for doubtful debts and advances

Others

**Gross deferred tax assets**

**Net deferred tax liabilities**

Less: MAT credit entitlement<sup>2</sup>

**Deferred tax Liabilities (net) (includes MAT credit entitlement)**

	March 31, 2020	March 31, 2019
	437	9,555
	<b>437</b>	<b>9,555</b>
	26	(7,400)
	11	920
	-	1,365
	<b>37</b>	<b>(5,115)</b>
<b>A</b>	<b>400</b>	<b>14,670</b>
<b>B</b>	257	10,939
<b>A-B</b>	<b>143</b>	<b>3,731</b>

<sup>2</sup> The MAT credit entitlement recognized by the Group represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of the Income Tax Act, 1961. The management, based on the present trend of profitability and future projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Group to utilize MAT credit entitlement.

**PVR Limited**

**Notes to Consolidated financial statements for the year ended March 31, 2020**

**(Rupees in lakhs, except for per share data and if otherwise stated)**

**8 Income tax assets (net)**

Advance income tax (net of provision)  
Income tax paid under protest (refer note 36(a))

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
3,693	2,712	-	-
1,081	938	-	-
<b>4,774</b>	<b>3,650</b>	<b>-</b>	<b>-</b>

**9 Other assets**

Prepaid expenses  
Deferred rent (refer note 19)

**Capital advances**

Unsecured, considered good  
Unsecured, considered doubtful

Allowance for doubtful capital advances

**Advances recoverable in cash or kind**

Unsecured, considered good  
Unsecured, considered doubtful

Allowance for doubtful advances

**Others**

Balances with statutory authorities

**Total**

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
2,113	1,750	1,194	2,756
-	10,925	-	1,159
<b>2,113</b>	<b>12,675</b>	<b>1,194</b>	<b>3,915</b>
8,887	5,590	-	-
6	6	-	-
<b>8,893</b>	<b>5,596</b>	<b>-</b>	<b>-</b>
(6)	(6)	-	-
<b>8,887</b>	<b>5,590</b>	<b>-</b>	<b>-</b>
208	-	11,218	5,687
-	-	420	17
<b>208</b>	<b>-</b>	<b>11,638</b>	<b>5,704</b>
-	-	(420)	(17)
<b>208</b>	<b>-</b>	<b>11,218</b>	<b>5,687</b>
638	195	5,226	1,464
<b>638</b>	<b>195</b>	<b>5,226</b>	<b>1,464</b>
<b>11,846</b>	<b>18,460</b>	<b>17,638</b>	<b>11,066</b>

**10 Inventories (Valued at lower of cost or net realizable value)**

Food and beverages  
Stores and spares

March 31, 2020	March 31, 2019
1,793	1,927
1,274	1,107
<b>3,067</b>	<b>3,034</b>

**11 Current investments**

**Unquoted debt securities (Government Securities- at amortised cost)**

National Savings Certificates (refer note 5B)  
(Deposited with various State tax authorities)

March 31, 2020	March 31, 2019
117	108
<b>117</b>	<b>108</b>

**12 Trade receivables**

Secured, considered good  
Unsecured, considered good  
Unsecured, credit impaired

Less: Allowance for doubtful debts

March 31, 2020	March 31, 2019
2	171
18,924	18,215
3,684	2,619
<b>22,610</b>	<b>21,005</b>
(3,684)	(2,619)
<b>18,926</b>	<b>18,386</b>

**13A Cash and cash equivalents**

Cash on hand  
*Balances with banks:*  
On current accounts  
Deposits with original maturity of less than 3 months (refer note a below)  
Investment in Mutual fund

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-	-	91	852
-	-	10,262	1,889
-	-	10,000	76
-	-	11,206	-
<b>-</b>	<b>-</b>	<b>31,559</b>	<b>2,817</b>

**13B Bank balances other than cash and cash equivalents, above**

Deposits with remaining maturity for more than 3 months but less than 12 months (refer note (c) below)  
Deposits with remaining maturity for more than 12 months (refer note (c) below)  
Unpaid and unclaimed dividend accounts (refer note (b) below)

Amount disclosed under non-current assets (refer note 6)

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-	-	659	593
154	227	-	-
-	-	12	4
<b>154</b>	<b>227</b>	<b>671</b>	<b>597</b>
(154)	(227)	-	-
<b>-</b>	<b>-</b>	<b>671</b>	<b>597</b>

**Note:**

- (a) Deposits with original maturity of less than 3 months are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.  
(b) Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed dividends or unpaid dividend.  
(c) Bank deposits includes deposits under lien as security towards government authorities amounting to Rs 813 lakhs (March 31, 2019 : Rs 706 lakhs)

## 14 Loans

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Loans and advances to related parties</b>				
Unsecured, considered good	-	-	-	13
	-	-	-	13
<b>Loans to others</b>				
Loans to employees				
Unsecured, considered good	-	-	346	145
Loans to body corporate				
Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	-	187	187
	-	-	533	332
Allowance for doubtful loans	-	-	(187)	(187)
	-	-	346	145
<b>Security deposits</b>				
Unsecured, considered good	23,956	23,005	521	1,025
Unsecured, considered doubtful	223	407	-	-
	24,179	23,412	521	1,025
Allowance for doubtful security deposits	(223)	(407)	-	-
	23,956	23,005	521	1,025
<b>Total</b>	<b>23,956</b>	<b>23,005</b>	<b>867</b>	<b>1,183</b>

## 15 Share capital

	March 31, 2020	March 31, 2019
<b>Authorised share capital</b>		
Equity shares of Rs. 10 each	12,370	11,070
0.001% Non-cumulative convertible preference shares of Rs. 341.52 each	2,015	2,015
<b>Total</b>	<b>14,385</b>	<b>13,085</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
Equity shares of Rs. 10 each fully paid	5,135	4,674
<b>Total</b>	<b>5,135</b>	<b>4,674</b>

## a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

## i. Authorised equity shares

	March 31, 2020		March 31, 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	11,07,00,000	11,070	11,07,00,000	11,070
Increase on account of Business combination	1,30,00,000	1,300	-	-
<b>Balance at the end of the year</b>	<b>12,37,00,000</b>	<b>12,370</b>	<b>11,07,00,000</b>	<b>11,070</b>

## ii. Authorised Non-cumulative convertible preference shares

	March 31, 2020		March 31, 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	5,90,000	2,015	5,90,000	2,015
<b>Balance at the end of the year</b>	<b>5,90,000</b>	<b>2,015</b>	<b>5,90,000</b>	<b>2,015</b>

## iii. Issued, subscribed and fully paid-up equity shares

	March 31, 2020		March 31, 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,67,38,588	4,674	4,67,38,588	4,674
Shares issued during the year on account of :				
Employee stock options plan (refer note 34)	1,02,000	10	-	-
Merger of SPI Cinemas Private Limited (refer note 43)	15,99,974	160	-	-
Qualified Institutions Placement (refer note 15(f))	29,08,583	291	-	-
<b>Shares outstanding at the end of the year</b>	<b>5,13,49,145</b>	<b>5,135</b>	<b>4,67,38,588</b>	<b>4,674</b>

## b Terms and rights attached to equity shares

The Parent company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c Details of shareholders holding more than 5% shares in the Parent Company as on year end

Name of Shareholders	March 31, 2020		March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity shares of Rs. 10 each fully paid</b>				
Mr. Ajay Bijli	55,08,796	10.73	54,10,298	11.58
ICICI Prudential Equity Saving Fund	48,52,883	9.45	-	-
Mr. Sanjeev Kumar	37,40,242	7.28	37,28,892	7.98
Berry Creek Investment Limited	35,82,585	6.98	35,82,585	7.67
Gray Birch Investment Limited	29,58,888	5.76	29,58,888	6.33

As per records of the Parent Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

- d Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date, wherever applicable is given below:

	(Aggregate No. of Shares)				
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
The Parent Company issued shares during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services	-	-	51,650	1,58,050	4,22,668

- e Shares reserved for issue under option

For details of equity shares reserved for issue under the employees stock option (ESOP) plan of the Parent Company, refer note 34.

- f Qualified Institutions Placement

- i During the year ended March 31, 2020, the Parent company has completed the Qualified Institutions Placement ("QIP") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, pursuant to which 29,08,583 equity shares having a face value of Rs 10 each were issued and allotted, at an issue price of Rs 1,719.05 per equity share (including a securities premium of Rs 1,709.05 per equity share), aggregating to Rs 50,000 Lakhs.
- ii The proceeds of Qualified Institutions Placement amounts to Rs 48,977 lakhs (net of issue related expenses which has been adjusted against securities premium). As per the placement document, QIP proceeds can be utilised for repayment/ prepayment of a part of our outstanding indebtedness, funding expenditure towards implementation of our strategy on expanding our screen network, general corporate purposes and other corporate exigencies, including but not limited to, funding balance milestone based payments in relation to our acquisition of SPI Cinemas, long and short term working capital requirements, strategic investments/ acquisitions and expenditure towards refurbishment of our existing cinemas. As on March 31, 2020, 12% of QIP proceeds are unutilised and have been temporarily invested in debt highly liquid mutual funds.

#### 16 Other equity (refer Consolidated Statement of Changes in Equity)

##### Securities premium

The amount received (on issue of shares) in excess of the face value has been classified as securities premium.

##### Share option outstanding account (Refer note 34)

The share option outstanding account is used to record value of equity-settled share based payment transactions with employees. The amount recorded in this account are transferred to securities premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.

##### Share pending issuance

Shares pending allotment to SPI Cinemas shareholder, to be allotted on merger of SPI Cinemas with the Parent company. Pursuant to merger order received from NCLT on August 23, 2019, equity shares were allotted to SPI Cinemas shareholder on September 3, 2019. (refer note 43)

##### Debenture redemption reserve (DDR)

The Parent company had issued secured rated listed non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), required the Parent company to create DDR out of profits of the Parent company available for payment of dividends. DDR was required to be created for an amount equivalent to at least 25% of the value of debentures issued and accordingly the Parent company had created the same. Pursuant to Companies (Share Capital and Debentures) Amendment Rules, 2019, the requirement with respect to creation of DDR has been done away with accordingly the outstanding balance of DDR is transferred to retained earnings.

##### Capital reserve

Reserve created under the scheme of arrangement (Business Combination). The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

##### General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to Statement of Profit and Loss.

##### Retained earnings

Retained earnings comprise of the Group's accumulated undistributed earning after taxes including Other Comprehensive Income (OCI).

##### Total other equity

March 31, 2020	March 31, 2019
1,22,627	47,124
532	611
-	24,999
-	7,930
602	602
4,687	4,716
14,439	58,913
<b>1,42,887</b>	<b>1,44,895</b>

#### 16A Distribution made and Proposed

##### Dividends on equity shares declared, approved and paid during the year

Final Dividend of Rs 2 per share for FY 2018-19 (FY 2017-18 : Rs 2 per share)

Interim Dividend of Rs 4 per share for FY 2019-20 (FY 2018-19 :Rs Nil per share) (refer note 46)

##### Proposed dividends on equity shares:

Final Dividend for the year ended March 31, 2020: Rs. Nil per share (March 31, 2019: Rs. 2 per share)

March 31, 2020	March 31, 2019
935	935
2,054	-
<b>2,989</b>	<b>935</b>
-	935
<b>-</b>	<b>935</b>



**17 Non-controlling interest (NCI)****Zea Maize Private Limited**

	March 31, 2020	March 31, 2019
Non-controlling Interest in Equity	1	1
Non-controlling Interest in Securities premium	175	175
Non-controlling Interest in Non-Equity		
Share of profit/(loss) brought forward	(130)	(87)
Impact of change in share of profit/(loss) pertaining to earlier years due to change in ownership percentage	29	-
Share of profit/(loss) of the current year	(46)	(43)
	<b>29</b>	<b>46</b>
<b>Note:</b>		
Non-controlling Interest in Equity of subsidiaries	1	1
Non-controlling Interest in Securities premium of a subsidiaries	175	175
Non-controlling Interest in Non-Equity of subsidiaries	(147)	(130)
	<b>29</b>	<b>46</b>

**18 Long term borrowings**

(at amortised cost)

**Debentures**Secured Rated Listed Non-Convertible Debentures  
(net of transaction cost)**Term loans**

Secured term loans from banks

**Other loans**

Secured finance lease obligation from body corporate (refer note 19)

Amount disclosed under the head "Other financial liabilities" (refer note 23)

	Non-current portion		Current maturities	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Debentures	26,996	40,957	13,962	10,950
Term loans	64,348	59,318	5,429	6,225
Other loans	-	1,601	-	673
	<b>91,344</b>	<b>1,01,876</b>	<b>19,391</b>	<b>17,848</b>
	-	-	(19,391)	(17,848)
	<b>91,344</b>	<b>1,01,876</b>	<b>-</b>	<b>-</b>

**Notes:****a. Secured Rated Listed Non-Convertible Debentures (NCD):**

Particulars	Effective Interest Rate (p.a.)	Date of Allotment	Repayment Period	Repayment Ratio	Amount
500 (March 31, 2019: 750) of Rs. 1,000,000 each	11.00%	16-Oct-14	4th to 7th year	25:25:25:25	5,000
350 (March 31, 2019: 500) of Rs. 1,000,000 each	11.00%	24-Nov-14	5th to 7th year	30:30:40	3,500
1,000 (March 31, 2019: 1,000) of Rs. 1,000,000 each	10.75%	9-Jan-15	6th and 7th year	50:50	10,000
500 (March 31, 2019: 500) of Rs. 1,000,000 each	7.84%	12-Jan-17	3 years and 6 months	100	5,000
250 (March 31, 2019: 250) of Rs. 1,000,000 each	8.05%	3-Apr-17	4th year	100	2,500
500 (March 31, 2019: 500) of Rs. 1,000,000 each	8.15%	3-Apr-17	5th year	100	5,000
500 (March 31, 2019: 500) of Rs. 1,000,000 each	7.85%	18-Aug-17	5th year	100	5,000
500 (March 31, 2019: 500) of Rs. 1,000,000 each	8.72%	16-Apr-18	3rd, 4th and 5th year	20:40:40	5,000
					<b>41,000</b>

All Debentures are secured by mortgage on immovable properties (excluding immovable properties at Gujarat, a flat at Bangalore and assets taken on lease) ranking pari passu and secured by first pari passu charge on movable assets of the Parent company (excluding vehicles hypothecated to banks and assets taken on lease) and all receivables of the Parent company both present and future.

- b. (i) Term loan from banks are secured by first pari passu charge over all movable and immovable fixed assets of the Parent company (excluding immovable properties at Gujarat, a flat at Bangalore, vehicles hypothecated to banks and assets taken on lease) and receivables of the Parent company both present and future.

**(ii) Above loans are repayable in equal/ unequal monthly/ quarterly instalments as follows:**

Particulars	March 31, 2020	March 31, 2019
<b>Secured Rated Listed Non-Convertible Debentures:</b>		
Repayable within 1 year	14,000	11,000
Repayable within 1 - 3 year	25,000	27,000
Repayable after 3 years	2,000	14,000
<b>Term Loan:</b>		
Repayable within 1 year	5,465	6,226
Repayable within 1 - 3 year	22,154	17,330
Repayable after 3 years	42,229	41,987

- (iii) Term Loan from banks carries variable interest rate based on respective bank benchmark rate, effective rate of interest varying in between 8.45% p.a to 9.2% p.a.

- (iv) The Parent Company has availed the first moratorium tranche announced by Reserve Bank of India and has adjusted the current and non current balance of term loan based on revised repayment schedule agreed with Banks. Further, the Parent Company has also availed the second Moratorium as allowed by the RBI for which the repayment schedule has not been agreed till date of approval of the consolidated financial statements.

- (v) The Group has satisfied all material debt covenants.

**19 Lease liabilities**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Lease liabilities	3,56,911	-	20,236	-
	<b>3,56,911</b>	<b>-</b>	<b>20,236</b>	<b>-</b>

**Adoption of Ind AS 116 - 'Leases':**

The Group has taken various premises on operating lease for running its movie exhibition business. The leases are typically with a non-cancellable lease term of 5-7 years, with an option to Group to extend the lease term till 15-20 years. The Group exercise right of extension/termination basis economic viability of the property. After non-cancellable period, the Group can exit from the property without any material financial obligations towards the developers/lessors. Further, there are no significant restrictions / covenants imposed by such leases.

With effect from April 1, 2019, the Group has adopted Ind AS 116, 'Leases' using modified retrospective approach with the cumulative effect of initially applying the standard, recognised as an adjustment to the opening balance of retained earnings as on the date of initial application (April 1, 2019). Accordingly, the Group is not required to restate the comparative information for the year ended March 31, 2019.

As a result of initially applying Ind AS 116, in relation to the leases that were previously classified as operating leases, On April 01, 2019, the Group has recognised, a lease liabilities amounting to Rs 327,453 lakhs measured at the present value of the remaining lease payments and Right-of-Use (ROU) assets amounting to Rs 249,262 lakhs at its carrying amount as if the standard had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. This has resulted in an adjustment to the opening balance of retained earnings amounting to Rs 50,868 Lakhs (net of deferred taxes amounting to Rs 27,323 Lakhs).

In the Consolidated Statement of Profit and Loss for the year ended March 31, 2020, the nature of expenses in respect of operating leases has changed from rent (other operating expenses), in the previous year ended March 31, 2019, to amortisation on right-of-use assets (depreciation and amortisation expense) and interest on lease liabilities (finance costs). During the year ended March 31, 2020, the Group recognised Rs. 31,426 lakhs of amortization of right-of-use-assets and Rs. 33,194 lakhs of interest on lease liabilities in Consolidated Statement of Profit and Loss in respect of such leases.

**a. Reconciliation of Lease liabilities :**

Lease liabilities as on April 1, 2019	3,29,731
Add : Lease liabilities addition for leases entered during the year	63,876
Add : Finance costs charged on lease liabilities during the year	33,194
Less : Actual rent paid during the year	(49,654)
<b>Lease liabilities as on March 31, 2020</b>	<b>3,77,147</b>

**b.** Expenses relating to variable lease payments amounting to Rs 3,984 lakhs for the year ended March 31, 2020 has been included under the head other operating expenses (Rent).

**c.** Expenses relating to short term lease amounting to Rs 1,261 lakhs for the year ended March 31, 2020 has been included under the head other operating expenses (Rent).

**d.** Income relating to subleasing of Right to use assets amounting to Rs. 831 lakhs is clubbed in food court income (Other operating revenue) for the year ended March 31, 2020.

**e. Maturity analysis of lease liabilities**

Particulars	March 31, 2020
<b>Lease liabilities</b>	
Repayable within 1 year	20,236
Repayable within 1 - 3 year	48,765
Repayable after 3 years	3,08,146

**f.** As on April 1, 2019, secured finance lease obligation from body corporate amounting to Rs 2,274 lakhs which were classified under long-term borrowings and other financial liabilities as on March 31, 2019 have been reclassified as lease liabilities on adoption of Ind AS 116.

Further, such lease liabilities are secured by hypothecation of plant and machinery taken on lease. The interest rate implicit in the lease is varying between 11.37% p.a. to 13.99% p.a. The payment is scheduled in 28 equal quarterly instalments from the start of lease agreements.

**20 Provisions**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for gratuity (net) (refer note 33)	668	983	8	6
Provision for leave benefits	694	842	425	315
	<b>1,362</b>	<b>1,825</b>	<b>433</b>	<b>321</b>

**21 Short-term borrowings (at amortised cost)**

	March 31, 2020	March 31, 2019
Short-term loan	5,000	-
Unsecured commercial paper (net of transaction cost)	-	4,955
Secured bank overdraft	13,734	3,560
	<b>18,734</b>	<b>8,515</b>

**Notes:**

- Bank overdraft is secured by first pari passu charge on all current assets of the Parent Company including inventories and receivables both present and future. It carries variable interest rate based on respective banks benchmark rate, effective rate of interest varying in between 8.40% p.a. to 9.30% p.a.. In one of the subsidiary, the Bank overdrafts facility from a bank is secured by way of hypothecation of current and movable property, plant and equipment of the subsidiary company and carries interest rate @ 11% per annum.
- In respect of Commercial Paper maximum amount outstanding during the year was Rs. 20,000 lakhs (March 31, 2019 : Rs. 15,000 lakhs) with a maturity period of 3 months, effective rate of interest varying from 6.60% p.a. to 7.55% p.a..
- In respect of Short-term loan from a Bank, maximum amount outstanding during the year was Rs. 5,000 lakhs (March 31, 2019 : Rs. Nil) with a maturity period of 6 months, effective rate of interest 8.25% p.a.
- As at March 31, 2020, the Group had available Rs. 1,366 lakhs (March 31, 2019: Rs. 13,140 lakhs) of undrawn committed borrowing facilities.

**22 Trade payables**

Total outstanding dues of micro enterprises and small enterprises (refer note 38)  
Total outstanding dues of creditors other than micro enterprises and small enterprises

March 31, 2020	March 31, 2019
215	-
31,028	36,771
<b>31,243</b>	<b>36,771</b>

**23 Other financial liabilities**

Payables on purchase of property plant and equipment  
Payable for acquisition of business - Deferred consideration (refer note 43)  
Security deposits  
Current maturities of long-term borrowings (refer note 18)  
Interest accrued but not due on borrowings  
- Debentures and others  
Unpaid dividends<sup>1</sup>

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-	-	6,855	6,844
6,118	-	2,480	10,000
4,234	4,217	1,325	632
-	-	19,391	17,848
-	-	567	769
-	-	12	7
<b>10,352</b>	<b>4,217</b>	<b>30,630</b>	<b>36,100</b>

<sup>1</sup> Unclaimed amounts are transferred to Investor Education and Protection Fund after seven years from the due date.

**24 Other liabilities**

Advances from customers<sup>1</sup>  
Employee benefits payables  
Statutory dues payable

Non-current		Current	
March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
5,709	18,499	20,747	17,620
-	-	3,897	3,642
-	-	3,128	2,354
<b>5,709</b>	<b>18,499</b>	<b>27,772</b>	<b>23,616</b>

<sup>1</sup> During the previous year ended March 31, 2019 the Parent company has renewed its non-exclusive agreements with the online ticketing aggregators, for booking and selling Parent Company's ticketing inventory, through their web and app based platforms for a term of 3 years.

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**PVR Limited**
**Notes to Consolidated financial statements for the year ended March 31, 2020**
**(Rupees in lakhs, except for per share data and if otherwise stated)**
**25 Revenue from operations**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sale of services [refer (a) below]	2,43,523	2,21,040
Sale of food and beverages [refer (b) below]	96,046	85,839
Other operating revenue [refer (c) below]	1,875	1,677
	<b>3,41,444</b>	<b>3,08,556</b>

**(a) Details of services rendered**

Income from sale of movie tickets	1,73,115	1,63,543
Advertisement income	37,588	35,352
Income from movie production and distribution	12,149	6,192
Convenience fees	17,193	13,035
Virtual print fees	3,478	2,918
	<b>2,43,523</b>	<b>2,21,040</b>

During the year ended March 31, 2020, Rs 1,077 Lakhs (March 31, 2019 : Rs 192 Lakhs) of opening unbilled revenue has been reclassified to Trade receivables upon billing to customers.

During the year ended March 31, 2020, the Group has recognised revenue of Rs. 12,871 Lakhs (March 31, 2019 : Rs 4,608 Lakhs) from opening unearned revenue.

**(b) Details of products sold**

Sale of food and beverages	96,046	85,839
	<b>96,046</b>	<b>85,839</b>

**(c) Details of other operating revenue**

Food court income	1,302	1,141
Gaming income	523	470
Management fees	50	66
	<b>1,875</b>	<b>1,677</b>

**26 Other income**

Government grant	256	918
Net gain on redemption of mutual fund investments	485	300
<b>Interest earned on</b>		
Bank deposits	123	118
NSC's Investments	8	12
Interest Income from financial assets at amortised cost	1,096	824
Others	140	265
Exchange differences	189	75
Net gain on disposal of property, plant and equipment	43	-
Other non-operating income (net) (liabilities written back Rs. 183 lakhs (March 31, 2019: Rs. 119 lakhs))	1,439	802
	<b>3,779</b>	<b>3,314</b>

**27 Employee benefits expense**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Salaries, wages, allowances and bonus	34,870	29,804
Contribution to provident and other funds	1,875	1,423
Employee stock option scheme (refer note 34)	120	296
Gratuity expense (unfunded) (refer note 33)	26	13
Staff welfare expenses	2,490	2,190
	<b>39,381</b>	<b>33,726</b>

**28 Finance costs**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Interest on</b>		
Debentures	4,124	5,341
Term loans	6,000	3,009
Banks and others	643	858
Interest on lease liabilities (refer note 19)	33,194	-
Other financial charges	4,218	3,593
	<b>48,179</b>	<b>12,801</b>

**29 Depreciation and amortisation expense**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Amortisation on right-of-use assets (refer note 19)	31,426	-
Depreciation on tangible assets	20,499	16,843
Amortisation on intangible assets	2,321	2,285
	<b>54,246</b>	<b>19,128</b>

**PVR Limited**
**Notes to Consolidated financial statements for the year ended March 31, 2020**
**(Rupees in lakhs, except for per share data and if otherwise stated)**
**30 Other operating expenses**

	March 31, 2020	March 31, 2019
Rent (refer note 19)	7,698	50,785
Less: Rental income from sub-lessees	-	(194)
<b>Net rent expenses</b>	<b>7,698</b>	<b>50,591</b>
Electricity and water charges (net of recovery)	20,560	18,107
Common area maintenance (net of recovery)	15,478	13,016
Repairs and maintenance	14,199	11,739
Movie production, distribution and print charges	12,708	4,406
Marketing expenses	4,866	4,833
Rates and taxes	1,701	2,083
Security service charges	3,525	2,764
Travelling and conveyance	3,032	3,263
Legal and professional fees <sup>1</sup>	3,243	6,006
Communication costs	1,680	1,439
Net loss on disposal of property, plant and equipment	-	143
Printing and stationery	540	534
Insurance	660	394
CSR Expenditure (refer note 40)	468	360
Allowance for doubtful debts and advances	1,483	1,273
Bad Debts/advances written off	56	53
Less: Utilised from provisions	(228)	-
Inventories written off <sup>2</sup>	183	-
Directors' sitting fees	12	10
Contribution to political parties <sup>3</sup>	1,200	-
Exchange differences	142	13
Miscellaneous expenses	1,256	1,103
	<b>94,690</b>	<b>1,22,130</b>

<sup>1</sup> Payment to auditors (included in legal and professional fees above) \*

As auditor:

Audit fees	45	54
Limited reviews	31	24
Tax audit fees	5	5
Other certifications	8	13
Reimbursement of out of pocket expenses	9	8
	<b>98</b>	<b>104</b>

\* Excludes fees paid to statutory auditors of Rs 32 lakhs (March 31, 2019: Rs Nil) and out of pocket expenses of Rs 2 lakhs (March 31, 2019:Rs Nil) for QIP related services.

<sup>2</sup> Due to COVID-19 outbreak, all perishable inventories expiring in short span of time has been written off.

<sup>3</sup> Contribution to political parties represents contribution under Section 182 of the Companies Act, 2013.

**31 Other comprehensive income**

	March 31, 2020	March 31, 2019
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
Items that will not be reclassified to profit or loss in subsequent period:		
Re-measurement gains/(loss) on defined benefit plans	226	(606)
Gain/(loss) on equity instruments designated at FVTOCI (refer note 5B)	(820)	(874)
Income tax on re-measurement loss on defined benefit plans	(74)	203
	<b>(668)</b>	<b>(1,277)</b>
Items that will be reclassified to profit or loss in subsequent period:		
Exchange difference in translating foreign subsidiary	7	(22)
	<b>(661)</b>	<b>(1,299)</b>

**32 Earnings per share (EPS)**

	March 31, 2020	March 31, 2019
<b>The following reflects the profit and shares data used in the basic and diluted EPS computations:</b>		
Net Profit after tax	2,730	18,983
Weighted average number of equity shares outstanding during the year for computation of Basic EPS *	4,96,12,040	4,77,33,640
Add: Weighted average number of potential equity shares on account of employee stock options	2,50,352	3,00,000
Weighted average number of equity shares (including dilutive shares) outstanding during the year for computation of Diluted EPS	4,98,62,392	4,80,33,640
Basic earnings per equity share (in Rs.) (Face value of Rs 10 per equity share)	5.50	39.77
Diluted earnings per equity share (in Rs.) (Face value of Rs 10 per equity share)	5.47	39.52

\* Includes impact of shares issued pursuant to business combination, refer note 43.

**33 Gratuity:**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure @15 days last drawn salary for each completed year of service, in terms of Payment of Gratuity Act, 1972. The Parent Company Gratuity scheme is funded with two insurance companies in the form of a qualifying insurance policies. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets. Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise. Gratuity scheme of subsidiaries is unfunded.

As the plan assets include investments in quoted mutual funds, the Group has diversified the market risk.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

**Statement of Profit and Loss**

**Net employee benefit expense recognized in employee cost**

Particulars	Funded		Unfunded	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Current service cost	440	249	20	9
Interest cost on benefit obligation	44	12	6	4
Expected return on plan assets	-	10	-	-
<b>Net benefit expense</b>	<b>484</b>	<b>271</b>	<b>26</b>	<b>13</b>

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Balance sheet**

**Benefit Assets/ liabilities**

Particulars	Funded		Unfunded	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Defined benefit obligation	3,240	3,066	91	83
Fair value of plan assets	2,655	2,160	-	-
Plan asset/(liability)	<b>(585)</b>	<b>(906)</b>	<b>(91)</b>	<b>(83)</b>

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Funded		Unfunded	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Opening defined benefit obligation</b>	<b>3,066</b>	<b>1,882</b>	<b>83</b>	<b>46</b>
Adjustment on account of amalgamation with SPI Cinema Private	-	368	-	-
Interest cost	206	144	6	4
Past service cost	1	-	-	-
Current service cost	440	249	20	9
Benefits paid	(203)	(175)	(5)	(1)
Actuarial losses/(gain) – experience	146	356	(9)	23
Actuarial losses/(gain) – demographic assumptions	(111)	-	-	-
Actuarial losses/(gain) – financial assumptions	(305)	242	(4)	2
<b>Closing defined benefit obligation</b>	<b>3,240</b>	<b>3,066</b>	<b>91</b>	<b>83</b>

Amount routed through OCI Rs 226 lakhs (March 31, 2019 : Rs (606) lakhs)

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Opening fair value of plan assets	2,160	1,365
Adjustment on account of merger with SPI Cinema Private Limited (refer note 43)	-	407
Return on plan assets greater/(lesser) than discount rate	(56)	17
Interest income on plan assets	162	122
Benefits paid	(203)	(151)
Contribution by employer	592	400
<b>Closing fair value of plan assets</b>	<b>2,655</b>	<b>2,160</b>

The Parent Company expects to contribute Rs. 948 lakhs (March 31, 2019 Rs. 667 lakhs) to gratuity fund in the financial year 2020-21.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Funds managed by Insurer*	98.42	96.82
Bank balances	1.58	3.18

\* Plan assets are held by "ICICI Prudential Life Insurance Company Limited" primarily into Group Balanced fund & Group Debt fund, "Bajaj Allianz Life Insurance Company Limited" into Bajaj Secure gain fund, "Birla Sunlife Insurance Company Limited" into Group secure fund and Group bond fund and Life Insurance Company.

The principal assumptions used in determining gratuity obligations for the Parent Company's plans are shown below:

Particulars	March 31, 2020	March 31, 2019
	(%)	(%)
Discount rate (p.a.)	5.80	6.80
Expected rate of return on plan assets (p.a)	5.80	6.80
Increase in compensation cost (p.a)	0.00 for the first year and 7.50 thereafter	10.50 for first 2 years and 9.00 thereafter
<b>Employee turnover</b>		
Manager Grade	14	15
Executive Grade	53	55

The estimates of future salary increases considered in actuarial valuation, taking into account of inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market.

**Demographic assumption**

Particulars	March 31, 2020	March 31, 2019
Retirement age	60 Years	60 Years
Mortality rate	IALM (2006 - 08)	IALM (2006 - 08)

**Historical information: Funded**

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of defined benefit obligation	3,240	3,066	1,882	1556	1139
Fair value of plan assets	2,655	2,160	1365	1268	604
Asset / (liability) recognized	(585)	(906)	(517)	(288)	(535)

**Historical information: Non Funded**

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of defined benefit obligation	91	83	46	70	59
Fair value of plan assets	-	-	-	-	-
Asset / (liability) recognized	(91)	(83)	(46)	(70)	(59)

The experience adjustments, meaning difference between changes in plan assets and obligations expected on the basis of actuarial assumption and actual changes in those assets and obligations for the Parent company are as follows:

Particulars	March 31, 2020	March 31, 2019
Experience adjustment on plan liabilities	5.80	6.80
Experience adjustment on plan assets	5.80	6.80

**Sensitivity analysis**

A quantitative sensitivity analysis for significant assumptions of the Parent company as at March 31, 2020 is as follows:

Particulars	Increase effect	Decrease effect
Effect of Increase/decrease in discount rate by 1% on Defined benefit obligations	(121.38)	133.32
Effect of Increase/decrease in Salary escalation by 1% on Defined benefit obligations	111.38	(103.50)
Effect of Increase/decrease in withdrawal rate by 5% on Defined benefit obligations	(67.49)	94.04

A quantitative sensitivity analysis for significant assumptions of the Parent Company as at March 31, 2019 is as follows:

Particulars	Increase effect	Decrease effect
Effect of Increase/decrease in discount rate by 1% on Defined benefit obligations	(152.01)	172.33
Effect of Increase/decrease in Salary escalation by 1% on Defined benefit obligations	175.96	(158.39)
Effect of Increase/decrease in withdrawal rate by 5% on Defined benefit obligations	(96.31)	133.03

The sensitivity analysis above has been determined on the basis of actuarial certificate.

Maturity profile of defined benefit obligation of the Group :

Expected benefit payments for the year ending March 31, 2020	Amount
March 31, 2021	956
March 31, 2022	698
March 31, 2023	550
March 31, 2024	441
March 31, 2025	408
March 31, 2026 to March 31, 2030	1860

Expected benefit payments for the year ending March 31, 2019	Amount
March 31, 2020	720
March 31, 2021	563
March 31, 2022	481
March 31, 2023	421
March 31, 2024	416
March 31, 2025 to March 31, 2029	2316

The sensitivity analysis above has been determined on the basis of actuarial certificate.

**Defined Contribution Plan:**

Particulars	March 31, 2020	March 31, 2019
Charged to Statement of Profit and Loss (including Capital work in progress of Rs. 65 lakhs (March 31, 2019: Rs. 62 lakhs)	1,453	1,357

**34 Employee Stock Option Plans**

The Parent Company has provided stock options to its employees. During the year 2019-20, the following schemes were in operation:

**PVR ESOS 2017:**

Date of grant	July 26, 2017
Date of Shareholder's approval	July 24, 2017
Date of Board approval	May 30, 2017
Number of options granted	2,40,000
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Not less than one year and not more than three years from the date of grant of options.
Exercise Period	Within a period of two years from the date of vesting
Vesting Conditions	Subject to continued employment with the Parent Company.
Market value on grant date	Rs. 1,381.7
Weighted average fair value of options granted on the date of grant	Rs. 252.48

The details of activity under PVR ESOS 2017 have been summarized below:

Particulars	2019-20		2018-19	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,40,000	1,400	2,40,000	1,400
Granted during the year	-	-	-	-
Forfeited/Expired during the year	-	-	-	-
Exercised during the year	64,000	1,400	-	-
Outstanding at the end of the year	1,76,000	1,400	2,40,000	1,400
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	0.12%	0.12%
Expected volatility	24.59%	24.46%
Risk-free interest rate	6.33%	6.23%
Exercise price (Rs.)	1400	1400
Expected life of option granted in years	3.17	2.17

The Parent company measures the cost of ESOP using the fair value method. The option has been granted on an exercise price of Rs. 1,400. As a result, an expense of Rs. 98 lakhs (March 31, 2019 : Rs. 243 lakhs) is recorded in Statement of Profit and Loss in current year.

**PVR ESOS 2017:**

Date of grant	August 11, 2017
Date of Shareholder's approval	July 24, 2017
Date of Board approval	May 30, 2017
Number of options granted	60,000
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Not less than one year and not more than three years from the date of grant of options.
Exercise Period	Within a period of two years from the date of vesting
Vesting Conditions	Subject to continued employment with the Parent Company.
Market value on grant date	Rs. 1,381.70
Weighted average fair value of options granted on the date of grant	Rs. 252.48

The details of activity under PVR ESOS 2017 have been summarized below:

Particulars	2019-20		2018-19	
	Number of Options	Weighted Average	Number of Options	Weighted Average
Outstanding at the beginning of the year	60,000	1,400	60,000	1,400
Granted during the year	-	-	-	-
Forfeited/Expired during the year	-	-	-	-
Exercised during the year	38,000	1,400	-	-
Outstanding at the end of the year	22,000	1,400	60,000	1,400
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	0.12%	0.12%
Expected volatility	24.59%	24.46%
Risk-free interest rate	6.33%	6.23%
Exercise price (Rs.)	1400	1400
Expected life of option granted in years	3.17	2.17

The Parent company measures the cost of ESOP using the fair value method. The option has been granted on an exercise price of Rs. 1,400. As a result, an expense of Rs. 26 lakhs (March 31, 2019 : Rs. 63 lakhs) is recorded in financial statements in current year of which Rs. 4 lakhs (March 31, 2019 : Rs. 10 lakhs) is capitalised under Capital work-in progress and balance Rs. 22 lakhs (March 31, 2019 : Rs. 53 lakhs) is debited in Statement of Profit and Loss.



**35 Capital & Other Commitments**

**(a) Capital Commitments**

Particulars	2019-20	2018-19
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	14,288	15,440

**(b) Other Commitments**

The Group was availing Entertainment tax/ GST exemptions, in respect of certain Multiplexes as per the erstwhile State Government schemes & is under obligation to operate respective Multiplexes for a certain number of years.

**36 Contingent Liabilities**

S.No.	Particulars	March 31, 2020	March 31, 2019
a)	Estimated tax exposure against various appeals filed by the Group against the demand with Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal and High Court with regard to certain expenses disallowed by the assessing officer in respect of financial year ended March 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006. (The Group has paid an amount of Rs. 1,081 lakhs (March 31, 2019: Rs 938 Lakhs) which is appearing under Note 8).	2,769	3,111
b)	Demand of entertainment tax under Assam Amusement and Betting Tax Act, 1939 where appeal is pending before Supreme Court.	334	334
c)	Notice from Entertainment Tax Department Chennai against short deposit of Entertainment Tax on regional movies.	43	43
d)	Notice from Commercial Tax Department, Indore against alleged collection of Entertainment tax during exemption period.	823	823
e)	Notice from Entertainment Tax Department Maharashtra in respect of levy of Entertainment tax on Convenience fees.	161	161
f)	Show cause notices raised by Service tax authorities on levy of service tax on 3D glass charges, TM charges, convenience fee, activity of movie distribution/exhibition, admission to alleged bowling alleys (The Group has already deposited under protest an amount of Rs. 249 lakhs (March 31, 2019: Rs 267 lakhs))	5,663	5,055
g)	Demand raised with regard to service tax on food and beverages (The Group has already deposited under protest an amount of Rs.185 lakhs (March 31, 2019 : Rs. 185 lakhs))	3,668	3,666
h)	Estimated tax exposure of Service tax on sale of food and beverages.	6,032	6,032
i)	Demand of VAT under various states VAT Acts where appeal is pending before competent authority (The Group has already deposited under protest an amount of Rs. 28 lakhs (March 31, 2019 : Rs. 27 lakhs))	717	1,367
j)	Demand from Entertainment Tax Department of Tamil Nadu in respect of levy of Entertainment tax on Convenience fees.	2,314	2,314
k)	Demand of entry tax in the state of Telangana for various material imported into the State. The Group has already deposited under protest an amount of Rs 25 lakhs (March 31, 2019 : Rs 25 lakhs)	101	101
l)	Demand of Entertainment tax under Rule 22 of Punjab Entertainment Tax (Cinematographs shows) Rules, 1954 (The Group has already deposited under protest an amount of Rs. 40 lakhs (March 31, 2019: Rs. 40 lakhs))	160	144
m)	Demand of entertainment tax under Andhra Pradesh Entertainment tax FY 2011-12 to 2014-15	-	99
n)	Demand under Employees Provident Fund Act, 1952 (The Group has already deposited under protest an amount of Rs. 38 lakhs (March 31, 2019 : Rs. 38 lakhs))	106	106
o)	Tax assessment & Demand bill issued by Superintendent of Tax Kolhapur Municipal Corporation. (The Group has already deposited under protest an amount of Rs 3 lakhs (March 31, 2019: Rs. Nil))	20	-
p)	Labour cases pending *	Amount not ascertainable	Amount not ascertainable

\*In view of the several number of cases, pending at various forums/courts, it is not practicable to furnish the details of each case, however, as per management estimate, the amount in aggregate is not material. Based on the discussions with the solicitors, the management believes that the Group has strong chances of success in the cases and hence no provision is considered necessary.

During the previous year, pursuant to judgment by the Hon'ble Supreme Court dated February 28, 2019, it was held that basic wages for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgment and period from which the same applies. The Group has estimated the impact of the same from March 1, 2019 to March 31, 2019 based on a prospective approach and has recognized the same in the financial statements.

Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Group has not recognised any provision for the previous years. Further management also believes that the impact of the same on the Group will not be material.

**37 Un-hedged Foreign Currency exposure**

Particulars of un-hedged foreign currency exposure as at the balance sheet date:

Particulars	Currency	March 31, 2020	March 31, 2019
a) Cash on Hand	Thai Bhat	0.87	0.49
	Hong Kong Dollar	0.21	0.19
	Korean Won	0.00	-
	UK Pound	0.19	0.19
	Singapore Dollar	0.68	0.63
	US Dollar	4.00	0.66
	LKR	0.25	0.01
	Malaysian Ringgit	0.33	-
	Euro	4.01	4.05
	Dirham	1.24	0.59
<b>Total</b>		<b>11.78</b>	<b>6.82</b>
b) Balances with bank	US Dollar	189	-
c) Payable for purchase of Property, Plant and Equipment (net of advances)	US Dollar	-	1,353

**38 Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

The Government of India has promulgated an Act namely The Micro, Small and Medium Enterprise Development Act, 2006 which comes into force with effect from October 02, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium Suppliers and pay them interest on overdue beyond the specified period irrespective of terms agreed with the suppliers. The Parent Company has sent the confirmation letters to its suppliers at the year end, to identify the supplier registered with the act. As per the information available with the Parent Company, none of the supplier has confirmed that they have registered with the Act. In view of this, the liability of interest has not been provided nor is required disclosure done.

**Dues to Micro and Small Enterprises (In Subsidiaries)**

Particulars	March 31, 2020	March 31, 2019
<b>i.</b> Amount remaining unpaid to micro and small suppliers as at end of the year		
Principal	215	-
Interest	-	-
<b>ii.</b> The amount of interest paid by the buyer as per Micro and Small Enterprise Development Act, 2006	-	-
<b>iii.</b> The amount of payments made to Micro and Small Suppliers beyond the appointed day during each accounting year	11	-
<b>iv.</b> The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.	0	-
<b>v.</b> The amount of interest accrued and remaining unpaid at the end of each accounting year;	0	-
<b>vi.</b> The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006.	-	-

**39** The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions with the associated enterprises are at arm's length so that the aforesaid legislation will not have any impact on these consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

**40 Corporate Social Responsibility**

As per Section 135 of the Companies Act, 2013, the Parent company, meeting the applicable threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, care for destitute women and rehabilitation of under privileged person, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Parent Company as per the Act.

During the year, the Parent company has spent Rs. 450 lakhs through PVR Nest (related party) and Rs 18 Lakhs through others. PVR Nest focuses on providing education, healthcare, nutrition and rehabilitation to children.

Particulars	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Parent Company during the year	468	360
Amount spent during the year (refer note 30)	468	360

**41 Disclosure required under Sec 186(4) of the Companies Act 2013**

Full particulars of loans given, investment made, guarantee given, security provided together with purpose in terms of section 186(4) of the Companies Act, 2013

**Investment made**

Particulars	Full particulars	Purpose	March 31, 2020	March 31, 2019
Vkaao Entertainment Private Limited	Equity share of Rs. 10 each 3,000,000 (March 31, 2019: Equity share of Rs. 10 each 3,000,000 )	Vkaao is engaged in the business of private screening of movies (Movie on Demand) for its consumers through theatres	59	112
PVR Pictures International Pte. Limited <sup>1</sup>	Equity share of SGD 1 each Nil (March 31, 2019: Equity share of SGD 1 each 500)	Movie distribution business outside of India	-	0

**Loan given**

Particulars	Rate of Interest (p.a)	Due Date	Secured/ Unsecured	March 31, 2020	March 31, 2019
Sandhya Prakash Limited <sup>2</sup>	18%	13 monthly instalments adjusted with lease rentals till April 2018.	Unsecured	54	54
Evergreen Cine Services Pvt Ltd <sup>3</sup>	Nil	Repayable on demand	Unsecured	133	133

<sup>1</sup> During the year ended March 31, 2018, PVR Pictures Ltd. (wholly owned subsidiary of the Parent Company) had invested through Joint Venture with M/s Cinestar Limited in M/s PVR Pictures International PTE Limited, Singapore (incorporated on February 23, 2018) wherein both the ventures have subscribed equally for SGD 500 equity shares each and SGD 49,500 towards share application money pending allotment. The share application money (SGD 49,500) has been credited on July 26, 2018 and the balance SGD 500 equity shares has been surrendered and funds were credited in our bank account on September 18, 2019.

<sup>2</sup> The loan had been given to Sandhya Prakash Ltd. (Mall Developer) for their capital expenditure requirement, where the Parent Company has an existing operational cinema. During the year, the Parent Company has created a provision against the outstanding loan amount.

<sup>3</sup> Provision has been created against the outstanding loan amount. These loans were transferred from SPI by virtue of merger.

**42 Fair Value**

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair value.

The carrying value & fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Note	Level of hierarchy	Carrying Amount		
			Amortised Cost	Financial Assets/liabilities at fair value through profit or loss	Financial Assets/liabilities at fair value through OCI
<b>Financial Assets:</b>					
Investments - FVTOCI	5B	-	-	-	-
Investments - Amortised cost	5B	-	167	-	-
Loans	14	3	24,823	-	-
Trade receivables	12	-	18,926	-	-
Cash and cash equivalents	13A	-	31,559	-	-
Bank balances other than cash and cash equivalents, above	13B	-	671	-	-
Other financial assets	6	-	4,685	-	-
<b>Total</b>			<b>80,831</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities:</b>					
Borrowings (including current maturities)					
- Secured Rated Listed Non -Convertible Debentures	18	1	40,958	-	-
- Other borrowings	18 and 21	3	88,511	-	-
Lease Liabilities	19	3	3,77,147	-	-
Trade payables	22	-	31,243	-	-
Other financial liabilities - Deferred consideration (Refer note 43)	23	3	8,598	-	-
Other payables	23	-	12,993	-	-
<b>Total</b>			<b>5,59,450</b>	<b>-</b>	<b>-</b>

The carrying value & fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Note	Level of hierarchy	Carrying Amount		
			Amortised Cost	Financial Assets/liabilities at fair value through profit or loss	Financial Assets/liabilities at fair value through OCI
<b>Financial Assets:</b>					
Investments - FVTOCI	5B	1	-	-	820
Investments - Amortised cost	5B	-	173	-	-
Loans	14	3	24,188	-	-
Trade receivables	12	-	18,386	-	-
Cash and cash equivalent	13A	-	2,817	-	-
Bank balances other than cash and cash equivalents, above	13B	-	597	-	-
Other financial assets	6	-	4,387	-	-
<b>Total</b>			<b>50,548</b>	<b>-</b>	<b>820</b>
<b>Financial Liabilities:</b>					
Borrowings (including current maturities)					
- Secured Rated Listed Non -Convertible	18	1	51,907	-	-
- Other borrowings	18 and 21	3	76,332	-	-
Trade payables	22	-	36,771	-	-
Other financial liabilities - Deferred consideration (Refer note 43)	23	3	10,000	-	-
Other payables	23	-	12,469	-	-
<b>Total</b>			<b>1,87,479</b>	<b>-</b>	<b>-</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial liabilities and assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- Long-term fixed-rate and variable-rate receivables/deposit are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables/deposits.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- There is no significant estimate involved in level 3. Further, the deferred consideration is based on the present value of the expected cash outflows discounted using risk adjusted discount rate i.e 9.50% p.a. The estimated fair value of deferred consideration would increase/decrease if the expected cash outflows were higher/lower or the risk adjusted discount rate was higher/lower.

#### **43 Business Combinations**

##### **Acquisition and merger of SPI Cinemas Private Limited:**

During the previous year, the Board of Directors in its meeting held on August 12, 2018, approved the acquisition of SPI Cinemas Private Limited ("SPI") via Share Purchase Agreement (SPA) signed on August 12, 2018 by way of acquisition of 71.69% equity shares in SPI for a cash consideration (including deferred consideration) of Rs. 63,560 lakhs and for the balance 28.31% stake, through issue of 1,599,974 equity shares of the Parent company to SPI shareholders in the ratio of 1: 18.19 equity shares in the Parent company, pursuant to the proposed scheme of amalgamation. Consequent to above, on fulfilment of condition precedent in the said SPA, on August 17, 2018, the Parent company completed the acquisition of 71.69% shareholding in SPI. The scheme of amalgamation got approved by National Stock Exchange of India Limited, BSE Limited, by the members, secured and unsecured creditors of the Parent company and unsecured creditors of SPI in the NCLT convened meetings on April 24, 2019.

Pursuant to an application filed with National Company Law Tribunal for final order on aforesaid matter, the Hon'ble Principal Bench of The National Company Law Tribunal at New Delhi vide its Order dated August 23, 2019 has approved the Scheme of Amalgamation ("Scheme") between the Parent company, SPI Cinemas Private Limited ("SPI") and their respective shareholders and creditors, under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 and the rules and regulations framed thereunder, effective from the appointed date of August 17, 2018. With effect from the appointed date and upon the Scheme becoming effective, entire business of SPI including its assets, properties, rights, benefits, interests and liabilities has been transferred to and vested in the Company, as a going concern.

The Parent company has given effect to the accounting treatment in the books of accounts in accordance with acquisition method as per Indian Accounting Standard (Ind AS) 103 "Business Combinations", as prescribed by Section 133 of the Companies Act, 2013. Consequently, the consolidated financial figures for the year ended March 31, 2019 which was earlier approved by the Board of Directors at their meeting held on May 10, 2019 have been represented only to give effect to the Scheme.

The Parent company during the previous year ended March 31, 2019 had accounted for 71.69% acquisition of equity stake in SPI. Further, during the current year, the Parent company in lieu of 28.31% stake has issued and allotted 15,99,974 equity shares to S S Theatres LLP (i.e. the shareholder of SPI) in accordance with the Scheme, as explained above.

The acquisition of SPI is of significant strategic value for the Parent Company and will further cement the Parent Company's market leadership position in India. The acquisition will make the Parent company leader in the South Indian market and provide an attractive platform for us to expand in that geography, which currently is highly underpenetrated in terms of multiplexes. The Parent Company expects to realise synergies and cost savings related to this acquisition as a result of purchasing and procurement economies of scale and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies.

##### **A Fair value of consideration transferred:-**

<b>Particulars</b>	<b>Amount</b>
Cash consideration	53,560
Deferred consideration *	10,000
Value of Equity shares issued **	25,000
Less : Adjustment pursuant to SPA	(310)
<b>Total consideration for business combination</b>	<b>88,250</b>

\* Deferred Consideration is outstanding and payable to SPI Cinemas shareholders on achievement of certain milestones (opening of cinema hall and getting certain regulatory approvals), where achievement of certain milestones, with regard to opening of new cinema hall and obtaining regulatory approval is more probable. As at March 31, 2020, since the regulatory approvals were still under process, the management has reassessed the classification of the same during the year ended March 31, 2020 and accordingly, accounted for the fair value adjustment in the deferred consideration amount (refer note 42 for fair value disclosure).

\*\* The valuation equity share has been done at the rate of Rs 1562.5 per share for 1,599,974 equity shares. To arrive at the relative value of SPI and PVR, appropriate weights were given to the value per share determined as per the Income Approach and Market Approach. These equity shares have been issued and allotted on September 3, 2019.

##### **B Fair value of identifiable assets acquired and liabilities assumed (as adjusted for measurement period adjustment) as on the date of acquisition is as below:**

<b>Particulars</b>	<b>Amount</b>
Property, plant and equipment	20,204
Land	797
Capital work-in-progress	3,388
Intangible assets	17,000
Other non-current assets	8,248
Inventories	277
Trade receivables	1,844
Other financial assets	435
Other current assets	1,943
<b>Total assets</b>	<b>54,136</b>
Non-current Borrowings	12,993
Current Borrowings	550
Other non-current liabilities #	4,954
Trade payables	2,361
Other financial liabilities	3,629
Other current liabilities	2,995
<b>Total Liabilities</b>	<b>27,482</b>
<b>Total Fair Value of the Net Assets **</b>	<b>26,654</b>

# Includes Deferred tax liabilities of Rs 1,432 Lakhs

Note :The adjustment between the measurement period and final valuation was not significant.

**C Amount recognised as goodwill**

Particulars	Amount
Total consideration for business combination (refer A above)	88,250
Less : Fair value of net assets acquired (refer B above)	26,654
<b>Goodwill **</b>	<b>61,596</b>

\*\* Basis purchase price allocation to various identifiable acquired assets and assumed liabilities, Goodwill has been recognised. Goodwill amounting to Rs 60,164 lakhs is deductible for tax purposes.

**D** As on date of acquisition, gross contractual amount of the acquired Trade Receivables and Other Financial Assets was Rs. 2,279 Lakhs against which no provision has been considered, since fair value of acquired receivables and other financial assets are equal to carrying value as on date of acquisition.

**E Details of Revenue and financial results generated by SPI post acquisition:**

Particulars	August 18, 2018 to March 31, 2019
Income from sale of movie tickets	12,684
Sale of food and beverages	8,966
Advertisement income	2,450
Convenience fees	2,432
Other operating revenue	3,178
<b>Revenue from operations</b>	<b>29,710</b>
Other income	174
<b>Total income</b>	<b>29,884</b>
<b>Net profit after tax</b>	<b>2,301</b>

If the acquisition had occurred on April 1, 2018, management estimates that the consolidated revenue from operations would have been Rs 324,607 lakhs, and consolidated profit for the year would have been Rs 19,420 lakhs. In determining these amounts, management has assumed that the fair value adjustments, determined, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2018.

**F** In respect of this business combination, the acquisition related costs amounting to Rs. 133 lakhs has been charged to Statement of Profit and Loss (under the head "Other operating expenses") of the Parent company for the year ended March 31, 2019.

**44 Financial risk Management objective and policies**

The Group's financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. Group's financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk, legal, taxation and accounting risk and liquidity risk. The Group's Treasury teams oversee the management of these risks supported by senior management.

**Impact of COVID-19 pandemic :**

In light of COVID 19 outbreak, the Group has assessed the likely impact on its financial risk management policies, refer note 53 for details.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and FVTOCI investments.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**Interest Rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Parent Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase effect		Decrease effect	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Effect of Increase/ decrease in floating Interest rate by 100 basis points (1%) for term loans	570	505	(566)	(505)

**(ii) Currency risk**

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of the change in foreign currency exchange rates.

The Majority of Group's revenue and expenses are in Indian Rupees, with the remainder denominated in US Dollars. Management considers currency risk to be low and does not hedge its currency risk. As variations in foreign currency exchange rates are not expected to have a significant impact on the results of operations, a sensitivity analysis is not presented.

**(b) Legal, taxation and Accounting risk**

Group is presently involved into various judicial, administrative, regulatory and litigation proceedings concerning matters arising in the ordinary course of business operations including but not limited to personal injury claims, landlord-tenant disputes, commercial disputes, tax disputes (including entertainment tax subsidy and other direct and indirect tax matters like GST, service tax, sales tax etc.), employment disputes and other contractual disputes. Many of these proceedings seek an indeterminate amount of damages. In situations where management believes that a loss arising from a proceeding is probable and can reasonably be estimated, Group records the amount of the probable loss. As additional information becomes available, any potential liability related to these proceedings is assessed and the estimates are revised, if necessary.

To mitigate these risks, Group employs in-house counsel and uses third party tax & legal experts to assist in structuring significant transactions and contracts. Group also has systems and controls that ensure the timely delivery of financial information in order to meet contractual and regulatory requirements and has implemented disclosure controls and Internal controls over financial reporting which are tested for effectiveness on an ongoing basis.

**(c) Credit Risk**

**The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Consolidated Balance Sheet**

Particulars	March 31, 2020	March 31, 2019
Trade Receivables	18,926	18,386
Cash and cash equivalents	31,559	2,817
Other bank balances	671	597
Loans	24,823	24,188
Other financial assets	4,685	4,387

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Other financial assets primarily represents security deposits given to Developers/lessors. Such deposits will be returned to the Group on expiry of lease entered with developers/lessors. The credit risk associated with such security deposits is relatively low.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Trade receivables also includes receivables from Debit/credit card companies and online movie ticketing partners which are realisable within a period 1 to 3 working days. The Group monitors the economic environment in which it operates. The Group manages its credit risk through establishing credit limits and continuously monitoring credit worthiness of customers to which the Group grants credit terms in the normal course of business.

The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Group's historical experience for customers. Based on the business environment in which the Group operates, management considers that the trade receivables (other than Government dues) are in default/doubtful if the payment is outstanding for more than 270 days and more than 365 days in case of government dues. Basis above, as at March 31, 2020, Group has impaired Trade receivables of Rs. 3,684 lakhs (March 31, 2019: Rs. 2,619 lakhs).

Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers.

Movement in the allowance for impairment in respect of trade receivables

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	2,619	1,211
Impairment loss recognised / (reversed)	1,065	1,408
Amount written off	-	-
Balance at the end of the year	3,684	2,619

**(d) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and advance payment terms.

The Group's liquidity management process as monitored by management, includes the following:

- Day to Day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Group's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

Particulars	Borrowings (including current maturities)*		Trade and other payables	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
On demand	13,734	3,560	-	-
Less than 3 months	414	12,206	39,310	54,285
3 to 12 months	24,051	10,703	3,203	556
1 to 5 years	76,975	94,627	10,501	4,399
More than 5 years	14,409	7,331	-	-
<b>Total</b>	<b>1,29,583</b>	<b>1,28,427</b>	<b>53,014</b>	<b>59,240</b>

\*Borrowing includes Non-Convertible Debentures, Term loans, Bank overdraft and commercial papers excluding transaction cost.

The Group has also significant contractual obligations in the form of lease liabilities (Note 19) and capital & other commitments (Note 35).

**45 Capital Management**

For the purpose of Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is long term debts plus amount payable for purchase of property plant and equipment divided by total equity.

Particulars	March 31, 2020	March 31, 2019
Long term debt	1,10,735	1,19,724
Payable for purchase of property plant and equipment	6,855	6,844
<b>Total</b>	<b>(A)</b> <b>1,17,590</b>	<b>1,26,568</b>
<b>Equity</b>	<b>(B)</b> <b>1,48,022</b>	<b>1,49,569</b>
<b>Gearing ratio</b>	<b>(A/B)</b> <b>79%</b>	<b>85%</b>

- 46** The Board of Directors of the Parent company in its meeting held on February 28, 2020 approved an interim dividend of Rs. 4 per equity share and the same was subsequently paid on March 03, 2020.

**47 Expenses capitalised**

The Group has capitalised following expenses through capital work-in-progress (CWIP) which directly or indirectly relates to setting up of cinemas. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

Particulars	March 31, 2020	March 31, 2019
Salary, allowance and bonus	1,723	1,109
Contribution to provident and other funds	65	63
Rent	12	760
Electricity and water charges	22	32
Repairs and maintenance	33	319
Rates and taxes	577	723
Travelling and conveyance	3	127
Architects & professional	1,195	1,427
Insurance	5	21
Communication cost	2	6
Security service charges	275	268
Finance costs	624	1,501
Other miscellaneous expenses	179	46
<b>Total</b>	<b>4,715</b>	<b>6,402</b>

**48 Income tax expense**

Particulars	March 31, 2020	March 31, 2019
<b>(a) Income tax expense reported in the Statement of Profit and Loss comprises:</b>		
<b>Current income tax:</b>		
Current tax	3,023	6,715
Income tax for earlier years	50	27
<b>Total current tax</b>	<b>3,073</b>	<b>6,742</b>
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	112	4,086
Tax impact related to change in tax rate and law (refer note 7A)	3,174	-
MAT credit (entitlement)/reversal for earlier years	(85)	135
<b>Total deferred tax</b>	<b>3,201</b>	<b>4,221</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>6,274</b>	<b>10,963</b>
<b>Effective Income tax rate</b>	<b>70.0%</b>	<b>36.7%</b>
<b>(b) Statement of Other Comprehensive Income</b>		
Net loss/ (gain) on re-measurements of defined benefit plans	(74)	203
<b>(c) Reconciliation of effective tax rate</b>		
Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year indicated are as follows:		
Accounting profit before tax	8,959	29,903
Statutory income tax rate	34.94%	34.61%
Computed tax expense	3,131	10,349
Adjustments in respect of current income tax of previous years	(35)	162
Non-deductible expenses for tax purposes	4	452
Tax impact related to change in tax rate and law (refer note 7A)	3,174	-
<b>Income tax charged to statement of profit and loss</b>	<b>6,274</b>	<b>10,963</b>
<b>(d) MAT credit entitlement</b>		
Opening Balance	10,939	7,441
Add: MAT credit entitlement/(reversal) for earlier years	85	(135)
Add: MAT credit entitlement for current year	-	62
Less: MAT credit entitlement/ (utilisation) for the year	(947)	3,571
<b>Closing Balance</b>	<b>10,077</b>	<b>10,939</b>
<b>(e) Deferred tax asset/(Liability)</b>		
Opening Balance	(13,602)	(5,940)
Add: Adjustment on account of acquisition of SPI Cinemas Private Limited (refer note 43)	-	(1,432)
Impact of differences in W.D.V. block under Income tax and Books of accounts	(7,176)	(6,198)
Tax income / (expenses) on other timing differences	31,189	(32)
<b>Closing balance</b>	<b>10,411</b>	<b>(13,602)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**PVR Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2020  
(Rupees in lakhs, except for per share data and if otherwise stated)

**49 Related Party Disclosures**

Names of related parties and related party relationship

<b>Subsidiaries</b>	PVR Pictures Limited Zea Maize Private Limited P V R Lanka Limited SPI Entertainment Projects (Tirupati) Private Ltd (w.e.f. August 17, 2018) PVR Middle East FZ LLC (upto January 30, 2020)
<b>Key management personnel</b>	Mr. Ajay Bijli, Chairman cum Managing Director Mr. Sanjeev Kumar, Joint Managing Director Ms. Renuka Ramnath, Director Mr. Amit Burman, Independent Director (upto July 26, 2019) Mr. Sanjai Vohra, Independent Director Mr. Vikram Bakshi, Independent Director Mr. Sanjay Khanna, Independent Director (upto April 15, 2019) Mr Vishal Mahadevia, Director (upto March 26, 2020) Ms Pallavi Shardul Shroff, Independent Director (w.e.f. October 22, 2019) Ms Deepa Misra Harris, Independent Director (w.e.f. March 27, 2019) Mr. Chirag Gupta, Director of a Subsidiary Mr. Ankur Gupta, Director of a Subsidiary
<b>Relatives of Key Management Personnel</b>	Mrs. Selena Bijli, Wife of Mr. Ajay Bijli Ms. Nayana Bijli, Daughter of Mr. Ajay Bijli Mr. Aamer Krishan Bijli, Son of Mr. Ajay Bijli Mr. Satya Narain, Father of Mr. Ankur Gupta
<b>Joint Ventures</b>	Vkaao Entertainment Private Limited (50% each held by PVR Pictures Limited and Big tree Entertainment Private Limited) PVR Pictures International Pte. Limited (upto September 17, 2019)
<b>Enterprises over which Key management personnel and their relatives are able to exercise significant influence</b>	PVR Nest Priya Exhibitors Private Limited

Particulars	Key Management Personnel and their relatives		Joint Ventures		Enterprises owned or significantly influenced by key management personnel or their relatives	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Transactions during the year</b>						
<u>Remuneration paid</u>						
Ajay Bijli	1,670	1,073	-	-	-	-
Sanjeev Kumar	1,093	903	-	-	-	-
Nayana Bijli	21	7	-	-	-	-
Chirag Gupta	22	27	-	-	-	-
Ankur Gupta	13	15	-	-	-	-
<u>Sitting fees and commission</u>						
Amit Burman	5	5	-	-	-	-
Deepa Misra Harris	10	-	-	-	-	-
Sanjay Khanna	-	4	-	-	-	-
Sanjai Vohra	24	15	-	-	-	-
Vikram Bakshi	8	9	-	-	-	-
<u>Rent Expense</u>						
Priya Exhibitors Private Limited	-	-	-	-	-	48
Satya Narain	35	30	-	-	-	-
<u>Sale of Goods</u>						
Chirag Gupta #	0	0	-	-	-	-
<u>Film Distributors Share expense</u>						
Vkaao Entertainment Private Limited	-	-	150	113	-	-
<u>Income from sale of movie tickets</u>						
Vkaao Entertainment Private Limited	-	-	1	-	-	-
<u>VPF income</u>						
Vkaao Entertainment Private Limited	-	-	4	-	-	-
<u>Income from movie production and distribution</u>						
Vkaao Entertainment Private Limited	-	-	34	-	-	-



**PVR Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2020

(Rupees in lakhs, except for per share data and if otherwise stated)

Particulars	Key Management Personnel and their relatives		Joint Ventures		Enterprises owned or significantly influenced by key management personnel or their relatives	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Final Dividend Paid</b>						
Ajay Bijli	108	108	-	-	-	-
Sanjeev Kumar	75	75	-	-	-	-
Selena Bijli	4	4	-	-	-	-
Aamer Krishan Bijli	3	3	-	-	-	-
<b>Interim Dividend Paid</b>						
Ajay Bijli	219	-	-	-	-	-
Sanjeev Kumar	149	-	-	-	-	-
Selena Bijli	8	-	-	-	-	-
Aamer Krishan Bijli	3	-	-	-	-	-
<b>Loan repaid</b>						
Chirag Gupta	-	10	-	-	-	-
<b>Security Deposit Paid</b>						
Priya Exhibitors Private Limited	-	-	-	-	22	-
<b>Donation given</b>						
PVR Nest	-	-	-	-	450	360
<b>Balance outstanding at the end of the year</b>						
<b>Trade Payable</b>						
Vkaao Entertainment Private Limited	-	-	34	21	-	-
Satya Narain	3	-	-	-	-	-
Chirag Gupta	4	11	-	-	-	-
Ankur Gupta	9	6	-	-	-	-
<b>Trade Receivable</b>						
Chirag Gupta	1	0	-	-	-	-
Vkaao Entertainment Private Limited	-	-	13	13	-	-
<b>Security Deposits Given</b>						
Priya Exhibitors Private Limited	-	-	-	-	166	144
Satya Narain	-	6	-	-	-	-
<b>Investment in Equity Share Capital</b>						
Vkaao Entertainment Private Limited	-	-	300	300	-	-
PVR Pictures International Pte. Limited (Refer note ( e ) )	-	-	-	0	-	-

# Amount below Rs 1 lakh

Notes:

(a) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

(b) The financial figures in above note exclude expenses reimbursed to/by related parties.

(c) No amount has been provided as doubtful debts or advance/ written off or written back in the year in respect of debts due from/to above related parties.

(d) The financial figures in above note excludes GST, sales tax and Local body taxes, as applicable.

(e) SGD 500 equity share capital money credited back on September 18, 2019.

(f) All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash. Transactions relating to dividend, subscriptions for new equity shares are on the same terms and conditions that are offered to other shareholders.

## 50 Segment Information

### Operating Segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Company has been identified as being the chief operating decision maker to assess the financial performance and position of the Group and make strategic decisions. The Group is engaged primarily in the business Movie exhibition and Others allied activities (includes Movie production, distribution & gaming etc.).

Chief operating decision maker does not review assets and liabilities at reportable segments level, hence segment disclosure relating to total assets and liabilities have not been provided.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Movie exhibition is primarily the main segment and movie production, distribution & gaming etc. are less than 10% and hence aggregated under "Others".

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Company basis.

Particulars	Movie exhibition *		Others (includes Movie production, distribution & gaming etc.) **		Elimination		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Revenue</b>								
Revenue from operations	3,25,676	2,99,579	15,768	8,977	-	-	3,41,444	3,08,556
Inter segment sales	205	76	4,413	1,864	(4,618)	(1,940)	-	-
Other income	4,289	3,188	114	238	(624)	(112)	3,779	3,314
<b>Total Revenue</b>	<b>3,30,170</b>	<b>3,02,843</b>	<b>20,295</b>	<b>11,079</b>	<b>(5,242)</b>	<b>(2,052)</b>	<b>3,45,223</b>	<b>3,11,870</b>
<b>Segment Results</b>								
Operating profit	8,569	29,160	390	743	-	-	8,959	29,903
Income tax							(6,274)	(10,963)
<b>Net Profit before NCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,685</b>	<b>18,940</b>
<b>Other information</b>	<b>March' 31, 2020</b>	<b>March' 31, 2019</b>	<b>March' 31, 2020</b>	<b>March' 31, 2019</b>	<b>March' 31, 2020</b>	<b>March' 31, 2019</b>	<b>March' 31, 2020</b>	<b>March' 31, 2019</b>
Total assets	7,26,972	3,75,610	15,948	9,476	-	-	7,42,920	3,85,086
Unallocated assets	57,730	11,870	1,369	2,298	-	-	59,099	14,168
<b>Total Allocated Assets</b>	<b>6,69,242</b>	<b>3,63,740</b>	<b>14,579</b>	<b>7,178</b>	<b>-</b>	<b>-</b>	<b>6,83,821</b>	<b>3,70,918</b>
Total liabilities	5,91,305	2,33,145	3,564	2,325	-	-	5,94,869	2,35,470
Unallocated liabilities	1,29,857	1,32,491	322	246	-	-	1,30,179	1,32,737
<b>Total allocated liabilities</b>	<b>4,61,448</b>	<b>1,00,654</b>	<b>3,242</b>	<b>2,079</b>	<b>-</b>	<b>-</b>	<b>4,64,690</b>	<b>1,02,733</b>
Capital Employed (allocable)	2,07,794	2,63,086	11,337	5,099	-	-	2,19,131	2,68,185
Capital Employed (unallocable)							(71,080)	(1,18,569)
Capital expenditure	37,312	42,055	1,193	1,564	-	-	38,505	43,619
Depreciation/amortisation on tangible and Intangible assets	22,123	18,165	697	963	-	-	22,820	19,128
Provision for doubtful debts and advances	1,456	1,266	27	7	-	-	1,483	1,273

\* Revenue from operations include Income from sale of movie tickets - Rs 1,73,115 lakhs (March 31, 2019: Rs 1,63,543 lakhs), Advertisement income - Rs 37,588 lakhs (March 31, 2019: Rs 35,352 lakhs), Convenience fees - Rs 17,193 lakhs (March 31, 2019: Rs 13,035 lakhs), Virtual print fees - Rs 3,478 lakhs (March 31, 2019: Rs 2,918 lakhs), Movie exhibition portion of Sale of food and beverages - Rs 94,252 lakhs (March 31, 2019: Rs 84,665 lakhs) and Management fees - Rs 50 lakhs (March 31, 2019 - Rs 66 lakhs).

\*\* Revenue from operations include Income from movie production and distribution - Rs 12,149 lakhs (March 31, 2019: Rs 6,192 lakhs), Gaming Income - Rs 523 lakhs (March 31, 2019: Rs 470 lakhs), Food court income - Rs 1,302 lakhs (March 31, 2019: Rs 1,141 lakhs) and remaining portion of Sale of food and beverages - Rs 1,794 lakhs (March 31, 2019: Rs 1,174 lakhs)

- **Secondary Segment - Geographical Segment:** Group mainly caters to the needs of the domestic market and the export turnover is less than 10% of the total revenue. Hence no Geographical segment is disclosed.

- The Group does not have revenue more than 10% of total revenue from a single customer.

**PVR Limited**

Notes to the Consolidated financial statements for the year ended March 31, 2020

(Rupees in lakhs, except for per share data and if otherwise stated)

**51 Additional Information pursuant to Schedule III of Companies Act 2013 - General Instructions for the preparation of consolidated financial statements for the year ended March 31, 2020:**

Name of the Entity	Net assets i.e. Total assets minus total liabilities		Share in Profit or Loss		Share in other comprehensive income (OCI)		Share in Total comprehensive income (OCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive Income	Amount
<b>Parent Company:</b> PVR Limited	98.83	1,46,323	110.46	3,016	103.18	(682)	112.81	2,334
<b>Indian Subsidiaries:</b> PVR Pictures Limited	3.96	5,863	16.77	458	(0.30)	2	22.23	460
Zea Maize Private Limited	0.16	237	(13.99)	(382)	(1.82)	12	(17.93)	(371)
SPI Entertainment Projects (Tirupati) Pvt Ltd	(0.01)	(8)	-	-	-	-	-	-
<b>Foreign Subsidiaries:</b> P V R Lanka Limited	0.67	997	(12.75)	(348)	(1.06)	7	(16.43)	(340)
PVR Middle East FZ LLC	0	-	(0.18)	(5)	-	-	(0.24)	(5)
<b>Share of Non Controlling interest</b> Zea Maize Private Limited			1.65	45	-	-	2.17	45
Elimination	(3.46)	(5,120)	-	-	-	-	-	-
Share of profit/(loss) of Joint ventures	(0.15)	(241)	(1.96)	(54)	-	-	(2.61)	(54)
<b>Total</b>	<b>100</b>	<b>1,48,051</b>	<b>100</b>	<b>2,730</b>	<b>100</b>	<b>(661)</b>	<b>100</b>	<b>2,069</b>

**General Instructions for the preparation of consolidated financial statements for the year ended March 31, 2019:**

Name of the Entity	Net assets i.e. Total assets minus total liabilities		Share in Profit or Loss		Share in other comprehensive income (OCI)		Share in Total comprehensive income (OCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive Income	Amount
<b>Parent Company:</b> PVR Limited	98.63	1,47,572	100.14	19,009	96.38	(1,252)	100.41	17,757
<b>Indian Subsidiaries:</b> PVR Pictures Limited	2.94	4,403	2.53	480	1.18	(16)	2.62	464
Zea Maize Private Limited	0.21	314	(2.03)	(385)	0.69	(9)	(2.23)	(394)
SPI Entertainment Projects (Tirupati) Pvt Ltd	(0.01)	(8)	(0.03)	(6)	-	-	(0.03)	(6)
<b>Foreign Subsidiaries:</b> P V R Lanka Limited	0.89	1,337	(0.21)	(39)	1.70	(22)	(0.34)	(61)
PVR Middle East FZ LLC	-	5	(0.02)	(4)	0.01	-	(0.02)	(4)
<b>Share of Non Controlling interest</b> Zea Maize Private Limited	-	-	0.23	43	-	-	0.25	43
Elimination	(2.55)	(3,820)	-	-	-	-	-	-
Share of profit/(loss) of Joint ventures	(0.12)	(188)	(0.60)	(115)	-	-	(0.64)	(115)
<b>Total</b>	<b>100</b>	<b>1,49,615</b>	<b>100</b>	<b>18,983</b>	<b>100</b>	<b>(1,299)</b>	<b>100</b>	<b>17,684</b>

**Note:**

There are no subsidiaries which have not been considered in the Consolidated financial statements.

- 52** During the year ended March 31, 2020, there was an additional capital infusion of Rs 1,000 lakhs in PVR Pictures Limited (one of the subsidiary) to subscribe 25,000,000 (a) number of equity shares of Rs 4/- each by the Parent company.
- During the year ended March 31, 2020, there was an additional capital infusion of Rs. 300 lakhs (March 31, 2019: Rs 250 lakhs) in Zea Maize Private Limited (one of the subsidiary) through Compulsory convertible preference shares by the Parent company. Further, 13,322 Compulsory convertible equity shares were converted into 13,322 equity shares during the year ended March 31, 2020.
- 53 Estimation of uncertainties relating COVID-19 pandemic:**
- Due to COVID-19, beginning March 11, 2020, the Group started closing its screens in accordance with the order passed by various regulatory authorities and within a few days most of our cinemas across the country were shut down.
- The management has made an assessment of likely impact from the COVID-19 pandemic on business and financial risks based on internal and external sources of information including economic forecasts, measures being under taken by Government and expected GDP growth. The management believes while the COVID-19 may adversely impact the business in the short term, it does not anticipate material medium to long term risks to the business prospects. The Group has made detailed assessment of its liquidity position and has also considered the possible effects of COVID-19 on the carrying amounts of assets using available information, estimates and judgment and has on the basis of evaluation determined that none of the balances require a material adjustment to their carrying values, except with respect to inventories wherein all perishable inventories expiring in short span of time has been written off. Further, the management has taken various decisive actions to mitigate the adverse impact of COVID-19 on the business, which inter alia includes, :
- a. Reduction in employee costs by reducing the compensation across all levels during the lockdown period and reduction in headcount.  
b. Invoked Force Majeure clause in our agreements with landlords seeking waiver of rentals and maintenance charges during lockdown period. We are also in discussion with landlords for reducing the rentals post reopening.  
c. Reduction in all other overhead expenses during the period of lockdown.
- With these actions management has been able to bring down the cash burn significantly during the lockdown period.
- Based on the foregoing, management has carried out an assessment of the appropriateness of going concern, impairment of assets and other related aspects, and believes that there is no impact on the same. There are uncertainties associated with the nature and duration of COVID-19 situation and accordingly, the impact of the pandemic is difficult to predict and actual results may differ from the estimates. The Group will continue to monitor the situation and the impact assessment analysis of the same on the Group's consolidated financial statements shall be made and provided as required.
- 54** Upon the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Parent company in their meeting dated June 08, 2020 has approved the remuneration for Mr. Ajay Bijli, Chairman & Managing Director and Mr. Sanjeev Kumar, Joint Managing Director as was originally approved by the shareholders vide resolution dated July 3, 2018, by taking into account the net profits of the Company computed under Section 198 of the Companies Act, 2013 after disregarding the adjustments made pursuant to Ind AS 116. Adoption of Ind AS 116 ("Leases") w.e.f. April 1, 2019 and its impact on PBT of the Parent Company has resulted in their overall managerial remuneration exceeding the maximum remuneration permissible under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015. Since such remuneration (individually and overall) is in excess of the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by Rs 982 Lakhs, it is subject to the approval of the shareholders in the ensuing general meeting.
- 55** Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Board of Directors in its meeting held on June 8, 2020, approved the fund raising of up to Rs. 30,000 Lakhs through issuance of equity shares of face value of Rs. 10 each via rights issue.

As per our report of even date attached  
**For B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101248W / W-100022

**For and on behalf of the Board of Directors of PVR Limited**

**Adhir Kapoor**  
Partner  
ICAI Membership Number: 098297

**Ajay Bijli**  
Chairman cum Managing Director  
DIN: 00531142

**Sanjeev Kumar**  
Joint Managing Director  
DIN: 00208173

**Pankaj Dhawan**  
Company Secretary  
ICSI M.No. F3170

**Nitin Sood**  
Chief Financial Officer

Place: New Delhi  
Date: June 08, 2020

Place: New Delhi  
Date: June 08, 2020

## MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2020, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

- (i) The World Health Organization declared the outbreak of COVID-2019 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020. The spread of COVID-2019 and the recent developments surrounding the global pandemic have had, and continue to have, a material adverse effect on our business. All our screens across India were shut down from March 24, 2020 while some of the screens in certain regions were shut down even earlier following the outbreak of COVID-2019 in those specific regions. For further details, see ***“Risk Factors - COVID-2019 has had, and is expected to continue to have, a significant impact on our financial condition and operations. The current, and uncertain future, impact of the COVID-2019 pandemic, including its effect on the ability or desire of people to visit cinemas and watch movies, is expected to continue to impact our results, operations, outlooks, plans, goals, growth, strategy, reputation, cash flows, liquidity, and the price of our Equity Shares”*** on page 18.
- (ii) The Nomination and Remuneration Committee (“**Committee**”) of our Company has, on March 11, 2020 granted 43,400 employee stock options under the ESOP 2020, however, on account of difficulties faced by our Company due to COVID-2019 pandemic and lockdown measures undertaken by the Government, the Committee on June 5, 2020 withdrew the grant of such employee stock options.

## ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of the Financial Statements. For details see “*Financial Statements*” on page 116.

### Accounting Ratios

Ratio	Consolidated As at and for the Fiscal ended March 31, 2020
Basic EPS (in ₹)	5.50
Diluted EPS (in ₹)	5.47
Return on net worth (in %)	1.8%
Net asset value per Equity Share (in ₹)	288.3
Adjusted EBITDA (In ₹ lakhs)	1,11,438

### Return on net worth (in %)

Particulars	As at March 31, 2020
Net profit after tax and after adjustment of non-controlling interests (in ₹ lakhs) (A)	2,730
Net Worth (in ₹ lakhs) (B)*	1,48,022
<b>Return on net worth (in %) (A/B)</b>	<b>1.8%</b>

\* For calculation of Net Worth, see “*Summary of Letter of Offer – Summary of Financial Information – Net Worth*” on page 15

### Net asset value per Equity Share (in ₹)

Particulars	As at March 31, 2020
Net Worth (in ₹ lakhs) (A)*	1,48,022
Number of issued, subscribed and fully paid-up Equity Shares outstanding as at year end (B)	51,349,145
<b>Net asset value per Equity Share (in ₹) ((A*100,000)/B)</b>	<b>288.3</b>

\* For calculation of Net Worth, see “*Summary of Letter of Offer – Summary of Financial Information*” on page 14

### Adjusted EBITDA

Particulars	(in ₹ lakhs) For the year ended March 31, 2020
<b>Net Profit after tax [A]</b>	2,685
Add: Total Tax expense	6,274
<b>Profit before tax [B]</b>	8,959
Less: Share of profit/(loss) of equity accounted investees (net of tax)	-54
Add: Finance costs	48,179
Add: Depreciation and amortisation expense	54,246
<b>Total Adjustments [C]</b>	1,02,479
<b>Adjusted EBITDA [D=B+C]</b>	1,11,438

The ratios have been computed as below:

Ratios	Computation
Basic earnings per Equity Share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before and after exceptional item, as applicable / Weighted average number of Equity Shares outstanding at the end of year
Diluted earnings per Equity Share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before or after exceptional item, as applicable/ Weighted Average number of Equity Shares (including convertible securities)
Return on net worth (%)	Net profit or loss after tax/ Net worth at the end of the year.  Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Audited Financial Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Net asset value per Equity Share	Net asset value per Equity Share is computed by dividing the Net worth at the end of the year with the number of issued, subscribed and fully paid-up Equity Shares outstanding as at year end
Adjusted EBITDA	Adjusted EBITDA, on a consolidated basis, is calculated as net profit after tax plus total tax expense, exceptional item, share of profit/(loss) of equity accounted investees (net of tax), finance costs and depreciation and amortization expense

### Capitalisation Statement

The following table sets forth the capitalisation statement of our Company based on (i) Audited Financial Statements as at and for the financial year ended March 31, 2020 and (ii) as adjusted for the Issue:

(in ₹ lakhs)

Particulars	As at March 31, 2020	As adjusted for the Issue**
<b>Borrowings</b>		
Secured Rated Listed Non-Convertible Debentures (including current maturities) (A)	40,958	[●]
Secured term loans from banks (including current maturities) (B)	69,777	[●]
Short-term borrowings (C)*	18,734	[●]
<b>Total Borrowings (D=A+B+C)</b>	<b>1,29,469</b>	<b>[●]</b>
<b>Equity</b>		
Equity share capital (E)	5,135	[●]
Other equity*^ (F)	1,42,887	[●]***
<b>Total Equity (G=E+F)</b>	<b>1,48,022</b>	<b>[●]</b>
<b>Ratio</b>		
<b>Total Borrowings/ Total Equity [D/G]</b>	0.9	[●]

\*These terms shall carry the meaning as per schedule III of the Companies Act

\*\*Assuming full subscription of the Issue.

^ Other equity includes other comprehensive income and excludes non-controlling interest.

\*\*\* Not adjusted for Issue related expenses

## STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Equity Shares are listed on the BSE and the NSE. The Rights Equity Shares will be listed on the Stock Exchanges pursuant to the Issue. For further details, see “*Terms of the Issue*” on page 196. We have received in-principle approvals for listing of the Rights Equity Shares on the Stock Exchanges to be issued pursuant to the Issue from the BSE and the NSE by letters dated [●], 2020 and [●], 2020, respectively.

For the purpose of this section, unless otherwise specified:

- A year is a financial year;
- Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily closing prices and low price is the minimum of the daily closing prices of our Equity Shares for the year, the month, or the week, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The following table sets forth the high, low and average market prices of the Equity Shares recorded on the BSE and the NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded:

BSE							
Financial Year Ended	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2020	February 19, 2020	2,114.50	32,192	March 18, 2020	1,158.55	67,319	1,726.02
2019	March 19, 2019	1,695.55	29,424	July 31, 2018	1,102.50	19,536	1,404.97
2018	April 28, 2017	1,613.90	59,220	September 27, 2017	1,172.85	26,846	1,394.03

Source: [www.bseindia.com](http://www.bseindia.com)

NSE							
Financial Year Ended	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2020	February 19, 2020	2,112.80	3,10,296	March 18, 2020	1,162.00	18,39,532	1,726.19
2019	March 19, 2019	1,695.40	4,86,289	August 02, 2018	1,101.55	3,32,751	1,405.38
2018	April 28, 2017	1,613.10	6,17,192	September 27, 2017	1,174.60	2,03,339	1,394.11

Source: [www1.nseindia.com](http://www1.nseindia.com)

The following table sets forth the monthly high and low prices and trading volumes on the BSE and the NSE for the six months preceding the date of filing of this Letter of Offer.



BSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June, 2020	June 5, 2020	1,241.50	4,12,724	June 1, 2020	961.65	2,04,262	1,040.63
May, 2020	May 4, 2020	959.80	69,075	May 18, 2020	746.15	1,78,520	878.22
April, 2020	April 17, 2020	1,227.65	84,888	April 24, 2020	955.15	38,957	1,035.79
March, 2020	March 03, 2020	1,742.80	91,721	March 18, 2020	1,158.55	67,319	1,398.13
February, 2020	February 19, 2020	2,114.50	32,192	February 28, 2020	1,912.75	35,519	2,035.33
January, 2020	January 30, 2020	1,971.20	10,144	January 06, 2020	1,855.65	16,035	1,912.87

Source: [www.bseindia.com](http://www.bseindia.com)

NSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June, 2020	June 5, 2020	1,242.20	97,56,284	June 1, 2020	961.30	43,98,126	1,040.46
May, 2020	May 04, 2020	959.55	15,35,897	May 18, 2020	745.85	56,11,462	878.00
April, 2020	April 17, 2020	1,227.20	22,15,826	April 24, 2020	954.60	14,58,234	1,034.90
March, 2020	March 03, 2020	1,736.75	24,68,152	March 18, 2020	1,162	18,39,532	1,396.83
February, 2020	February 19, 2020	2,112.80	3,10,296	February 28, 2020	1,907.40	9,35,799	2,035.04
January, 2020	January 30, 2020	1,973.05	3,81,582	January 06, 2020	1,857	2,13,477	1,913.22

Source: [www1.nseindia.com](http://www1.nseindia.com)

Week end prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
June 26, 2020	1,044.9	1,065.35	1,026.2
June 19, 2020	1,010.9	1,016.85	989.45
June 12, 2020	1,159.5	1,159.5	1,005.5
June 5, 2020	961.65	1,241.5	961.65

Source: [www.bseindia.com](http://www.bseindia.com)

NSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
June 26, 2020	1,044.95	1,065.3	1,026.7
June 19, 2020	1,010.6	1,016.7	989.75

NSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
June 12, 2020	1,161.15	1,161.15	1,004.5
June 5, 2020	961.3	1,242.2	961.3

Source: [www1.nseindia.com](http://www1.nseindia.com)

The closing market price of the Equity Shares as on one day prior to the date of this Letter of Offer was ₹ [●] on the BSE and ₹ [●] on the NSE.

The Issue Price of ₹ [●] per Rights Equity Share has been arrived at in consultation between our Company and the Lead Manager.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and its Subsidiaries are involved in certain legal proceedings from time to time, which are primarily in the nature of tax disputes, writ petitions, criminal complaints, civil suits, and petitions pending before various authorities. There is no outstanding legal proceeding which has been considered material in accordance with our Company's "Policy on Disclosure of Material Events" framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by the Board pursuant to its resolution dated January 29, 2016 ("**Policy of Materiality**") or in accordance with the revised "Policy on Disclosure of Material Events" adopted by the Board pursuant to its resolution dated October 17, 2019 ("**Revised Policy of Materiality**").*

*Notwithstanding the criteria, including the quantitative criteria provided in the Revised Policy of Materiality adopted by our Company, solely for the purposes of this Issue, our Company has disclosed in this section all outstanding civil and tax proceedings involving our Company and Subsidiaries where the amount involved in such proceedings exceeds ₹ 1,000 lakhs ("**Materiality Threshold**").*

*Further, other than as disclosed in this section, there is no other (i) proceeding involving issues of moral turpitude or criminal proceedings initiated against the Company or its Subsidiaries; (ii) proceeding involving material violations of statutory regulations by our Company or its Subsidiaries (iii) proceeding involving economic offenses against our Company or its Subsidiaries; and (iv) pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company on a consolidated basis.*

#### **I. Litigation involving our Company**

##### *A. Proceedings involving issues of moral turpitude or criminal liability on part of our Company*

- (i) Bata India Limited (the "**Complainant**") filed a criminal complaint in 2017, in the court of the Chief Metropolitan Magistrate, Saket District Court, New Delhi ("**Chief Metropolitan Magistrate**") against the producers, directors and actors of a Bollywood movie named 'Jolly LLB 2' and against several multiplexes, including our Company and single screen theatres that exhibited the trailer of this movie across India (collectively, the "**Accused Persons**") alleging, among others, that the Accused Persons have committed the offence of criminal defamation under the Indian Penal Code, 1860 by depicting the Complainant's brand 'Bata' in bad taste in one of the dialogues from the trailer of the movie, thereby commercially disparaging and tarnishing the brand image and reputation of the Complainant. Our Company has been impleaded as one of the Accused Persons, for playing the trailer of the movie at one of its cinema multiplexes at Select City Walk Mall, Saket.

Subsequently, our Company has filed a criminal miscellaneous petition in the High Court of Delhi, at New Delhi, for setting aside of an order dated February 8, 2017 passed by the Chief Metropolitan Magistrate summoning the Accused Persons on the ground that, exhibition of a trailer/movie is purely contractual and commercial, devoid of any intention to deliberately cause harm to the reputation of the Complainant as our Company has nothing to do with the contents of the trailer/movie that it exhibits and thus our Company has been erroneously impleaded as a party to the complaint. Subsequently, in order to settle this matter outside the court, the High Court of Delhi has stayed the proceedings and the parties have submitted the matter for mediation.

- (ii) A complaint had been filed by the Legal Metrology Office before the Court of the Metropolitan Magistrate, Evening Court, Karkardooma Courts, Delhi ("**Metropolitan Magistrate**"), in 2017, against our Company and others, alleging non-compliance with the Legal Metrology Act, 2009 on grounds of selling food articles in our cinemas at Shalimar Bagh, New Delhi and Prashant Vihar, New Delhi, without mentioning their quantity on the box. It was also alleged that we have sold a certain drinking water bottle and an energy drink by charging on the higher side. Our Company has filed a written statement responding against the allegations made in the complaint and has, among other things, sought that summons should not be issued to our Company, as (i) the food articles were sold in a loose container, which do not come under the purview of the Packaged Commodities Rules, 2011 and (ii) the Legal Metrology Act, 2009 permits sale of products on maximum retail price.

- (iii) A complaint was initiated by the Senior Inspector of Legal Metrology, Ernakulam before the First Class Judicial Magistrate Court – IX, Kakkanad (“**Judicial Magistrate**”) against one of our Promoters, Mr. Ajay Bijli (in his capacity as the Managing Director of our Company) alleging offences under the Legal Metrology Act, 2009, Legal Metrology (Packaged Commodities) Rules, 2011 (“**Packaged Commodities Rules**”) and the Kerala Legal Metrology (Enforcement) Rules, 2012 on account of sale of packaged drinking water without legible details as prescribed under the Packaged Commodities Rules and sale of popcorn and soft drink in paper containers. The Judicial Magistrate took cognizance of the matter and accordingly issued summons. Subsequently, our Company, Mr. Ajay Bijli and certain other employees filed a criminal miscellaneous petition in the High Court of Kerala at Ernakulam (“**Kerala High Court**”) challenging the proceedings before the Judicial Magistrate and sought for stay on the ongoing proceedings before the Judicial Magistrate until disposal of the criminal miscellaneous petition. By an order dated January 6, 2020, the Kerala high Court has granted stay on all the proceedings before the Judicial Magistrate until disposal of the criminal miscellaneous petition.
- (iv) Legal Metrology Department for State of Telangana issued two orders dated August 17, 2018 and August 20, 2018 (together, the “**Orders**”) seeking to subject all multiplexes being operated in the state to the requirements of printing the price and net weight of unpackaged food items although required only for pre-packaged commodities, contrary to the Legal Metrology Act 2009, (“**Act**”) and Legal Metrology (Packaged Commodities) Rules, 2011 (“**Packaged Commodities Rules**”). The Orders were challenged by the Multiplex Association of India and our Company by a writ petition filed at High Court of Judicature at Hyderabad for the State of Telangana (“**Telangana High Court**”).

Subsequently, Mr. R G Bhaskar Reddy, Assistant Controller at the Legal Metrology Department, Hyderabad, along with his team, conducted a spot inspection at one of the cinemas of our Company at RK Multiplex Complex, Road No. 2, Banjara Hills (“**Premise**”) and seized billing machines, monitor, printer, certain bills and empty containers used for food and beverages. A case was registered against the regional manager Manjeet Singh, an employee of our Company (“**Accused**”) alleging violations of various sections under the Act and Packaged Commodities Rules. Also, a first information report (“**FIR**”) was registered under section 353 of the Indian Penal Code, 1860 against the Accused before III Additional Chief Metropolitan Magistrate, at Nampally, Hyderabad (“**III Add. Chief Metropolitan Magistrate**”). As a result, Accused has filed a petition (“**Quash Petition**”) in the Telangana High Court for quashing of the FIR and putting stay on all further proceedings against the Accused including appearance of the Accused, till the pending disposal of the Quash Petition. Subsequently, Telangana High Court by its order dated February 6, 2020 has stayed the proceedings before III Add. Chief Metropolitan Magistrate.

- (v) A first information report has been filed by Manish Kumar Singh against certain employees of our Company before the Judicial Magistrate, 1<sup>st</sup> Class, Kanpur alleging commission of offence under sections 171H and 188 of the Indian Penal Code, 1860 on the grounds that our Company continued to display election campaigning advertisements pertaining to a particular political party at its multiplex in South X-Mall, Kanpur beyond the duration for which the permit for campaigning had been granted.
- (vi) Manu Prashant Vig, a director of Bluefox Motion Pictures Private Limited (“**Complainant**”), filed an application under the Code of Criminal Procedure (“**Code**”) before the Additional Chief Metropolitan Magistrate-III, Kanpur (“**ACMM-III**”) praying for lodging a first information report (“**FIR**”) against one of our Promoters, Mr. Ajay Bijli and Shalu Sabharwal, an employee of our Company (together, the “**Accused**”) alleging amongst others, criminal breach of trust, cheating and dishonestly inducing delivery of property, forgery of valuable security by the Accused. Pursuant to an order dated August 14, 2019 (“**Impugned Order**”) of the ACMM-III, an FIR dated August 25, 2019 was registered against the Accused with the Juhi police station, Kanpur. Subsequently, the Accused filed a writ petition in the High Court of Judicature at Allahabad (“**Allahabad High Court**”) praying for quashing of the Impugned Order and the FIR, along with directions in nature of mandamus to not arrest the Accused. By an order dated September 17, 2019, the Allahabad High Court has directed that the Accused will not be arrested until submission of the police report. Police is yet to file the final report before the ACMM-III.
- (vii) Sri K. Sai Teja (the “**Complainant**”) has lodged a first information report (“**FIR**”) at Madhapur Police Station, against one of our cinema halls, PVR Inorbit Mall, Cyberabad and its regional general manager Manjit Singh, an employee of our Company (together, the “**Accused**”) under Telangana Cinemas (Regulation) Act, 1955. The Complainant has alleged deficiency in service on part of the cinema hall due to delay in the show time and display of advertisements leading to “Unfair Trade Practice” by the Company. Subsequently, the Accused have filed a criminal petition in the High Court of Telangana at

Hyderabad (“**Telangana High Court**”) under section 482 of the Cr.P.C for quashing of the FIR. The Telangana High Court, by its order dated January 29, 2020, has granted stay on all further proceedings by Madhapur Police Station against the Accused.

- (viii) A show cause notice dated May 7, 2019 addressed to the principal officer of our Company was issued by the Assistant Commissioner of Income Tax (“**ACIT**”) under section 276B of the Income Tax Act, 1961 (“**Act**”) alleging default in payment of tax deducted at source (“**TDS**”) by our Company in fiscals 2013 and 2014. Our Company, in its response dated May 16, 2019 stated on its behalf and on behalf of the principal officers that the delay in payment of TDS was not deliberate and sought for further details of the alleged default. Subsequently, by notices each dated June 7, 2019 the ACIT directed each of our Directors to show cause as to why they should not be treated as “Principal Officer” within the meaning of section 2(35) of the Act and why a prosecution should not be initiated against them as being the person responsible for commitment of the alleged default. The Directors through their responses, each dated June 13, 2019, stated that they are not entrusted with responsibilities related to TDS deductions and payments and that Sunil Bhatnagar, senior vice president – liasoning and Brijesh Arora, chief accounts officer, are the persons responsible for deducting/collecting tax at source and for accounts functions of our Company, respectively. It was further stated in these responses that Mr. Ajay Bijli and Mr. Sanjeev Kumar have been held to be principal officers by a previous ACIT for TDS defaults in the same fiscals and reiterated that the delay in payment of TDS was not deliberate and sought for further details of the alleged default.

*B. Proceedings involving material violations of statutory regulations by our Company*

- (i) The Deputy Commissioner of Ujjain Municipal Corporation passed an order dated May 3, 2019 (“**Impugned Order**”) wherein our Company was directed to deposit ‘registration or permission fee’ and ‘advertisement fee’ for display of advertisement during the display of movies in the cinema halls. The Impugned Order further stated that such fee is liable to be paid on per-month and per-screen basis. Our Company has filed a writ petition in the High Court of Madhya Pradesh seeking to quash the said Impugned Order and hold the applicable provisions of law imposing the liability to pay the said ‘registration or permission fee’ and ‘advertisement fee’ as *ultra vires* the Constitution of India. Additionally, our Company has also sought interim relief, among others, by way of stay on the operation and enforcement of the Impugned Order. By its order dated January 29, 2020 the High Court of Madhya Pradesh passed an interim order staying all coercive actions against our Company until the next date of hearing.

*C. Proceedings involving an amount exceeding the Materiality Threshold*

*Proceedings filed by the Company*

- (i) Our Company has approached various forums across different states in India for the continuation of entertainment tax exemption benefits that we were entitled to, prior to the implementation of the Goods and Services Tax Act, 2017 in India. These proceedings are pending at different stages of adjudication before various courts in India.
  - (a) An entertainment tax retention scheme (“**Scheme**”) was introduced in the state of Uttar Pradesh. Under such Scheme, our Company had received certain exemptions from the payment of entertainment tax for a period of five years, in respect of two of its multiplex cinema halls in Noida, PVR Logix and PVR Mall of India. The applications for such availment of entertainment tax benefit filed by our Company were accepted pursuant to orders dated October 17, 2016 and December 22, 2016 passed by the Uttar Pradesh Government (“**Orders**”), but the exemptions were applicable retrospectively. In the interim, our Company had deposited an aggregate sum of ₹ 1,144.06 lakhs. Subsequently, pursuant to the introduction of the Uttar Pradesh Goods and Services Tax Act (“**UPGST Act**”), the Uttar Pradesh Entertainment and Betting Tax Act, 1979 (“**UP Entertainment Tax Act**”) was repealed, thus rescinding all the exemptions granted. Further, with the introduction of the Central Goods and Services Tax Act, 2017 (“**CGST Act**”), the power of the states to levy entertainment tax and *inter alia* provide any subsidies previously granted under the UP Entertainment Tax Act was eliminated.

Aggrieved by the abolition and rescission of entertainment tax exemptions, our Company has filed a writ petition before the High Court of Judicature, at Allahabad (“**Allahabad High Court**”) in 2018 against the Union of India, the State Government of Uttar Pradesh and the District Magistrate, Entertainment Tax Department, Gautam Budh Nagar (collectively, the “**Respondents**”) praying for the:

(i) continuation of tax benefits by allowing a refund of state GST and the central GST paid or retention of state GST and central GST collected on the sale of tickets, under the UPGST Act and the CGST Act for the period as required to recover the amounts specified in the Orders; and (ii) refund of an amount of ₹ 1,144.06 lakhs that had been deposited by our Company. Subsequently, the government of Uttar Pradesh issued a notification dated December 3, 2018 pursuant to which, we received a partial reimbursement of the total amount being claimed by us from the government of Uttar Pradesh. Our Company has filed an amended petition praying for, among other things, extension of the time period of the exemption from paying taxes under the Scheme to be able to meet the investment amount already made by us in Uttar Pradesh and an interest on the refunded amount.

- (b) An industrial policy was introduced in the state of Punjab in 2003 and certain notifications under it, which provided for, among other things, concessions and benefits to multiplex cinemas and also exempted them from paying entertainment tax for a certain period of time. Subsequently, with the introduction of GST, the requirement to pay entertainment tax and the underlying legislation was repealed. However, the earlier notifications granting exemptions from payment of entertainment tax have not been rescinded and thus, our Company shall still be entitled to the exemption benefits.

Our Company has filed a writ petition in July 2018, before the High Court for the States of Punjab and Haryana, at Chandigarh ("**Punjab and Haryana High Court**") praying for the issuance of a writ of mandamus directing the State of Punjab, the Union of India, the Commissioner of State Taxes, Punjab and the Punjab Bureau of Investment Promotion (collectively, the "**Respondents**") to (i) extend the benefit of tax being collected by them as state GST post the introduction of the Punjab GST Act, 2017, in accordance with the industrial policy of Punjab and the notifications thereunder, for the exemption from the payment of entertainment tax; and (ii) devise a mechanism to reimburse the amount of state GST that has already been collected. It has also been prayed that as long as the writ is outstanding, our Company should be permitted to not pay the state GST component of GST being charged from our Company. The matter is being adjudicated. The amount involved, as assessed by our Company, is ₹ 1,000 lakhs.

- (ii) The Finance Act, 1994 was amended by the Finance Act, 2010 pursuant to which service tax was made payable for renting of immoveable property for commercial use retrospectively with effect from 2007 (the "**Amendment**"). Home Solutions Retail India Private Limited ("**Home Solutions**") and Retailers Association of India (of which we are a member) ("**Retailers Association**" and together with Home Solutions, the "**Petitioners**") filed two such writ petitions against the Union of India and others ("**Respondents**") in the High Court of Delhi ("**Delhi High Court**") challenging the Amendment on grounds that among others, that the act of merely renting of immoveable property without any added element of service or value addition is merely a transaction of conveyance, not liable to be taxed under service tax legislation which came to be rejected by the Delhi High Court ("**Impugned Judgment**"). Subsequently, a special leave petition was filed before the Supreme Court of India ("**Supreme Court**") against the Impugned Judgement and the Supreme Court admitted such petition while allowing the Petitioners to file individual applications for interim reliefs.

In accordance with the above, our Company filed a special leave petition against the Respondents, in the Supreme Court, seeking a stay against the Impugned Judgment. The aggregate amount that has been claimed pursuant to the Impugned Judgement, as service tax on renting of immoveable property, is ₹ 2,734.61 lakhs, out of which we have already paid 50% of the amount, pursuant to the Supreme Court order dated October 14, 2011 in the Impugned Judgement, wherein, the Supreme Court clarified that no stay was granted on the imposition of service tax under the Finance Act, 1994 (post the amendment by the Finance Act, 2010) in so far as the future liability towards service tax with effect from October 2011 was concerned and ordered that no coercive steps should be taken for recovery of arrears of service tax due on or before September 30, 2011. Now, the matter has been referred before the bench comprising nine-judges for adjudication.

Proceedings filed against the Company

#### *Direct Taxes*

- (i) The Assistant Commissioner of Income Tax, New Delhi ("**ACT**") had passed an assessment order dated December 30, 2017 for the assessment year 2015-16, raising an income tax demand aggregating ₹ 1,260.05 lakhs from our Company. The ACT, pursuant to the assessment order, has disallowed certain amounts

claimed by us as expenditure and subsidies along with levying interest under relevant sections of the Income Tax Act, 1961, and has demanded for these to be treated as taxable. We have filed an appeal dated January 29, 2018 before the Commissioner of Income Tax (Appeals)-7, New Delhi, against the demand raised by the ACT.

#### *Indirect Taxes*

- (i) Our Company is involved in certain entertainment tax proceedings wherein certain demands have been made against us by the relevant state tax authorities, in respect of payment of entertainment tax. We have objected to such demands that have been made and these proceedings are pending at different stages of adjudication before various courts and tribunals in India.
- (ii) The Additional Director General, Directorate General of Central Excise Intelligence, Bangalore Zonal Unit and the Commissioner of Service Tax, Service Tax Commissionerate Delhi III ("**Commissioners of Service Tax**") issued demand-cum-show cause notices to our Company, dated October 13, 2014 and October 15, 2015 (together, "**Show Cause Notices**"), respectively, on grounds of non-payment of applicable service tax amounting to ₹ 3,666.50 lakhs for Fiscals 2014 and 2015, on the supply of food and beverages from the food outlets inside our Company's multiplexes. Subsequently, the Commissioner of Service Tax, Service Tax Commissionerate Delhi III passed an order dated May 25, 2017 directing our Company to pay the amount of service tax demanded, along with penalty and interest on the grounds, among others, that our Company evaded payment of service tax. Our Company has filed an appeal dated August 30, 2017 before the Customs Excise and Service Tax Appellate Tribunal challenging the Order and still waiting for the notice of personal hearing.

Subsequently, the Assistant Commissioner, Central Goods & Service Tax, Vasant Kunj, New Delhi issued a show cause notice dated March 9, 2018 ("**Subsequent Notice**"), seeking details on whether our Company has made due payments under the Show Cause Notices, among others. Our Company, in its response dated May 10, 2018 to the Subsequent Notice stated that the sale of food and beverages by our Company was purely in the nature of sales and hence, we are not liable to pay service tax. In our response, as required under the Subsequent Notice, we have submitted the details of the sales made on account of sale of food and beverages as requested for Fiscal 2017 and from April 2017 to June 2017, along with the details of the alleged service tax amount due on these sales, which as per the Company's assessment was ₹ 3,497.68 lakhs.

- (iii) The Office of the Commissioner, Central Tax, Delhi South Commissionerate has issued a demand-cum-show cause notice dated March 19, 2018 to our Company alleging non-filing of service tax returns and non-payment of service tax amounting to ₹ 2,180.09 lakhs (inclusive of cess, to the extent ascertainable) for Fiscal 2016 for the supply of food and beverages from the counters of food and beverages of our Company at its multiplexes. Our Company has submitted a reply dated April 19, 2018 before the Commissioner of Central Tax, Delhi South Commissionerate contesting the demand of service tax on the grounds, among others, that the sale of food and beverages by our Company constitutes 'off the counter sale' and involves no element of 'service' as is alleged for the purpose of levy of service tax for Fiscal 2016, and has prayed for a personal hearing in the matter before any decision is taken.
- (iv) The Commissioner of Service Tax, Audit-II, Mumbai has issued a demand-cum-show cause notice dated April 17, 2015 to Cinemax India Limited ("**Cinemax**") (a company that was amalgamated with our Company with effect from April 1, 2013) alleging that Cinemax has evaded the payment of service tax amounting to ₹ 1,888.75 lakhs (for the period from October 2009 to March 2010 and for Fiscals 2011 and 2012), on the revenue earned by it pursuant to the revenue sharing arrangements entered into with distributors and sub-distributors, for the purpose of screening of films and providing other business support services. Further, the Office of the Commissioner of Central Goods and Services Tax and Central Excise, Thane has passed an order dated December 17, 2018 issued on January 15, 2019 confirming the levy of the above mentioned service tax amount on Cinemax and ordering Cinemax to pay the same, along with a penalty of ₹ 1,888.84 lakhs along with recovery of late fee and interest aggregating to a total demand of ₹ 3,778.59 lakhs. Our Company is in the process of filing an appeal.
- (v) Our Company filed a writ petition against the State of Chhattisgarh ("**State**"), the Commissioner (Department of Excise, Chhattisgarh) and others (together, the "**Respondents**") in the High Court of

Chhattisgarh (“**Chhattisgarh High Court**”) praying for refund of the entertainment tax paid by it for operation of three multiplexes in the state of Chhattisgarh and challenging rules 4 and 5 of the Chhattisgarh Naye Cinemagharo ke Nirman ko Protsahan Yojna ke Sahayata Anudaan Niyam, 1982 (the “**Rules**”). Meanwhile, the state excise authority passed an order on December 5, 2017 rejecting our Company’s demand for refund (“**Order I**”). However, the Chhattisgarh High Court passed an order on November 16, 2018 stating, among other things, that under the Rules, our Company is entitled to a refund of the entertainment tax paid by it since our Company falls under the definition of “owner” under the Rules. Accordingly, the Chhattisgarh High Court quashed Order I and directed the Respondents to issue a fresh order in the matter (“**Order II**”). The State filed a special leave petition in the Supreme Court of India which was subsequently withdrawn pursuant to an order dated July 26, 2019 with liberty to file review petition before Chhattisgarh High Court. The State filed a review in order to seek clarification pertaining to refund of entertainment tax amount to any cinema which is operating within the radius of 10 kilo meter from the existing cinema on the date of introduction of entertainment tax policy in Chhattisgarh and further review the order dated November 16, 2018 by the division bench. The aggregate amount of refund claimed by our Company is approximately ₹ 1,994.00 lakhs, excluding interest.

- (vi) SPI Cinemas (now amalgamated with our company) has filed five writ petitions before the High Court of Judicature at Madras (“**Madras High Court**”) praying for a writ of certiorari to be issued for setting aside the orders passed by the Commercial Tax Officer, Office of the Assistant Commissioner, Chennai (“**CTO**”) levying entertainment tax on the convenience fees charged by SPI Cinemas for online ticket bookings for the Fiscals 2011 to 2015. It has been contended by SPI Cinemas that in terms of the Tamil Nadu Entertainment Tax Act, 1939, only ticket charges received in relation to admissions to cinema halls, are subject to levy of entertainment tax, and charges received from online booking of tickets are amounts that are charged additionally for the convenience provided to the patrons to book their tickets from anywhere and these are not charges for being admitted to the cinema halls. The CTO has made an aggregate demand of ₹ 2,313.71 lakhs. The Madras High Court has subsequently stayed the recovery of entertainment tax by the CTO for the years 2007-08 to 2009-10 and 2010-11 to 2014-15. Madras High Court by the order dated February 28, 2020 confirmed the levy of entertainment tax on the convenience fees charged for the online bookings, Our Company is in the process of availing statutory remedy by way of filing appeal against the said order.

*D. Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company*

#### **Multiplex industry related litigation involving our Company**

- (i) Multiplex Association of India (the “**MAI**”, and the “**Petitioner Association**”) and Prahlad Singh (on behalf of our Company, as the General Manager, Legal) (together, the “**Petitioners**”) have filed a special leave petition in the Supreme Court of India (“**Supreme Court**”) seeking a stay against an order of the High Court of Jammu and Kashmir (the “**J&K High Court**”) dated July 18, 2018 (the “**Order**”). The J&K High Court, among other things, directed the cinema hall owners in the state of Jammu and Kashmir to remove prohibitions on cinemagoers from carrying their own food articles and water inside the theatre. The Order was passed pursuant to a public interest litigation petition filed in May 2018 seeking that cinema halls in the state of Jammu & Kashmir be prohibited from restraining cinemagoers from taking outside eatables inside the cinema halls, among other things. The Petitioners have sought a stay against the Order on the grounds of, among others, that the Order would: (i) impair the safety, security, health and hygiene of the larger public visiting the cinema halls; (ii) serve as a restriction on the freedom of the Petitioners to carry on their business, trade and profession; and (iii) also have a bearing on the cost of operations of the cinema halls which would ultimately lead the members of the Petitioner Association to increase the prices of movie tickets. By an order dated August 10, 2018, the Supreme Court has stayed the Order.

In addition to the matter disclosed above, similar petitions have been filed before various high courts, which are pending at various stages, wherein, it has been prayed that patrons should be permitted to bring their own food and water into the cinema halls and also in certain cases, food and beverages sold in the multiplexes should be banned. In order to avoid different judgements from different courts, the Petitioners filed transfer petitions before the Supreme Court and by way of an order dated September 7, 2018, the Supreme Court has stayed the matters pending before certain high courts; and has also ordered for these matters to be heard along with the special leave petition that has been filed by the petitioners against the Order.



- (ii) Multiplex Association of India (the “**Petitioner Association**”), of which our Company is a member, has filed a writ petition in the High Court of Bombay (“**Bombay High Court**”) against the state of Maharashtra and others (the “**Respondents**”) challenging an amendment to the Maharashtra Entertainment Duty Act, 1923 (“**Maharashtra Entertainment Duty Act**”) and the circulars that were issued, among other things, to direct the members of the Petitioner Association to submit information with regard to the online convenience fees collected and implement the amendment (the “**Amendment**”) which has imposed a maximum limit of ₹ 10 on the amount of online convenience fees that members of the Petitioner Association can charge from patrons on online sale of cinema tickets and has made amounts charged over and above this limit chargeable to entertainment duty under the Maharashtra Entertainment Duty Act. The Petitioner Association has filed the writ petition for quashing and setting aside of the Amendment on the grounds of, among others, that it is arbitrary and in violation of the Indian constitution since the Respondents do not have the legislative competence to have passed the Amendment to levy entertainment tax on the said convenience fees on which service tax is already levied under the Finance Act, 1994 (as amended) across all states and that it differentiates the members of the Petitioner Association from other similarly placed online service providers. The Bombay High Court has admitted the writ petition and has subsequently adjourned the matter sine die.
- (iii) Multiplex Association of India (the “**Petitioner Association**”) has filed a writ petition in the High Court of Karnataka (“**Karnataka High Court**”) against the state of Karnataka and the Under Secretary & PIO Kannada Cultural and Information Department, Government of Karnataka (together, the “**Respondents**”) challenging an order dated May 2, 2017 which has imposed a cap of ₹ 200 (exclusive of tax) on the price of cinema tickets, of all languages, issued by all the multiplexes and single screen theatres in Karnataka, excluding gold class, IMAX and 4DX screens (“**Impugned Order**”). The Petitioner Association has filed a writ petition seeking for a stay on the effect and operation of the Impugned Order on the grounds of, among others, that the Impugned Order: (i) has been issued without jurisdiction as the Respondents are not empowered to regulate the price of admission fees in cinema halls under the Karnataka Cinema (Regulation) Act, 1964; (ii) is arbitrary and discriminatory as it imposes a price cap restricting the admission price of cinemas while other similar forms of visual entertainment are not regulated; (iii) does not consider the cost variances as regards differently placed theatres; and (iv) is a violation of the Petitioner Association’s fundamental right to trade and carry on its business. The Karnataka High Court has subsequently passed an interim order on May 11, 2017, pending disposal of the above mentioned writ petition, stating that the price cap of ₹ 200 shall not be applicable on weekends and other state holidays in Karnataka.
- (iv) A consumer complaint has been filed by Vijay Gopal (“**Complainant**”) in February 2019 before the District Consumer Forum, Hyderabad (“**Consumer Court**”) against our Company, Big Tree Entertainment Private Limited (“**Big Tree**”) and others (collectively, the “**Respondents**”) claiming an amount of ₹ 30,000 on the allegation of collusion by our Company with Big Tree for charging 14-18% extra for each ticket as internet handling fee and shifting such operating cost on the consumers. The Complainant has further prayed that the Respondents must refrain from shifting the internet handling fees on to the consumers; and that such a practice should be declared as an unfair trade practice. Our Company, in its reply, has sought dismissal of this complaint, on the grounds among others that (i) the allegation of collusion between our Company and Big Tree is meritless and unsubstantiated since the provision of services by Big Tree for sale of tickets online has no co-relation with the service of selling tickets by our Company at its premises, and (ii) the Complainant has provided no proof to establish unfair trade practice by our Company due to which the jurisdiction of the Consumer Court cannot be invoked.

In addition to the matter disclosed above, similar consumer complaints, alleging unfair trade practice and illegal charge of additional internet handling fees, have been filed in the respective District Consumer Disputes Redressal Forums, which are pending at various stages.

- (v) Chennupati Mani Nagender through the Consumer Guidance Society, Vijaywada (together, the “**Complainants**”) had filed a complaint against our Company, Pearl Beverages Limited, Red Bull Private Limited and the Controller (Legal Metrology Department, Vijaywada) (together, the “**Accused**”) before the District Consumer Disputes Redressal Forum – II, Vijaywada, Andhra Pradesh (the “**Forum**”) alleging that the sale of beverages and other items at our multiplex in Vijaywada at amounts in excess of the MRP, amounts to unfair trade practice. Subsequently, the Forum passed an order wherein the Forum directed our Company to, amongst other things, provide beverages and other items of third parties at its multiplexes at the same price as is charged in the ordinary market so as to prevent dual pricing of products, to permit the consumers to carry outside packaged food and bottled water and to also deposit an amount of ₹ 5 lakhs to

the credit of the Andhra Pradesh state consumer welfare fund as penalty for alleged implementation of dual pricing (the “**Order**”). Aggrieved by the Judgement, our Company filed an appeal before the Andhra Pradesh State Consumer Disputes Redressal Commission, Vijaywada, praying, among other things, for setting aside of the Judgement. The Forum disposed of our appeal of by its order dated January 10, 2019 (“**Order I**”) on the grounds, among others, that dual pricing of products is not permissible and that our Company cannot charge different prices for beverages based on the location of the multiplexes. The Forum also differentiated its direction to allow outside food and beverages from the order of the High Court of Jammu and Kashmir (“**J&K High Court**”) on the same subject matter, on the grounds that the J&K High Court order was much broader in scope and that the Forum has only directed to allow “packaged beverages and eatables”. Our Company filed a revision petition before the National Consumer Disputes Redressal Commission, New Delhi (“**NCDRC**”) against Order I, pursuant to which the NCDRC has granted a stay on the Forum’s direction to permit consumers to carry outside food and bottled water through its order dated March 19, 2019.

In addition to the matter disclosed above, similar consumer complaint alleging dual pricing has been filed against our Company alleging before the State Consumer Redressal Commission, Mumbai and other Redressal Forums. All such matters have been clubbed now for hearing in the Hon’ble Supreme Court.

## GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals issued by relevant central and state authorities under various rules and regulations. We have set out below an indicative list of all material approvals obtained by our Company, its Subsidiaries and Joint Venture, as applicable, for the purposes of undertaking our business activities and operations (“Material Approvals”).*

*The requirement for the approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the service is being provided. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.*

### Material Approvals

The Material Approvals under which we operate for conducting our business are:

#### *Cinema operating license*

We are required to obtain Cinema operating license under the Cinematograph Act, 1952 (the “**Cinematograph Act**”) for exhibition and for regulating exhibitions by means of cinematographs. The Cinematograph Act was enacted with a view to make provisions for the certification of cinematograph films for exhibition and for regulating exhibitions by means of cinematographs. It also empowers the central government to constitute a Board of Film Certification for the purposes of sanctioning films for public exhibition. We are required to obtain approvals from the Board of Film Certification.

#### *FSSAI License*

We are required to obtain registration from the Food Safety and Standard Authority of India (“**FSSAI**”), under the Food Safety and Standards Act, 2006 read with the Food Safety and Standard (Licensing and Registration of Food Business) Regulations, 2011, each as amended, for sale, storage or distribution of food products. The registration may be subject to periodic renewals.

#### *License obtained under the respective state Shops and Establishments Act and/or Trade licenses*

In states where our cinemas are located, registration under the respective shops and establishment acts of those states, wherever enacted or in force, is required. The terms of registration, renewal procedure and requirement for such registrations may differ under the respective state legislations. Further, such registrations may be subject to renewals under the respective state legislations.

#### *Fire NoCs obtained under the respective state Fire Services Acts*

We are required to obtain a no objection certificate (“**NOC**”) from the relevant fire department, as applicable in the concerned jurisdictions of our cinemas, to continue operations of the cinemas. The no objection certificates may be subject to renewal, as may be applicable.

### Pending Material Approvals

All our Material Approvals are subject to compliance with certain conditions and are required to be renewed on a regular basis. We generally apply for renewal of applicable licenses and no-objection certificates before the expiry of the existing license and no-objection certificate. After the review of the application, inspection of the premises and receipt of the renewal fees, the relevant authorities renew the license and issue the no-objection certificate for the premises typically before the expiry, however, in certain cases, after the expiry, in which case we operate our cinemas based on the renewal application. Currently, some of our Material Approvals, including the cinema operating license under the Cinematograph Act for some cinemas have expired, and we have made or are in the process of making necessary applications for renewal of such approvals. Further, due to COVID-19 situation, lockdowns and related control measures, there is a delay in renewal and we cannot assure you all renewals will be granted in a timely manner. Accordingly, as on the date of this Letter of Offer, there are 68 Cinema operating licenses, 16 FSSAI Licenses, two Trade Licenses or licenses under Shops and Establishment Act and 41 Fire NoCs which are pending at different stages. Our Company in respect of such pending licenses has already made applications or is in process of making applications, before the relevant authorities to obtain the registrations/ renewals. For further details, see “**Risk Factors - The Indian movie exhibition industry is**

*highly regulated. We are required to obtain and maintain certain key approvals, registrations and no-objection certificates in order to operate our cinemas. Our inability to obtain and maintain these approvals, registrations and no-objection certificates, ensuring compliance with these regulations, including restrictions imposed pursuant to the competition laws may have an adverse effect on our business.” on page 28.*

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on June 8, 2020 pursuant to Section 62 of the Companies Act.

Our Board in its meeting held on [●], 2020 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ [●] lakhs. The Issue Price of ₹ [●] per Rights Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

This Letter of Offer has been approved by our Board pursuant to its resolution dated [●], 2020.

Our Company has received in-principle approvals from the BSE and the NSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letters dated [●], 2020 and [●], 2020, respectively. Our Company will also make applications to the BSE and the NSE to obtain their trading approvals for the Rights Entitlements as required under the January 22 – Rights Issue Circular.

Our Company has been allotted the ISIN '[●]' for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. Our Company has been allotted the ISIN 'INE191H01014' both from NSDL and CDSL for the Rights Equity Shares issued pursuant to this Issue. For details, see "*Terms of the Issue*" on page 196.

### Prohibition by SEBI or other governmental authorities

Our Company, our Promoters, members of our Promoter Group and our Directors are not 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 or any other regulatory or governmental authority.

The companies with which our Promoters or our Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Promoters nor our Directors are declared as Fugitive Economic Offenders.

Further, neither our Company, our Promoters nor our Directors have been or are identified as Wilful Defaulters.

### Association of our Directors with securities market

Except for Ms. Renuka Ramnath who is a director and majority shareholder of Multiples Alternate Asset Management Private Limited, a company which acts as the investment manager for Multiples Private Equity Fund, Multiples Private Equity Fund II LLP, Multiples Private Equity Fund II and Multiples Private Equity Fund III, which are SEBI registered Category II Alternative Investment Funds, none of our Directors are associated with the securities market in any manner.

Further, no action has been initiated by SEBI against Multiples Private Equity Fund, Multiples Private Equity Fund II LLP, Multiples Private Equity Fund II and Multiples Private Equity Fund III.

### Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations.

### Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. [●] is the Designated Stock Exchange for the Issue.

## Compliance with Regulations 99 of the SEBI ICDR Regulations

Our Company satisfies the following conditions specified in Regulation 99 of SEBI ICDR Regulations which have been relaxed pursuant to the COVID-2019 pandemic by way of SEBI circular (SEBI/HO/CFD/CIR/CFD/DIL/67/2020) dated April 21, 2020 and accordingly, our Company is eligible to make the Issue by way of a fast track issue:

1. The Equity Shares of the Company have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
2. The entire shareholding of the Promoter Group is held in dematerialized form as on the date of filing this Letter of Offer with the Designated Stock Exchange;
3. The average market capitalisation of the public shareholding of our Company is at least ₹ 10,000 lakhs;
4. The annualised trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period;
5. The annualized delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six months' period;
6. The Company has been in compliance with the Listing Agreement and the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of at least eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
7. The Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing of this Letter of Offer with the Designated Stock Exchange
8. No show-cause notices, excluding under adjudication proceedings, have been issued by SEBI and are pending against the Company or its Promoters or whole-time directors, as on the date of filing of this Letter of Offer with the Designated Stock Exchange.

Further, there are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or Group Companies as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and the other Stock Exchange, which have not been disclosed in this Letter of Offer, along with potential adverse impact on our Company;

9. Except as disclosed below, neither our Company nor the Promoters nor members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI requiring us to fulfil the settlement terms or adhere to directions of the settlement order(s)

A show cause notice dated November 22, 2016 had been issued against our Company and one of our Promoters, Mr. Ajay Bijli by SEBI alleging violation of certain provisions of the erstwhile Listing Agreement and the SEBI Listing Regulations. Mr. Ajay Bijli was alleged to have committed violation of Clause 49D of the erstwhile Listing Agreement and corresponding Regulation 17(5) of the SEBI Listing Regulations pertaining to the code of conduct for Board of Directors, in connection with certain performance based incentives to be granted to Mr. Ajay Bijli pursuant to separate incentive fee side agreements dated March 8, 2013, March 6, 2013 and April 29, 2013 with Multiples Private Equity Fund I Ltd., Multiples Private Equity Fund and L Capital Eco Ltd. ("**Investors**"), respectively by Mr. Ajay Bijli (such agreements, the "**Agreements**"). In terms of the Agreements, Mr. Ajay Bijli was entitled to receive a percentage of the profit that will be earned by the Investors on the sale of Equity Shares held by them. Further, the Company was alleged to have violated Clause 36 of the erstwhile

Listing Agreement and corresponding Regulation 30 of the SEBI Listing Regulations pertaining to non-disclosure of material events to the Stock Exchanges, since the Stock Exchanges had not been intimated about the execution of the Agreements which according to SEBI was a material event requiring disclosure in terms of Regulation 30 of the SEBI Listing Regulations.

Subsequently, the Agreements were terminated and Mr. Ajay Bijli and our Company filed for a common settlement application dated January 16, 2017 without admitting or denying the allegations and consequently, paid an amount of ₹ 20.40 lakhs and ₹ 2.81 lakhs, respectively, towards settlement charges under a settlement order dated January 24, 2018 (“**Settlement Order**”) passed by the SEBI. All the settlement terms of the Settlement Order were complied with by our Company and our Promoter, Mr. Ajay Bijli.

10. The Equity Shares have not been suspended from trading as a disciplinary measure during the last eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
11. There is no conflict of interest between the Lead Manager and the Company or its Group Companies in accordance with applicable regulations;
12. The Promoters and Promoter Group shall mandatorily subscribe to their Rights Entitlements and shall not renounce their rights, except to the extent of renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, as amended; and
13. There are no audit qualifications on the audited accounts of the Company in respect of those financial years for which such accounts are disclosed in this Letter of Offer.

#### **Compliance with Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the SEBI.
2. The reports, statements and information referred to above are available on the websites of the Stock Exchanges.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part B of Schedule VI of SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED 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 THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, BEING AXIS CAPITAL HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE**

**TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BEING AXIS CAPITAL HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], 2020 WHICH READS AS FOLLOWS:**

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (a) THIS LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - (b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) THE MATERIAL DISCLOSURES MADE IN THIS LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (“SEBI ICDR REGULATIONS”) AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**
- (5) WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS LETTER OF OFFER. – NOT APPLICABLE.**
- (6) ALL APPLICABLE PROVISIONS SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS’ CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THIS LETTER OF OFFER. – NOT APPLICABLE.**



- (7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE.
- (8) NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE
- (9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH
- (10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY – COMPLIED WITH; AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH
- (11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS READ WITH MAY 6 – RIGHTS ISSUE CIRCULAR – NOTED FOR COMPLIANCE.
- (12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE
- (13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY- COMPLIED WITH.
- (14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. - COMPLIED WITH
- (15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. - COMPLIED WITH
- (16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS

**ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN - COMPLIED WITH AND NOTED FOR COMPLIANCE**

- (17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY. – COMPLIED WITH**

The filing of this Letter of Offer does not, however, absolve our Company from any liabilities under the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in this Letter of Offer.

**Disclaimer clauses from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

**CAUTION**

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

**Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is the [●].

**Disclaimer Clause of the BSE**

[●]

**Disclaimer Clause of the NSE**

[●]

**Selling Restrictions**

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and Application Form and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons

into whose possession this Letter of Offer, Abridged Letter of Offer, the Application Form or the Rights Entitlements Letter may come, are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders in offshore transactions outside the United States in compliance with Regulation S to Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Our Company will dispatch this Letter of Offer/Abridged Letter of Offer, Application Form and Rights Entitlements Letter only to e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. In the event the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. Further, this Letter of Offer will be provided, only through an e-mail by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in each case who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on OAP. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, the Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares or Rights Entitlements in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI.

Accordingly, the Rights Equity Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer. In those circumstances, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

**This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose**

**Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer / Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form only to e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch this Letter of Offer / Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form, shall not be sent this Letter of Offer / Abridged Letter of Offer and the Application Form. In the event the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.**

Accordingly, persons receiving a copy of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, Abridged Letter of Offer or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlements and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlements.

Neither the delivery/receipt of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

## **NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

## **NOTICE TO INVESTORS**

**NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY**

**COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “RESTRICTIONS ON PURCHASES AND RESALES” ON PAGE 233.**

### **Filing**

This Letter of Offer is being filed with the Designated Stock Exchange and the other Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously, file this Letter of Offer with SEBI at its office located at 5th Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi 110 001, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in>, in accordance with the SEBI ICDR Regulations. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in).

### **Investor Grievances and Redressal System**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders’ Relationship Committee which currently comprises Mr. Vikram Bakshi (chairman), Mr. Ajay Bijli (member) and Mr. Sanjeev Kumar (member). The broad terms of reference include redressal of investors’ complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within seven days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or OAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of OAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of OAP process). For details on the ASBA process and OAP process, see “Terms of the Issue” on page 196.**

**The contact details of the Compliance Officer and Registrar to the Issue are as follows:**

#### **Registrar to the Issue**

##### **KFin Technologies Private Limited**

(formerly known as Karvy Fintech Private Limited)

Selenium, Tower B

Plot No 31 and 32, Gachibowli

Financial District

Nanakramguda, Serilingampally

Hyderabad, Rangareddi, 500 032

Telangana, India

**Tel:** +91 40 6716 22223321 1000

**Toll Free Number:** 18003454001

**E-mail:** [pvr cinemas.rights@kfintech.com](mailto:pvr cinemas.rights@kfintech.com)

**Investor grievance E-mail:** [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Website:** [www.kfintech.com](http://www.kfintech.com)

**Contact Person:** Mr. M. Murali Krishna

**SEBI Registration No.:** INR000000221

**Compliance Officer**

**Mr. Pankaj Dhawan**

Company Secretary and Compliance Officer  
PVR Limited

Block A, 4<sup>th</sup> Floor, Building No. 9A

DLF Cyber City, Phase – III

Gurugram 122 002

Haryana, India

**Tel:** +91 124 4708 100, **Ext:** 8136

**E-mail:** pankaj.dhawan@pvrcinemas.com

Further, in accordance with May 6 – Rights Issue Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://rights.kfintech.com/pvr>). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are 1800 345 4001.

## SECTION VII: ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form, before applying in this Issue. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up.*

*Please note that pursuant to Regulation 76 of the SEBI ICDR Regulations and the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“January 22 – Rights Issue Circular”), all the Investors including Renouncees must mandatorily invest through the ASBA process only. However, due to the impact of the COVID-2019 pandemic and lockdown measures undertaken by the Government of India, SEBI by its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 (“May 6 – Rights Issue Circular”) has permitted the introduction of an optional mechanism (non-cash method only), as an additional option over and above the existing mandatory ASBA process to accept Applications from the Investors. Accordingly, our Company has instituted a separate web based application platform, i.e., the Registrar’s Online Application Portal (“OAP”) facility (accessible at <https://rights.kfintech.com/pvr>), for making an Application in this Issue by resident Investors.*

*Further, in accordance with Regulation 77A of the SEBI ICDR Regulations read with the January 22 – Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, the Eligible Equity Shareholders who are holding Equity Shares in physical form and are desirous of subscribing to the Issue, are advised to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date. However, SEBI, pursuant to the May 6 – Rights Issue Circular has stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the January 22 – Rights Issue Circular or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, see “- Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 199.*

**INVESTORS ARE REQUESTED TO NOTE THAT APPLICATION IN THIS ISSUE CAN ONLY BE MADE THROUGH ASBA OR BY OAP FACILITY. FURTHER, THIS OAP FACILITY IN ADDITION TO ASBA AND THE RELAXATION ON APPLICATIONS TO BE MADE BY PHYSICAL SHAREHOLDERS, ARE ONETIME RELAXATIONS MADE AVAILABLE BY SEBI IN VIEW OF THE COVID-2019 PANDEMIC AND SHALL NOT BE A REPLACEMENT OF THE EXISTING PROCESS UNDER THE SEBI ICDR REGULATIONS. FOR GUIDENCE ON THE APPLICATION PROCESS THROUGH OAP AND RESOLUTION OF DIFFICULTIES FACED BY INVESTORS, YOU ARE ADVISED TO READ THE FREQUENTLY ASKED QUESTION (FAQ) ON THE WEBSITE OF THE REGISTRAR AT [HTTPS://RIGHTS.KFINTECH.COM/PVR](https://rights.kfintech.com/pvr).**

### OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities and the terms and conditions as stipulated in the Allotment advice.

#### Important:

##### 1. **Dispatch and availability of Issue materials:**

In accordance with the SEBI ICDR Regulations, May 6 – Rights Issue Circular and the MCA Circular, our Company will send, primarily through e-mail, the Abridged Letter of Offer, the Rights Entitlements Letter, Application Form and other issue materials to all the Eligible Equity Shareholders who have

provided their Indian addresses along with their valid e-mail IDs to our Company. This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses and a valid e-mail ID to our Company and in each case who make a request in this regard.

In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe to the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at [www.pvrcinemas.com](http://www.pvrcinemas.com);
- (ii) the Registrar at <https://rights.kfintech.com/pvr>;
- (iii) the Lead Manager at [www.axiscapital.co.in](http://www.axiscapital.co.in);
- (iv) the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com); and
- (v) the OAP at <https://rights.kfintech.com/pvr>.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com/pvr>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.pvrcinemas.com](http://www.pvrcinemas.com)).

In light of the current COVID-2019 situation and pursuant to the May 6 – Rights Issue Circular and the MCA Circular, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form, through registered post or speed post or courier services.

## 2. **Facilities for Application in this Issue:**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, January 22 - Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. However, due to the impact of COVID-2019 pandemic and lockdown measures undertaken by the Government of India and pursuant to May 6 – Rights Issue Circular, an optional non-cash method has also been instituted only for the resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP. For details, see “- *Procedure for Application through the ASBA Process*” and “- *Procedure for Application through the OAP*” below.**

- (a) **ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the OAP process. Investors applying through the ASBA facility should carefully read the provisions applicable before making their Application through the ASBA process. For details, see “- *Procedure for Application through the ASBA Process*” below.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.



Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) **Registrar's Online Application Portal (OAP):**

In accordance with May 6 – Rights Issue Circular, a separate web based application platform, i.e., the OAP facility (accessible at <https://rights.kfintech.com/pvr>), has been instituted for making an Application in this Issue by resident Investors. Further, OAP is only an additional option and not a replacement of the existing ASBA process. Resident Investors can access and submit the online Application Form in electronic mode using the OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

**PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE OAP. OAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE OAP PROCESS, SEE “RISK FACTORS - THE OAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” ON PAGE 47.**

For guidance on the Application process through OAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/electronic dedicated investor helpdesk (<https://rights.kfintech.com/pvr>) or call helpline number (1800 345 4001 and +91 (40) 6716 2222). For details, see “- *Procedure for Application through the OAP*” below.

In accordance with May 6 – Rights Issue Circular, our Company will make use of advertisements in television channels, radio, internet *etc.*, including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3. **Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the January 22 - Rights Issue Circular, the credit of Rights Entitlements shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, [●]) opened or to be opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this connection, our Company has made necessary arrangements with NSDL and CDSL for credit of the Rights Entitlements in dematerialized form in the demat accounts of the Eligible Equity Shareholders. A separate ISIN for the Rights Entitlements has also been generated which is [●]. This ISIN of the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening day and remain active for renunciation or transfer during the Renunciation Period and shall be suspended by Depositories for transfer from the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account *etc.*, details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two

Working Days prior to the Issue Closing Date, i.e., by [●], 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

4. **Application by Eligible Equity Shareholders holding Equity Shares in physical form:**

In accordance with the January 22 – Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have furnished the details of their demat accounts to the Registrar or our Company within such time prior to the Issue Closing Date so that their Rights Entitlements are credited to their respective demat accounts by the Registrar, may apply in the Issue either through the ASBA process or the OAP facility. Further, in accordance with the May 6 – Rights issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

- (i) such Eligible Equity Shareholders apply only through OAP;
- (ii) such Eligible Equity Shareholders are residents;
- (iii) such Eligible Equity Shareholders are not making payment from non-resident account;
- (iv) such Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- (v) such Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Subsequently, such resident Eligible Equity Shareholders are required to send a communication to our Company or the Registrar containing the name(s), Indian address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account, as and when opened. Until such period the Rights Equity Shares Allotted to such Eligible Equity Shareholders who hold Equity Shares in physical form, will be credited into the demat suspense account to be opened by the Company.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” below.

5. **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.kfintech.com/pvr>
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.kfintech.com/pvr>
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.kfintech.com/pvr>
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: [pvr cinemas.rights@kfintech.com](mailto:pvr cinemas.rights@kfintech.com)

**Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining

to this Issue shall apply to the Renouncee(s) as well.

### **Basis for this Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear (i) as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form; and (ii) on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

### **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued, subscribed and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you are entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlements Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com/pvr>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.pvrcinemas.com](http://www.pvrcinemas.com)).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, <https://rights.kfintech.com/pvr>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through OAP (an additional optional facility).

For details of Application through OAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” below.

**Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form primarily to e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses and a valid e-mail ID to our Company and in each case who make a request in this regard. In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, OAP, our Company and the Lead Manager through a link contained in the aforementioned e-mail sent to e-mail addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter, the Application Form and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or**

sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

## **PRINCIPAL TERMS OF THIS ISSUE**

### **Face Value**

Each Rights Equity Share will have the face value of ₹ 10.

### **Issue Price**

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

### **Rights Entitlements Ratio**

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

### **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of the FEMA Rules and other circular, directions, or guidelines issued by the RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholder being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by the RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by way of On Market Renunciation or Off Market Renunciation. For details, see “- *Procedure for Renunciation of Rights Entitlements*” below.

In accordance with May 6 – Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not been able to open a demat account and furnished the details

of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

#### ***Credit of Rights Entitlements in dematerialised account***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the January 22 - Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, [●]) opened or to be opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; (b) Equity Shares held in the account of IEPF authority; (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period and shall be suspended by Depositories for transfer from the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an Application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

#### ***Trading of the Rights Entitlements***

In accordance with the January 22 - Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [insert day], [●], 2020 to [insert day], [●], 2020 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on

or prior to the Issue Closing Date. For details, see “- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” below.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

### **Terms of Payment**

Full amount of ₹ [●] per Rights Equity Share is payable on Application.

The payment towards each Equity Share offered will be applied as under:

- (a) ₹ 10 per Rights Equity Share towards Equity Share capital; and
- (b) ₹ [●] per Rights Equity Share towards securities premium account of our Company.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per January 22 - Rights Issue Circular, the fractional entitlements are to be ignored by rounding down the Rights Entitlements. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to one Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above the Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have ‘zero’ entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

### **Credit Rating**

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

### **Ranking**

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association of our Company. The Rights Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

## **Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●], 2020 and from the NSE through letter bearing reference number [●] dated [●], 2020. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532689) and NSE (Scrip Code: PVR) under the ISIN: INE191H01014. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

## **Subscription to this Issue by our Promoter and our Promoter Group**

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see “*Capital Structure – Subscription to this Issue by our Promoters and Promoter Group*” on page 70.

## **Rights of Holders of Rights Equity Shares of our Company**

Subject to applicable laws, Rights Equity Shareholders shall have the following rights:

- (a) The right to receive dividend, if declared;
- (b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- (c) The right to receive surplus on liquidation;
- (d) The right to free transferability of Rights Equity Shares;
- (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” below; and
- (f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

**Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.**

## **GENERAL TERMS OF THE ISSUE**

### **Market Lot**

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

### **Nomination**

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

### **Arrangements for Disposal of Odd Lots**

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

### **Notices**

In accordance with the SEBI ICDR Regulations, May 6 - Rights Issue Circular and MCA Circular, our Company will send, primarily through e-mail, the Abridged Letter of Offer, the Rights Entitlements Letter, Application Form and other issue materials to the e-mail addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in each case who make a request in this regard.

In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi also being the regional language of Delhi, where our Registered Office is situated).

In accordance with May 6 – Rights Issue Circular, SEBI has granted flexibility to publish the notices in additional newspapers, over and above those mentioned earlier. SEBI also permitted to make available all such notices on the websites of our Company, Registrar, Lead Manager, and Stock Exchanges. Our Company will make use of advertisements in television channels, radio, internet *etc.*, including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.



## **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or in part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlements Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from the RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at [pvr cinemas.rights@kfintech.com](mailto:pvr cinemas.rights@kfintech.com).

The Abridged Letter of Offer, the Rights Entitlements Letter and Application Form shall be sent to the e-mail address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

### **Please note that only resident Investors can submit an Application using the OAP.**

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at <https://rights.kfintech.com/pvr> or [pvr cinemas.rights@kfintech.com](mailto:pvr cinemas.rights@kfintech.com).

## **PROCEDURE FOR APPLICATION**

### **How to Apply**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, January 22 - Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. However, due to the impact of COVID-2019 pandemic and lockdown measures undertaken by the Government of India and pursuant to May 6 – Rights Issue Circular, an optional non-cash method has been instituted only for the resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP.**

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” below.

**The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.**

### **Application Form**

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to e-mail address or Indian addresses, as applicable, of the Eligible Equity Shareholders who have provided an Indian address to our Company. The Application Form along with the Abridged Letter of Offer and the Rights Entitlements Letter shall be sent through e-mail or physical delivery, as applicable, at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlements Letter shall be sent through e-mail to e-mail address or physical delivery, as applicable, if they have provided an Indian address to our Company.

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlements Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).**

To update the respective e-mail addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.kfintech.com/pvr>. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at [www.pvrcinemas.com](http://www.pvrcinemas.com);
- (ii) the Registrar at <https://rights.kfintech.com/pvr>;
- (iii) the Lead Manager at [www.axiscapital.co.in](http://www.axiscapital.co.in);
- (iv) the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com); and
- (v) the OAP at <https://rights.kfintech.com/pvr>.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com/pvr>) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.pvrcinemas.com](http://www.pvrcinemas.com)).

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on OAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA

Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through OAP, which is available only for resident Investors).

**Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through OAP.**

**Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and OAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” below]. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- *Application on Plain Paper under ASBA process*” below.

### **Options available to the Eligible Equity Shareholders**

The Rights Entitlements Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Rights Entitlements Letter and the Application Form is sent to the Eligible Equity Shareholder, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlement and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have furnished the details of their demat accounts to the Registrar or our Company within two working days prior to the Issue Closing Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” below.

### **Procedure for Application through the ASBA process**

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

### ***Self-Certified Syndicate Banks***

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

**Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.**

### **Procedure for Application through the OAP**

**Resident Investors, making an Application through OAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. OAP facility will be operational from the Issue Opening Date. For risks associated with the OAP process, see “Risk Factors - The OAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways” on page 47.**

Set out below is the procedure followed using the OAP:

- (a) Resident Investors should visit OAP (accessible at <https://rights.kfintech.com/pvr>) and fill the online Application Form available on OAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- (b) Non-resident Investors are not eligible to apply in this Issue through OAP.
- (c) The Investors should ensure that Application process is verified through the e-mail / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (d) The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of OAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (e) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that OAP is a non-cash mode mechanism in accordance with the May 6 – Rights Issue Circular.
- (f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- (g) Verification in respect of Application through Investors’ own bank account, shall be done through the

latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

- (h) The Application Money collected through Applications made on the OAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

### **Acceptance of this Issue**

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

**Applications submitted to anyone other than the Designated Branches of the SCSB or using OAP are liable to be rejected.**

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “- *Application on Plain Paper under ASBA process*” below.

### **Additional Rights Equity Shares**

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “- *Basis of Allotment*” below.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.** Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Pursuant to the May 6 – Rights Issue Circular, resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until they have opened a demat account and the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the OAP.

### **Procedure for Renunciation of Rights Entitlements**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be

levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

*(a) On Market Renunciation*

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [insert day], [●], 2020 to [insert day], [●], 2020 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of the BSE and the NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

*(b) Off Market Renunciation*

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

**Application on Plain Paper under ASBA process**

An Eligible Equity Shareholder who has neither received the Application Form through e-mail or physical delivery (where applicable) nor is in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address

outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

**PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH OAP.**

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being PVR Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “US Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold*

*in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act (“**Regulation S**”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “**Restrictions on Purchases and Resales**” on page 233*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.kfintech.com/pvr>.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

### **Mode of payment**

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor’s ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be



unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through OAP, see “- ***Procedure for Application through the OAP***” above.

#### **Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the January 22 - Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “- ***Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form***” above and “- ***Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner***” below.

To update respective e-mail addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.kfintech.com/pvr>.

#### **Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by e-mail due to lockdown and restrictions imposed due to current pandemic COVID-2019;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
  - OAP, the website of the Registrar (<https://rights.kfintech.com/pvr>);

- our Company ([www.pvrcinemas.com](http://www.pvrcinemas.com));
- the Lead Manager at [www.axiscapital.co.in](http://www.axiscapital.co.in);
- the Stock Exchanges (at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com/pvr>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.pvrcinemas.com](http://www.pvrcinemas.com));

- (d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have furnished the details of their demat accounts to the Registrar or our Company within two working days prior to the Issue Closing Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, **may also apply** in this Issue during the Issue Period by filling the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, e-mail address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

- (a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
- (b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and
- (c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page 225.

#### **Allotment of the Rights Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 224.**

#### **General instructions for Investors**

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

- (b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have furnished the details of their demat accounts to the Registrar or our Company within two working days prior to the Issue Closing Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” above and “*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” below.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (e) Application should be made only through the ASBA facility or using OAP.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*- Application on Plain Paper under ASBA process*” on page 211.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, January 22 - Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP.
- (i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (j) In case of Application through OAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the OAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (l) Applications should not be submitted to the Banker to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- (m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for**

**which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.**

- (o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the OAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (s) Only persons outside the United States located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
- (t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (v) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (w) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.
- (x) Applicants, whose shares have been transferred by the Company to Investor Education and Protection Fund Authority as per the provisions of the Companies Act or transferred to Company's unclaimed suspense account under the SEBI Listing Regulations, will be eligible for participation in the issue.

**Do's:**

- (a) Ensure that the Application Form and necessary details are filled in. In place of Application number,

Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively SCSBs may mention their internal reference number in place of application number.

- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

***Don'ts:***

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

***Do's for Investors applying through ASBA:***

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares and Rights Entitlements acquired through renunciation) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (f) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted

in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlements Letter.

*Do's for Investors applying through OAP:*

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares and Rights Entitlements acquired through renunciation) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the OAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- (d) Ensure that you receive a confirmation e-mail on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the OAP for your submission of the Application.

*Don'ts for Investors applying through ASBA:*

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (c) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

*Don'ts for Investors applying through OAP:*

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.

**Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen

pursuant to regulatory orders.

- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar
- (r) Application from Investors that are residing in USA address as per the depository records.

Applications under the OAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove.

**Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue**

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE OAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE 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 APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.**

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**The Allotment advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

**Modes of Payment**

All payments against the Application Forms shall be made only through (i) ASBA facility or (ii) internet banking or UPI facility (if applying through OAP). The Registrar will not accept any payments against the Application Forms, if such payments are not made through (i) ASBA facility or internet banking or (ii) UPI facility (if applying through OAP).

*Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through OAP. Applicants are requested to strictly adhere to these instructions.

*Mode of payment for Non-Resident Investors*

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by



applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

*Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form shall be sent to their e-mail addresses or their Indian address, as applicable, if they have provided their Indian address to our Company. This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in each case who make a request in this regard. In the event that the e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company, our Company will make reasonable efforts to dispatch this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlements Letter by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.*

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, the FEMA Rules and requirements prescribed by the RBI.

**Notes:**

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

**Multiple Applications**

In case where multiple Applications are made in respect the Rights Entitlements using same demat account, such Applications shall be liable to be rejected. However supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- **Procedure for Applications by Mutual Funds**” below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications for same Rights Entitlements shall be treated as multiple applications.

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications and are liable to be rejected.

## Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [*insert date*], [●], 2020, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the OAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “- **Basis of Allotment**” below.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

## Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to [pvr cinemas.rights@kfintech.com](mailto:pvr cinemas.rights@kfintech.com) in case of Application through OAP facility. However, no Investor, whether applying through ASBA facility or OAP facility, may withdraw their Application post the Issue Closing Date.

## Issue Schedule

ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

\* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, [*insert day*], [●], 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see “**General Information - Issue Schedule**” on page 60.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

## Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity

Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through OAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

#### **Allotment Advice or Refund/ Unblocking of ASBA Accounts**

Our Company will e-mail Allotment advice, refund intimations (including in respect of Applications made through OAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through OAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

**Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner**

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- (a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- (b) such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;

- (c) Our Company shall send reminder notices seeking the requisite details of demat account, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details; and
- (d) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall remain in the demat suspense account.

**Notes:**

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. **The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

## **Payment of Refund**

### ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through OAP, shall be through modes under (b) to (g) below.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted 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 Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant 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 Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

**In case of Application through OAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.**

### ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

### **Allotment Advice or Demat Credit of Securities**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

### ***Receipt of the Rights Equity Shares in Dematerialized Form***

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated October 10, 2005 with NSDL and an agreement dated November 17, 2005 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*). Allotment advice,

refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

**Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in “- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” above and “- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form” below.**

### **Procedure for Applications by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up equity share capital of a company on a fully diluted basis and the total holdings of all FPIs put together, including any other direct and indirect foreign investments in our Company, shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis. In case the total holding of an FPI increases beyond 10% of the total paid-up equity capital of a company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by the company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and the company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100%). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 74% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained

for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, re pre-approved by the FPI.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using OAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

### **Procedure for Applications by NRIs**

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issuance of the Rights Equity Shares to Restricted Investors will also require a prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required and such approval has been obtained, the Investor shall intimate the Company and the Registrar about such approval within the Issue Period. For details, see “**Risk Factors - Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares**” on page 50.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### **Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)**

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.



## **Impersonation**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:**

*“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

## **Payment by stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

## **Disposal of Application and Application Money**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the OAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the OAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

## **Utilisation of Issue Proceeds**

Our Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
3. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## Undertakings by our Company

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
- 3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the OAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. In the event that there is a delay in making refund of the subscription amount by more than eight days after our Company becomes liable to pay subscription amount (*i.e.*, 15 days after the Issue Closing Date), or such other period as prescribed by applicable law, our Company shall pay interest for the delayed period, at rates prescribed under applicable law.

## Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlements Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**PVR Limited – Rights Issue**” on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

**KFin Technologies Private Limited**  
(formerly known as “Karvy Fintech Private Limited”)  
Selenium Tower B  
Plot No- 31 and 32, Financial District  
Nanakramguda, Serilingampally  
Hyderabad, Rangareddi 500 032

Telangana, India  
**Tel:** +91 40 6717 2222  
**Toll free number:** 18003454001  
**E-mail:** pvr cinemas.rights@kfintech.com  
**Investor grievance E-mail:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** Mr. M. Murali Krishna  
**SEBI Registration No.:** INR000000221

3. In accordance with May 6 - Rights Issue Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://rights.kfintech.com/pvr>). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are 1800 345 4001.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

## **RESTRICTIONS ON PURCHASES AND RESALES**

### **General Eligibility and Restrictions**

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

The Rights Entitlements, Rights Equity Shares and Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

### **United States**

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading "*Restrictions on Purchases and Resales*".
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice

from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

11. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
14. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.
15. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Manager, for all or part of any such loss or losses it may suffer.

16. The purchaser understands and acknowledges that the Lead Manager are assisting our Company in respect of this Issue and that the Lead Manager are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.
17. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or outside of India and ineligible to participate in this Issue under applicable securities laws.
18. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Manager, their affiliates and others (including legal counsels to each of our Company, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Rights Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

## **Australia**

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (“Australian Corporations Act”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission (“ASIC”) and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Equity Shares under this Letter of Offer may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Australian Corporations Act), to “professional investors” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Letter of Offer, and any offers made under this Letter of Offer, you represent to the Issuer, Lead Manager that you will not provide this Letter of Offer or communicate any offers made under this Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or Equity Shares for, any Australian residents unless they are a “sophisticated investor” or a “professional investor” as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Equity Shares for on-sale that is received in Australia within 12 months after their issue by the Company, or within 12 months after their sale by a selling security holder (or a Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Equity Shares should observe such Australian on-sale restrictions.

## **Bahrain**

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this

Letter of Offer or the performance of the Rights Entitlements or the Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Letter of Offer is only intended for accredited investors as defined by the Central Bank of Bahrain. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Entitlements or the Equity Shares and this Letter of Offer will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this Letter of Offer or the marketing thereof in the Kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of the Rights Entitlements or the Equity Shares.

### **Cayman Islands**

No offer or invitation to subscribe for the Rights Entitlements and the Equity Shares may be made to the public in the Cayman Islands.

### **China**

This Letter of Offer may not be circulated or distributed in the People's Republic of China ("**PRC**") and the Rights Entitlements and the Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

### **Dubai International Financial Centre**

The Rights Entitlements and the Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

- (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

### **European Economic Area and the United Kingdom**

In relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), neither the Rights Entitlements or the Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements and the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlements and the Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- b. to fewer than 150 natural or legal persons per Member State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or
- c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Equity Shares shall require the Issuer or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. This Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation. The Issuer does not authorize the making of any offer of Rights Entitlements and/or the Equity Shares in circumstances in which an obligation arises for the Issuer to publish a prospectus for such offer.



For the purposes of this provision, the expression an “**offer to the public**” in relation to any Rights Entitlements or the Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and Rights Entitlements or any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for those securities, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

## **Hong Kong**

The Rights Entitlements and the Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

## **Japan**

The Rights Entitlements and the Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Equity Shares. No Rights Entitlements or Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the “**Qualified Institutional Investor**”), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Equity Shares (the “**QII Rights Entitlements and the QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Equity Shares other than to another Qualified Institutional Investor.

## **Kuwait**

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the

basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait (“Kuwait Securities Laws”). No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

### **Luxembourg**

The Rights Entitlements and the Equity Shares offered in this Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Equity Shares. Distribution of this Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

### **Malaysia**

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Letter of Offer or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Rights Entitlements and the Equity Shares. The Rights Entitlements and the Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Rights Entitlements and the Equity Shares directly or indirectly to anyone in Malaysia.

### **Mauritius**

The Rights Entitlements and the Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

### **New Zealand**

This Letter of Offer has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “**FMC Act**”). This Issue is not an offer of financial products that requires disclosure under Part 3 of the FMC Act and no product disclosure statement, register entry or other disclosure document under the FMC Act will be prepared in respect of this Issue. The Rights Entitlements and the Equity Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- a. is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- b. meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- c. is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- d. is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act.

If, in the future, any person in New Zealand to whom the Rights Entitlements or the Equity Shares are issued or sold elects to sell any Rights Entitlements or Equity Shares, they must not do so in any manner which will, or is likely to, result in this Issue, or such sale, being viewed as an offer to which Part 3 of the FMC Act is applicable.

## **Oman**

This Letter of Offer and the Rights Entitlements and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in the Sultanate of Oman (“**Oman**”) without the prior consent of the Capital Market Authority (“**Oman CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Rights Entitlements and the Equity Shares, no prospectus has been filed with the Oman CMA. The offering and sale of the Rights Entitlements and the Equity Shares described in this Letter of Offer will not take place inside Oman. This Letter of Offer is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof does not constitute a public offer of the Rights Entitlements or the Equity Shares in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Authority Law (Royal Decree 80/98) (the “**CMAL**”), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non- Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of CMA. Additionally, this Letter of Offer and the Rights Entitlements and the Equity Shares is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Letter of Offer and the Rights Entitlements and the Equity Shares represents that it is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that it has experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

## **Qatar**

This Letter of Offer is provided on an exclusive basis to the specifically intended recipient, upon that person’s request and initiative, and for the recipient’s personal use only and is not intended to be available to the public. Nothing in this prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Rights Entitlements or the Equity Shares in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Letter of Offer and the underlying instruments have not been reviewed, approved, registered or licensed by the Qatar Central Bank, The Qatar Financial Centre Regulatory Authority, The Qatar Financial Markets Authority or any other regulator in the State of Qatar. Any distribution of this Letter of Offer by the recipient to third parties in Qatar or the Qatar Financial Centre beyond these terms is not authorised and shall be at the liability of the recipient.

## **Saudi Arabia**

This Letter of Offer may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations as issued by the board of the Saudi Arabian Capital Market Authority (“**CMA**”) pursuant to resolution number 3-123-2017 dated 27 December 2017 as amended by resolution number 1-104-2019 dated 30 September 2019, as amended (the “**CMA Regulations**”). The CMA does not make any representation as to the accuracy or completeness of this Letter of Offer and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Letter of Offer. Prospective purchasers of the Rights Entitlements and the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Rights Entitlements and the Equity Shares. If you do not understand the contents of this Letter of Offer, you should consult an authorized financial adviser.

## **Singapore**

This Letter of Offer has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, neither this Letter of Offer nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements or the Equity Shares may be circulated or distributed, nor may the Rights Entitlements and the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing holders of Equity Shares in the Company pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”), or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 of the Securities and Futures Act and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or where applicable, Section 276 of the Securities and Futures Act.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

**Notification under Section 309B of the Securities and Futures Act:** The Rights Entitlements and the Equity Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **South Korea**

We are not making any representation with respect to the eligibility of any recipients of this Letter of Offer to acquire the Rights Entitlements and the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Rights Entitlements and the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Equity Shares.

## **United Arab Emirates**

This the Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “UAE”) or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. This Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

## **United Kingdom**

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

## SECTION VIII: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

*The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Due to the COVID-2019 pandemic, SEBI pursuant to May 6 – Rights Issue Circular granted the relaxation to provide procedure for inspection of material documents electronically, and accordingly, copies of the documents for inspection referred to hereunder, would be available on the website of the Company at [www.pvrcinemas.com/corporate](http://www.pvrcinemas.com/corporate) from the date of this Letter of Offer until the Issue Closing Date.*

#### A. Material Contracts for the Issue

1. Issue Agreement dated [●], 2020 between our Company and the Lead Manager.
2. Registrar Agreement dated [●], 2020 among our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated [●], 2020 among our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.
4. Monitoring Agency Agreement dated [●], 2020 between our Company and the Monitoring Agency.

#### B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation of our Company and fresh certificate of incorporation issued pursuant to the change of name of our Company to 'PVR Limited' from 'Priya Village Roadshow Limited'.
3. Certificate of commencement of business issued to our Company on December 4, 1995.
4. Prospectus dated December 19, 2005, in respect of the IPO of equity shares of face value of ₹ 10 each by our Company.
5. Resolution of our Board dated June 8, 2020 approving the Issue.
6. Resolution passed by our Board dated [●], 2020 finalizing the terms of the Issue including Issue Price, Rights Entitlements ratio, Record date and approval of this Letter of Offer.
7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors, the Lead Manager, legal counsel, Banker to our Company and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
8. Annual Reports of our Company for Fiscals 2019, 2018, 2017, 2016, 2015 and Audited Financial Statements along with the audit report dated June 8, 2020.
9. Certificate dated [●], 2020 from the independent chartered accountant, Bansal & Co LLP, in relation to the utilization of loans proposed to be repaid or prepaid by the Company from the Net Proceeds.
10. In-principle approvals dated [●], 2020 and [●], 2020 issued by BSE and NSE, respectively under Regulation 28(1) of the SEBI Listing Regulations.
11. The statement of tax benefits dated July 1, 2020 from the independent chartered accountant, Bansal & Co LLP.
12. Due diligence certificate dated [●], 2020 addressed to SEBI from the Lead Manager.

13. Tripartite agreement dated October 10, 2005 among our Company, KFin Technologies Private Limited (formerly known as Karvy Computershare Limited) and NSDL.
14. Tripartite agreement dated November 17, 2005 among our Company, KFin Technologies Private Limited (formerly known as Karvy Computershare Limited) and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

## SIGNED BY THE DIRECTORS AND CHIEF FINANCIAL OFFICER OF THE COMPANY

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Mr. Ajay Bijli  
*Chairman cum Managing Director*

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Mr. Sanjeev Kumar  
*Joint Managing Director*

---

Ms. Renuka Ramnath  
*Non-Executive Director*

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Mr. Vikram Bakshi  
*Independent Director*

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Mr. Sanjai Vohra  
*Independent Director*

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Ms. Deepa Mishra Harris  
*Independent Director*

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Ms. Pallavi Shardul Shroff  
*Independent Director*

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Mr. Anish Kumar Saraf  
*Non-executive Director*

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Mr. Nitin Sood  
*Chief Financial Officer*

Date: [●], 2020

Place: [●]