PVR

17th April, 2021

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

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
PJ Towers, Dalal Street,
Fort, Mumbai - 400 001
Fax: 022-22723121/1278

Company Code: PVR / 532689

Sub: Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015- Update on Credit Ratings

Dear Sir,

In compliance with Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed the rating published on 16th April 2021 by CRISIL Ratings Limited, the Credit Rating Agency.

This is for your information and records.

Thanking You.

Yours faithfully
For **PVR Limited**

NITIN SOOD
Digitally signed by NITIN SOOD
Date: 2021.04.17 11:31:40 +05'30'

Nitin Sood
Chief Financial Officer

PVR LIMITED
Block A, 4th Floor, Building No. 9A, DLF Cyber City, Phase III, Gurugram 122002 (Haryana) India.
T: +91 124 4708100 | F: +91 124 4708101 | W: www.pvrcinemas.com
Regd Office: 61, Basant Lok, Vasant Vihar, New Delhi 110057. CIN: L74899DL1995PLC067827

Pursuant to SEBI notifications, CRISIL Limited (CRISIL) has transferred its Ratings business to its wholly owned subsidiary, CRISIL Ratings Limited (CRISIL Ratings), with effect from December 31st 2020. Any reference to CRISIL in the documents published by the Ratings division of CRISIL, such as Rating Rationales, Credit Rating Reports, Press Releases, Criteria, Methodology, FAQs, Policies and Disclosures, shall henceforth refer to CRISIL Ratings.

Rating Rationale

April 16, 2021 | Mumbai

PVR Limited

Long-term rating downgraded to 'CRISIL AA-/CRISIL PPMLD AA- r /Negative'; short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.1033.33 Crore**
Long Term Rating	**CRISIL AA-/Negative (Downgraded from 'CRISIL AA/Negative')**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**

Non Convertible Debentures Aggregating Rs.295 Crore	**CRISIL AA-/Negative (Downgraded from 'CRISIL AA/Negative')**
Non Convertible Debentures Aggregating Rs.75 Crore	**CRISIL AA/Negative (Withdrawn)**
Rs.50 Crore Long Term Principal Protected Market Linked Debentures	**CRISIL PPMLD AA- r /Negative (Downgraded from 'CRISIL PPMLD AA r /Negative')**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has downgraded its rating on the long-term bank facilities and non convertible debentures of PVR Ltd (PVR) to **'CRISIL AA-/Negative'** from 'CRISIL AA/Negative'. The rating on the Rs 50 crore long-term principal-protected market-linked debentures has been downgraded to **'CRISIL PPMLD AA- r /Negative'** from 'CRISIL PPMLD AA r /Negative'. The rating on the short-term bank facility has been reaffirmed at **'CRISIL A1+'**. Furthermore, the rating on the Rs 75 crore NCDs has been withdrawn as the instruments have been fully repaid. CRISIL Ratings has received confirmation of no dues pending against these NCDs. The withdrawal is in line with CRISIL Ratings' policy on withdrawal of NCDs.

The rating action reflects CRISIL Ratings' expectation of weakening of PVR's business risk profile over the medium term. It was earlier expected that with resumption of operations in October 2020, the occupancy will improve gradually with return of content to the multiplexes. However, with the recent spike in Covid-19 cases, recovery in operating performance of multiplexes will be delayed. Many states have already announced localised lockdowns, night curfews and restrictions over occupancy levels in cinemas. These restrictions will also result in deferment of the release of strong content, which was earlier scheduled to be released in the first quarter of fiscal 2022, thereby impacting operations.

Multiplexes were witnessing gradual build-up in occupancy during January-March 2021 quarter, against 4-6% occupancy in October-December 2020 quarter, as regional movies such as *Master, Uppena, Roberrt, Pogaru* saw strong box office performance. However, recent restrictions and increased fear of enclosed spaces might keep the moviegoers away for a while.

PVR had undertaken steps to reduce cost and augment liquidity over the past one year. It has negotiated with majority of mall developers for waiving off rentals for the entire period of closure of operations with revenue sharing arrangements from resumption of operations until March 31, 2021. In fact, rentals for the nine months ended fiscal 2021 was lowered by ~89% as compared to the corresponding period of the previous fiscal. Besides, the company has also conserved cash by reducing its workforce and deferring maintenance outlay and capital expenditure (capex).

In August 2020 and February 2021, the company raised Rs 300 crore (rights issue) and Rs 800 crore (qualified institutional placement [QIP]), respectively, which augmented liquidity. Cash and bank balance, undrawn committed bank lines and other liquid investments stood at above Rs 790 crore as on March 31, 2021, which should be adequate to cover operating costs and debt obligation for the next few months.

CRISIL Ratings believes the credit profile of multiplex operators, including PVR, may further weaken if the Covid-19 pandemic worsens. Moreover, multiplex operators will have to initiate fresh negotiations with mall owners, given new restrictions to contain the pandemic. Improvement in the current situation, leading to return of content and ramp-up in occupancies, while operators continue to contain operating costs and maintain liquidity, will remain a key monitorable.

The ratings continue to reflect the company's strong market position and established brand, healthy operating efficiency prior to the pandemic, strong financial risk profile and ample liquidity. These strengths are partially offset by exposure to risks inherent in the film exhibition business.

The ratings also factor in the moratorium availed by the company on its bank facilities in accordance with the relief measures provided by the Reserve Bank of India under the Covid-19 Regulatory Package as on March 27, 2020.

Analytical Approach
CRISIL Ratings has combined the business and financial risk profiles of PVR; its subsidiaries, PVR Pictures Ltd, PVR Lanka Ltd, Zea Maize Pvt Ltd; and the joint venture (JV), Vkaao Entertainment Pvt Ltd. The entities, collectively referred to herein as PVR, are in the same business and have common promoters.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description
Strengths
*** Strong market position and established brand**
PVR is the largest multiplex operator in India, with strong brand equity. It had 844 screens with operations in 177 locations across 71 cities as on March 31, 2021. It has around 30% more screens than the second-largest player. Addition of screens from SPI Cinemas Pvt Ltd has led to significant improvement in the market position in south India and helped diversify content, as cinema from the region contributes over 40% to the overall box office collection. Any capex plan to add screens have been put on hold temporarily. Addition of screens is likely to remain low for some time and will depend on ramp-up in occupancy over the next 2-3 months, post lifting of restrictions over operations.

*** Healthy operating efficiency before the pandemic**
Presence in prime locations in major cities helps command higher average ticket price than peers. Moreover, contribution from the high-margin food and beverages segment and advertisement revenue (together comprising around 40% of the total income) remains high.

Operating margin was healthy at 17.6% in fiscal 2020, compared with 19% and 17.2% in fiscals 2019 and 2018, respectively, despite the lockdown. Besides box-office collections, revenue from other segments was also healthy. For instance, spend per head was Rs 99 in fiscal 2020 (Rs 91 in fiscal 2019; Rs 89 in fiscal 2018). Similarly, advertisement revenue was Rs 376 crore in fiscal 2020 (Rs 353 crore in fiscal 2019; Rs 297 crore in fiscal 2018).

While operating performance has been impacted in fiscal 2021 and is likely to remain impacted in the first half of fiscal 2022, owing to the resurgence of Covid-19 cases. The company's ability to sustain growth in occupancy post lifting of restrictions, leading to healthy operating margin, will remain critical.

*** Strong financial risk profile**
The financial risk profile is supported by a strong ability to raise funds from capital markets. The company has raised Rs 1,600 crore through rights issue and QIP since October 2019. QIP of Rs 500 crore in October 2019 led to significant improvement in debt protection metrics. Gearing improved to 0.77 time and the net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio to 1.60 times as on March 31, 2020, from 1.29 times and 2.10 times, respectively, a year earlier.

Despite the impact of the pandemic in fiscal 2021, the gearing should remain healthy due to Rs 1100 crore equity raise during the fiscal. However, if occupancy continues to be sub-optimal for a prolonged period in fiscal 2022, there could be an impact on the debt profile, with continued cash losses weakening the financial risk profile. Any sustained impact on operations and subsequently on the financial risk profile will remain key monitorables.

Weakness
*** Exposure to risks inherent in the film exhibition business**
Volatility in profitability, inherent in the film exhibition business, will continue to affect operations, though the impact should be cushioned marginally by the large scale of operations and diversified revenue. Multiplex players, given their high fixed costs, should remain dependent on occupancy, which is driven by the success of films (occupancy was 34.9% in fiscal 2020 compared with 36.2% in fiscal 2019). Other forms of entertainment and new content distribution platforms, including over-the-top, will expose the company to challenges of sustaining profitability and growth.

Liquidity: Strong
Liquidity was more than Rs 790 crore as on March 31, 2021, including cash and bank balance, undrawn committed bank lines and other liquid investments. The company has debt obligation of around Rs 300 crore payable in fiscal 2022. Therefore, while the company has sufficient liquidity to manage cash loss and debt obligation, turnaround in operations along with the ability to curtail operating costs while maintaining healthy liquidity amid fresh restrictions over operations will be a key monitorable.

Outlook Negative
CRISIL Ratings believe there could be weakening of the company's credit profile over the next 3-4 months if local restrictions hinder opening of operations pan-India or occupancy remains subdued despite resumption of operations.

Rating Sensitivity factors
Upward factors
- Significant reduction in debt and improvement in cash accrual, restricting the net debt to EBITDA ratio to below 1 time
- Improvement in the revenue resulting in EBITDA margin (ex-Ind AS-116 adjustment) sustaining above 20%

Downward factors

- Continued restrictions for more than 3-4 months and lower-than-expected ramp-up in occupancy post lifting, resulting in higher-than-expected cash loss
- Weakening of the capital structure, with the net debt to EBITDA ratio sustaining above 2 times

About the Company

PVR was established in 1995 as a 60:40 JV between Priya Exhibitors Pvt Ltd and Village Roadshow Ltd (VRL), a world leader in the multiplex business. In 1995, PVR took a single-screen cinema hall, Anupam, in Saket, Delhi, on lease and converted it into a four-screen multiplex. The hall started operations in 1997 as PVR Anupam and was the first multiscreen cineplex in India. As part of its global business strategy, VRL exited the JV in 2002.

In November 2012, PVR acquired Cinemax, strengthening its presence in west India. Cinemax operated in 39 locations with 138 screens. This acquisition made PVR the largest multiplex operator in India. In May 2016, it completed the acquisition of DT Cinemas' 32 screens (29 operational and three upcoming) for a consideration of Rs 433 crore. PVR had raised equity of Rs 350 crore in fiscal 2016 to partly fund the acquisition. The balance was to be funded through debt and internal cash accrual. In January 2017, Warburg Pincus Llc acquired a 14% stake in the company, with 9% from its current shareholders (Multiples Private Equity Fund I Ltd) and 5% from the promoters.

Net loss was Rs 459 crore on revenue of Rs 486 crore for the nine months ended December 31, 2020, against net profit of Rs 101 crore on revenue of Rs 2,790 crore in the corresponding period of the previous fiscal.

Key Financial Indicators

As on/for the period ended March 31	Unit	2020	2019
Operating revenue	Rs.Crore	3,442	3,086
Profit after tax (PAT)	Rs.Crore	131	189
PAT margin	%	3.8	6.1
Adjusted debt/adjusted networth	Times	0.77	1.29
Interest coverage	Times	4.0	4.82

Note: Financials for FY20 have been adjusted to make it comparable to FY19 and hence these may not match with the company-reported numbers.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook
INE191H07144	Debentures	16-Oct-14	11.00%	16-Oct-21	25	Simple	CRISIL AA-/Negative
INE191H07185	Debentures	24-Nov-14	11.00%	24-Nov-21	20	Simple	CRISIL AA-/Negative
INE191H07201	Debentures	09-Jan-15	10.75%	07-Jan-22	50	Simple	CRISIL AA-/Negative
INE191H07268	Debentures	03-Apr-17	8.15%	02-Apr-22	50	Simple	CRISIL AA-/Negative
INE191H07276	Debentures	18-Aug-17	7.85%	18-Aug-22	50	Simple	CRISIL AA-/Negative
INE191H07284	Debentures	16-Apr-18	8.72%	16-Apr-21	10	Simple	CRISIL AA-/Negative
INE191H07292	Debentures	16-Apr-18	8.72%	15-Apr-22	20	Simple	CRISIL AA-/Negative
INE191H07300	Debentures	16-Apr-18	8.72%	14-Apr-23	20	Simple	CRISIL AA-/Negative
NA	Debenture*	NA	NA	NA	50	Simple	CRISIL AA-/Negative
INE191H07318	Long-term principal protected market linked debentures	09-Oct-20	Linked to 5.77% G-Sec 2030	07-Jan-22	50	Highly complex	CRISIL PPMLD AA- r /Negative
NA	Term loan**	NA	NA	30-Nov-23	3.51	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	30-Sep-24	82.61	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	31-May-26	99.92	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	20-Mar-27	103.23	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	30-Jun-25	72.13	NA	CRISIL AA-/Negative

NA	Term loan**	NA	NA	30-Sep-26	101.17	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	31-Oct-27	100.0	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	30-Sep-26	102.41	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	29-Dec-25	60.22	NA	CRISIL AA-/Negative
NA	Overdraft-1	NA	NA	NA	9	NA	CRISIL AA-/Negative
NA	Overdraft-2	NA	NA	NA	5	NA	CRISIL AA-/Negative
NA	Proposed term loan	NA	NA	NA	27.74	NA	CRISIL AA-/Negative
NA	Short-term loan **	NA	NA	29-Oct-21	50	NA	CRISIL A1+
NA	Term loan**	NA	NA	30-June-26	66.41	NA	CRISIL AA-/Negative
NA	Term loan**	NA	NA	26-Oct-27	150.0	NA	CRISIL AA-/Negative

Not yet issued
***Outstanding as of March 2021*

Annexure- Details of instruments withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook
INE191H07193	Debentures	09-Jan-15	10.75%	08-Jan-21	50	Simple	CRISIL AA/Negative
INE191H07250	Debentures	03-Apr-17	8.05%	02-Apr-21	25	Simple	CRISIL AA/Negative

Annexure – List of entities consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
PVR Pictures Ltd	Full consolidation	Subsidiaries
P V R Lanka Ltd	Full consolidation	Subsidiaries
Zea Maize Pvt Ltd	Full consolidation	Subsidiaries
Vkaao Entertainment Pvt Ltd	Equity method	JV

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	ST/LT	1033.33	CRISIL AA-/Negative / CRISIL A1+		--	07-12-20	CRISIL AA/Negative / CRISIL A1+	08-01-19	CRISIL AA-/Stable	06-11-18	CRISIL AA-/Stable	CRISIL AA-/Stable
			--		--	06-10-20	CRISIL AA/Negative		--	17-08-18	CRISIL AA-/Stable	--
			--		--	14-09-20	CRISIL AA/Watch Negative		--		--	--
			--		--	23-03-20	CRISIL AA/Watch Negative		--		--	--
			--		--	31-01-20	CRISIL AA/Stable		--		--	--
Non Convertible Debentures	LT	295.0	CRISIL AA-/Negative		--	07-12-20	CRISIL AA/Negative	08-01-19	CRISIL AA-/Stable	06-11-18	CRISIL AA-/Stable	CRISIL AA-/Stable
			--		--	06-10-20	CRISIL AA/Negative		--	17-08-18	CRISIL AA-/Stable	--
			--		--	14-09-20	CRISIL AA/Watch Negative		--		--	--
			--		--	23-03-20	CRISIL AA/Watch Negative		--		--	--
			--		--	31-01-20	CRISIL AA/Stable		--		--	--
Long Term Principal Protected Market	LT	50.0	CRISIL PPMLD AA-r /Negative		--	07-12-20	CRISIL PPMLD AA r /Negative		--		--	--

Linked Debentures												
			--		--	06-10-20	CRISIL PPMLD AA r /Negative		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Crore)**	**Rating**	**Facility**	**Amount (Rs.Crore)**	**Rating**
Overdraft Facility	**14**	**CRISIL AA-/Negative**	**Overdraft Facility**	**9**	**CRISIL AA/Negative**
Proposed Term Loan	**27.72**	**CRISIL AA-/Negative**	**Proposed Term Loan**	**2.62**	**CRISIL AA/Negative**
Short Term Loan	**50**	**CRISIL A1+**	**Short Term Loan**	**50**	**CRISIL A1+**
Term Loan	**941.61**	**CRISIL AA-/Negative**	**Term Loan**	**971.71**	**CRISIL AA/Negative**
Total	**1033.33**	**-**	**Total**	**1033.33**	**-**

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufaturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Saman Khan Media Relations **CRISIL Limited** D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com **Naireen Ahmed** Media Relations **CRISIL Limited** D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	Manish Kumar Gupta Senior Director **CRISIL Ratings Limited** B:+91 124 672 2000 manish.gupta@crisil.com Nitesh Jain Director **CRISIL Ratings Limited** D:+91 22 3342 3329 nitesh.jain@crisil.com ROUNAK AGARWAL Manager **CRISIL Ratings Limited** B:+91 22 3342 3000 ROUNAK.AGARWAL@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Ratings Limited

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ("CRISIL Ratings") is a wholly-owned subsidiary of CRISIL Limited ("CRISIL"). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisil.com/ratings

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL.For further information on CRISIL's privacy policy please visit www.crisil.com.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011 to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratiings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: www.crisil.com/ratings/credit-rating-scale.html