



**SPECIALITY**  
**RESTAURANTS LTD.**

Morya Land Mark – 1, 4th Floor, B-25, Veera Industrial Estate, Off New Link Road, Andheri (W), Mumbai - 53  
Tel No. (022) 62686700 Website. www.speciality.co.in

July 28, 2020

To,

**General Manager,  
Listing Operations,  
BSE Limited,  
P.J. Tower, Dalal Street,  
Mumbai - 400 001.**

**Vice President,  
Listing Compliance Department,  
National Stock Exchange of India Limited,  
'Exchange Plaza', Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051.**

**Scrip Code: 534425**

**Scrip Code: SPECIALITY**

Dear Sir/ Madam,

**Sub: Disclosure of Material impact of Covid-19 pandemic on Speciality Restaurants Limited (the "Company") under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").**

**Ref: Securities and Exchange Board of India (the "SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020.**

The Company vide its intimation dated March 25, 2020 had inter-alia intimated to the Stock Exchanges that to support several initiatives taken by the Central and State Government authorities to control potential transmission of COVID-19 and to maintain social distancing, dine-in facility across all our restaurants has been temporarily suspended except the takeaway and through delivery channels at select locations subject to review of situation from time to time. It was also mentioned that the uncertainty around the situation makes it difficult to ascertain the extent of financial impact on the business at that stage.

Further to our intimation dated March 25, 2020, the following is the disclosure of material impact of Covid-19 pandemic on the Company under the Listing Regulations:

**Impact of Covid-19 pandemic on business:**

On March 11, 2020, the World Health Organization declared outbreak of Covid-19 as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Government of India and State Governments has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from





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March 22, 2020, and extended up to July 31, 2020. The lockdowns and restrictions imposed on various activities due to COVID - 19 pandemic have posed challenges to the business of the Company.

Lockdown guidelines issued by Central/State governments mandated closure of Restaurant and Bar operations. This has resulted in shutdown of our Restaurants and Bars pan India except the takeaway and through delivery channels at select locations.

The performance of the Company in January and February 2020, registered a growth of 13% y-o-y basis compared with the corresponding months of January and February 2019.

However, things began to change quickly from mid-March 2020 onwards, post the 'Janta Curfew' and the imposition of the lockdown. In anticipation of the challenges ahead, dine-in operations were suspended completely at all our outlets across the country on and from March 20, 2020 voluntarily, so that our staff could return back to their respective hometown for their own safety.

**Ability to maintain operations including the factories/ units/ office spaces functioning and closed down:**

The Company has adopted 'work from home' policy for office personnel during the lockdown period while some kitchens were kept in operation with skeletal staff for deliveries and takeaway services, as per Government directives from select locations only. Food deliveries are still being carried out primarily through delivery channels/food aggregators and also through our own delivery vehicles.

**Schedule, if any, for restarting the operations:**

Restarting dine-in operations of the restaurants and bars under the Company are governed by Central Government and respective State Government directives under the Disaster Management Act with regulatory strictures and guidance, which will have to be adhered to and hence our schedule for reopening is dependent on it. Another important aspect in this process will be availability of our trained workforce, majority of whom are now in their hometowns and their return to the workplace will also depend on the availability of public road and rail transport. We are keen to start dine-in operations at the earliest maintaining the highest safety standards protocols pertaining to hygiene and safety of our guests and also of our staff once the situation is conducive.







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However our Food delivery and take away operations will remain operative and we are identifying more locations at our existing kitchens/outlets to make them operational as we are experiencing higher customer preference due to the unwavering faith and confidence in our established brands not only on the food but on hygiene and safety parameters which is now the new norm.

### Steps taken to ensure smooth functioning of operations:

The Company is in discussion with all its lessors/licensors and has sought waiver of lease/license fee/rentals during the lockdown period and to agree on revised commercials till the business is reached pre Covid level.

However, the safety of our guests and employees has been our top-most priority and the Company has taken several measures to ensure their well-being. An exclusive helpline for employees is made available and the Company has been providing help to the employees as and when needed for various purposes. The safety of essential employees who are now required to step out for work is being ensured and they have been mandated to use protective gear and take all safety precautions. All employees have been instructed to download the 'Arogya Setu' app launched by the Government of India.

The few steps taken by the Company are as follows:

- (i) All safety protocol related to Covid-19 as advised by the government are being implemented.
- (ii) The Company has issued safety guidelines for its employees and workers.
- (iii) All employees are required to wear protective face masks and gloves.
- (iv) Social distancing norms being strictly followed at offices.
- (v) Contactless ordering and delivery for guests with gloves, face masks, social distancing and sanitization.
- (vi) Sanitization by Virex and antiviral spray of Johnson Diversey.

The Company, with its 25 years of unparalleled brand equity, being a food-led Company with established brands for takeaway and delivery, continues to be in a position of strength to overcome this crisis and capture future growth opportunities in an optimal manner.

The Company has undertaken rationalisation of restaurant operations and manpower requirement.





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### **Estimation of the future impact of CoVID-19 on its operations:**

Since the situation is unprecedented, dynamic and highly unpredictable, the Company is not in a position to gauge with certainty, the future impact on its operations. We believe there will be impact on sales volumes, revenue, and profitability for Q1 and Q2 FY 20-21 as our dine-in operations are yet to resume in most of the outlets across the country.

Consequent to the lockdown and subsequent lock-downs in phases in different cities from time to time, the focus is on ensuring that our employees are safe as we continue to serve food to our guests through the takeaway and delivery channels at select locations.

Dine-in has remained shut all through since third week of March till date except in Bengaluru and West Bengal where the State Government allowed resumption of restaurant operations from June 8, 2020 onwards with social distancing guidelines to ensure safety. Once the lockdown rules get further relaxed in all states and cities and restaurants are allowed to operate with higher capacity for dine-in services, guest confidence will increase leading to higher footfalls and thereby higher revenue generation in the coming months. However, the situation is still a little unpredictable as of now where complete or staggered lockdown have been re-imposed to arrest the growing Covid-19 cases.

However, the Company is adapting various strategies to the changing business environment and responding suitably to fulfill the needs of its customers with close monitoring on the dynamic external situation and restrictions imposed by the regulatory authorities.

The Company is also in constant touch with its key vendors and closely working with them to propel the business forward in mutual interest.

### **Details of impact of COVID-19 on listed entity's:**

- **Capital and financial resources:**

The Company has adequate liquidity which will ensure to meet its obligations.







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- **Profitability, Liquidity Position, ability to service debt & other financial arrangement and assets:**

Due to Lock-down imposed by various Government Authorities the Revenues generated was only by way of takeaway and delivery in Q1 FY 21 which is insignificant to the total Revenues generated by dine-in facilities. The Company has been working on reduction of all the fixed cost viz. Rent/Restaurant Expenses and under all heads by way of re-negotiations in order to neutralized the impact of low Revenue.

The pandemic has imposed incremental operating costs on the business. While we foresee impact on the profitability for the FY 20-21; it is difficult to assess the exact quantum at this stage.

The Company doesn't have any debt on its book. Hence there is no impact pertaining to debt obligations on the Company.

Given the nature of the crisis, and its impact on revenue, it was imperative that the Company needs to address each and every line item of cost and reduce it as far as possible.

The Company does not see incremental risk to recoverability of its assets (Inventories, investments, Receivables, Deposits etc.) given the measures being undertaken to mitigate the risks.

- **Internal financial reporting and control:**

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 and thereafter. There is no impact on internal financial controls due to the COVID-19 situation.

- **Supply Chain:**

The supply chain was intermittently disrupted in view of lockdown and subsequent lockdowns.

The Company has also worked with its vendors to ensure that supply was not impacted to ensure the takeaway and delivery business wherever operates as per guidelines.





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### **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:**

We have reviewed the existing contracts/agreements and judiciously sought relief during the lock down period and thereafter. The uncertainty around the situation and impossibility of business makes it difficult to ascertain the extent of impact due to non-fulfilment of the obligations on the business at this stage.

### **Other relevant material updates about the listed entity's business:**

The Company has been working with and supporting the Government in its efforts to combat the Covid - 19 pandemic.

The financial statements to be submitted under Regulation 33 of the Listing Regulations, shall specify the impact of the Covid-19 pandemic on the Company, to the extent possible. In developing the assumptions and estimates relating to the future uncertainties in these economic conditions due to pandemic, the Company has used internal and external sources of information. The impact on the global health due to pandemic may be different from that estimated and the Company would continue to closely monitor any material change based on future economic conditions.

### **Cautionary Statement:**

This disclosure may contain certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue", "seek to" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. Forward-looking statements reflect the current views of our Company as of the date of this disclosure and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which is in turn and based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based to be reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.





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This update is dynamic and will change as the situation changes, which is not in the control of the Company.

We will keep our investors & other stakeholders updated with relevant updates from time to time.

We request you to take the above information on record.

Thanking you,  
Yours sincerely,

For Speciality Restaurants Limited

  
Authorized Signatory



Name: Avinash Kinhikar  
Designation: Company Secretary & Legal Head