

Date: July 14, 2020

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Fax: 022 – 2272 3121  
**BSE Scrip Code: 539141**

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai- 400 051  
Fax: 022- 2659 8237/ 38  
**NSE Symbol: UFO**

Dear Sir/ Ma'am,

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015  
– Disclosure relating to impact of COVID–19 pandemic on the Company**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and further to our earlier disclosure on the subject dated April 1, 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company and the current status is attached.

This is for your information and record.

Thanking you.

Yours faithfully,  
For **UFO Moviez India Limited**

**Sameer Chavan**  
**Company Secretary**

**Encl: a/a**

## **COVID-19 Pandemic - Impact on the Operations of UFO Moviez**

The World Health Organization (WHO) declared the COVID-19 outbreak a global pandemic on March 11, 2020. Cinemas were the first to be impacted by COVID-19 and they started shutting down following the orders passed by various regulatory authorities and in a few days, all cinemas across India were temporarily shut-down. Since cinemas have shut down, the Company has stopped generating revenues. However, it continues to incur cash outflows on account of manpower and other committed fixed costs. This will have a significant impact on the profitability of the Company until cinemas are allowed to re-open. Also, once cinemas re-open, in the initial days, occupancy will be impacted on account of social distancing measures and other protocols that may need to be followed as the Government may prescribe. This will influence revenues until the situation normalizes.

The Company has carried out a financial review of the COVID-19 impact on the business. It has assessed the potential impact on the recoverability of assets and determined that there is no significant impact on the carrying amounts of these assets as on date. However, the Company will continue to monitor the impact on account of changes in future economic conditions on these assets. Also, the Company is in a reasonable position to fulfill its current obligations and does not foresee any significant impact on its business due to the non-fulfillment of the obligations by any other party.

The Company is taking the following measures to mitigate any adverse impact on the business:-

### **Cost Optimization**

Variable costs like advertisement revenue share, virtual print fees sharing, Incentives/commission on advertisement revenue, cost of goods sold linked to sale of product, etc., that are directly linked to revenues are no longer incurred. The Company has taken significant measures to reduce fixed costs. Manpower costs, which is the largest fixed cost item, have been substantially reduced by way of salary reductions at various levels across the organisation. Other major fixed costs like selling, general & administrative expenses have also been reduced significantly and all discretionary spends have been curtailed.

### **Working Capital Management**

The Company is effectively managing working capital by ensuring a steady flow of debtor realisations and tight control over trade payables. Debtor realisations have remained steady even during the lockdown period. The Company has been negotiating with vendors and suppliers for the extension of credit, wherever possible.

### **Capital Expenditure**

Digital Cinema business capital expenditure spends have been put on hold until further notice. This will be reviewed post normalization of operations of the exhibition industry.

### **Liquidity position**

The current liquidity position of the Company is reasonably comfortable to meet all its existing obligations.

While the Company is taking necessary measures to mitigate any adverse impact on the business, various external factors may adversely affect the business in the future.

### **Re-opening Schedule and Preparedness for Re-opening**

Resumption of the Company's operations is fully dependent on the reopening of cinemas. The Government, vide its Order [Guidelines for Phased Re-opening (Unlock 1) [As per Ministry of Home Affairs (MHA) Order No. 40-3/2020-DM-1(A) dated 30<sup>th</sup> May 2020] had stated that cinemas will be allowed to open in the third phase of re-opening. However, as of date, there is no clarity about the re-opening of cinemas and much will depend on the assessment of the Covid19 situation by the Government.

However, some of the cinema operators, in various parts of India, have started preparing for the re-opening by putting in place, plans for enhanced safety and precautions for cinemagoers. The Company is fully prepared to resume providing services once cinemas reopen. To ensure this, the Company has established comprehensive safety and precaution protocols to be followed by all employees.

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