

02nd June, 2021

National Stock Exchange of India Limited

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Company Code: PVR / 532689

Sub: Disclosure of events or information under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and SEBI Circular dated May 20, 2020 on 'Advisory on disclosure of material impact of CoVID-19 pandemic on listed entities under LODR', please find enclosed a note on impact of Covid-19 pandemic on the business and financial position of the Company.

This is for your information and record.

Thanking You.

For **PVR Limited**

Mukesh Kumar
Company Secretary cum Compliance Officer

As the travel, hospitality, and leisure industries were limping back to normalcy, the 2nd wave of Covid in India took everyone by surprise with its ferocious spread of infection. Within the first fortnight in Apr'21, the health and medical infrastructure in India got overwhelmed with the burgeoning number of patients and the lack of equipment and facilities to test and treat them. The largest and the most densely populated cities were the ones that were the most affected.

To curb the increasing number of cases, various State Governments started to implement limited lockdowns/curfews in various districts. Maharashtra which was initially the worst impacted state was the first state to declare partial lockdown. As Apr'21 progressed a state of emergency gripped the entire nation with almost every state reporting increasing cases daily.

The Govt. of India responded in greater measure by:

- Providing emergency liquidity of INR 4,500 crs to the 2 domestic vaccine manufacturers (Serum Institute of India and Bharat Biotech) for ramping up of vaccine production.
- Extended the benefit of the vaccine program for everyone greater than 18 years of age
- Removed all forms of customs duty on imports of medical equipment/vaccines required to treat Covid-19
- Provided fast track approvals for vaccines without clinical trials/testing in India, that have been granted Emergency Use Authorization (EUA) by US FDA, UK MHRA, EMA (European Medicines Agency), and PMDA, Japan
- Limited the industrial use of Oxygen and diverted it to healthcare facilities across the country.

Theatrical exhibition along with travel and hospitality have been the worst impacted sectors due to the ongoing pandemic. The company has, regularly, put out updates along with the Quarterly Results to keep our investors and other stakeholders apprised of the evolving situation and the measures being taken by the company to address all challenges. Please find below the key updates:

I. Impact of 2nd wave of Covid 19 on business :

- As of date, the company has shut down all cinemas across India with shut down happening in a staggered manner in the month of April'21, except for cinemas in Telangana and Andhra Pradesh which were shut down in the 1st week of May'21. This is in line with the prevailing guidelines as laid out by the Central and various State Governments and regulatory bodies.
- Since Cinema Exhibition is the only business segment, Company is currently not generating any material operating revenue from admissions, food and beverage sales, or other revenue and cash flow from operations.
- Company continues to incur committed cash outflows, including employee salary pay-outs, other overheads as well as payments related to Debt and Working Capital. This has and will have a significant negative impact on profitability and liquidity during the lockdown and even thereafter till business comes to normalcy.
- Further once the Cinemas are re-opened, we may not be able to run our cinemas at normal capacity on account of social distancing measures that cinemas may be required to follow as well as health concerns that the patrons may have. On account of this, our revenue and cash flow generation may be impacted even when we fully resume operations.
- In terms of new content, Producers are being cautious with movie releases. The release of big-budget movies scheduled for release in Q1 FY'22 has been postponed. We believe that these releases may get delayed by few months till the cinemas are allowed to restart operations.

II. Operational and Fiscal Steps to ensure continuity

Unlike last time, when the Central Govt. had mandated a nationwide lockdown, this time each State Govt. is assessing the on-ground situation as it evolves in each district, and putting in place limited lockdowns. The combination of staggered state-wide re-openings, capacity restrictions, and limited movie releases will

continue to impact our admissions while costs continue to be incurred. To address the situation, PVR has taken the following operational and fiscally prudent steps:

- A. Work from Home;
- B. Sustaining cost reduction strategies;
- C. Fortifying liquidity; and
- D. Cash-flow management

A. Work from Home:

- Keeping in mind the increasing Covid incidence across India, Work from Home (WFH) has been extended for all employees based out of our Corporate and Regional offices. The team continues to work efficiently through secured remote access to ensure continued operations.
- Strong IT controls have been put in place to ensure data privacy, cyber threats, and confidentiality.

B. Implementation of Cost reduction strategies

Expenses (INR Lacs)	FY'21	FY'20	% Change	Remarks
Rental and Common Area maintenance (CAM) cost	21,039	73,220	-71%	<ul style="list-style-type: none"> ➤ Last year, we had been successful in securing complete or partial waivers/discounts for the lockdown period from our landlords/developers for the majority of our properties. ➤ Restarted discussions with our landlords to extend these discounts on rent till the time business normalises
Personnel Cost	21,708	39,381	-45%	<ul style="list-style-type: none"> ➤ Temporary compensation reduction across various levels in the organisation ➤ Reduced workforce ➤ Deferred increments & incentives
Electricity & Water Charges	5,661	20,560	-72%	<ul style="list-style-type: none"> ➤ Electricity & water charges for the affected period will reduce due to closure of cinemas and will gradually increase as our screens become operational.
Other Overheads	15,172	38,246	-60%	<ul style="list-style-type: none"> ➤ Significant reduction in other overheads ➤ Contracts like Housekeeping / Security which were renegotiated last year, continue on new terms and conditions. ➤ All discretionary spending and non-essential expenses, including marketing & promotional and travel, and entertainment are continuously being monitored.
Total	63,580	171,407	-63%	

- We had been able to achieve a significant reduction in our fixed cost during the period of lockdown in FY'21. We believe we should be able to again achieve cost savings during the period of shut down in current year even though quantum of that is currently not measurable given the negotiations with developers / landlords have just commenced.

- All these initiatives & measures are periodically looked over through a regular CFO review and the approval process for all outgoing procurement and payment requests is monitored with rigor.

C. Liquidity Enhancement

- **Liquidity:** As of Apr 30, 2021, Company had liquidity (including undrawn working capital lines) in excess of Rs. 750 crores.
- **Fundraise through QIP:** We completed a ₹ 800 Crores QIP Issue during Jan'21, with a robust response from the shareholders.

D. Cash Flow Management

- **Working Capital payments:** The Company has cleared most of the creditor/vendor dues relating to FY'21 and the outstanding amount as of Mar 31, 2021, is in the normal course of business. We have again reached out to our vendors and re-negotiated payment schedules to preserve liquidity.
- **Capital expenditure:** The Company opened 13 new screens in FY'21 which were already under fit-out prior to lockdown. Since the beginning of the pandemic, we have not taken any fresh handovers of project and all additional Capex plans for new screens have currently been put on hold.
- **Debt Servicing Obligations:** Company has reasonable liquidity to meet all its debt and interest obligations for the next few months. The company at all times is actively engaging with all stakeholders and will make available, sufficient liquidity as and when required.

The company will continue to take all measures necessary to further reduce the impact at all cost levels, including fixed costs and outgoing cash flows.