November 17, 2025

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G.
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
(Symbol: CONNPLEX)

Sub: Transcript of Earnings Conference Call for the half year ended on September 30, 2025

Dear Sir / Madam,

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings conference call on financial performance of the Company for the half year ended on September 30, 2025.

This is for your information and record.

Yours sincerely,

For, Connplex Cinemas Limited
(Formerly known as VCS Industries Limited)

ANISH TULSHIBHAI PATEL
Digitally signed by ANISH TULSHIBHAI PATEL
Date: 2025.11.17 10:13:43 +05'30'

Anish Tulshibhai Patel
Managing Director
DIN: 07823715

Connplex Cinemas Limited
H1 FY26 Earnings Conference Call

CORPORATE PARTICIPANTS:

Mr. Anish Tulshibhai Patel
Managing Director

Mr. Rahul Kamleshbhai Dhyani
Joint Managing Director

Mr. Pujan Thakkar
Chief Financial Officer

Moderator

Good afternoon, ladies and gentlemen. I am Karthikeyan, moderator for the earnings conference call. Welcome to Connplex Cinemas Limited H1 FY26 Earnings Conference Call. We have with us today from the management, Mr. Anish Patel, Managing Director and Mr. Rahul Dhyani, Joint Managing Director.

As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch-tone telephone. Please note this conference is recorded.

I would now like to hand over the floor to Mr. Arpit Mundra, EY Team for the cautionary statement. Thank you and over to you, sir.

Arpit Mundra

Thank you, Karthikeyan. Good afternoon, everyone.

On behalf of the management, I am pleased to welcome you all to Connplex Cinemas Limited's earnings conference call to discuss the H1FY26 financial results. Today, from the management side, we have with us Mr. Anish Patel, Managing Director and Mr. Rahul Dhyani, Joint MD.

Please note, a copy of the disclosures is available in the Investors section of the website as well as on the stock exchange. Anything said on this call, which reflects the outlook for the future, or which could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the company faces.

Now I shall hand over the call to Rahul Sir for his opening remarks. Over to you, sir. Thank you.

Rahul Dhyani

Good afternoon, everyone, and welcome to Connplex Cinemas'first ever earnings conference call following our successful public listing. We are delighted to have you with us today to discuss our performance for the first half of FY26. This has been a truly landmark period for Connplex — not only because we debuted as a listed company but also due to our strong operational and strategic progress across multiple areas. We concluded our Board meeting yesterday, and the Investor Presentation has been uploaded onto the stock exchange and on our company website. I hope youve had a chance to go through it.

I am Rahul Dhyani, Joint Managing Director of Connplex Cinemas. Over the years, I have been leading the company's vision of building India's own smart and luxury cinema chain that delivers smart, immersive, and memorable entertainment experiences. With extensive experience in franchising, marketing and developing cinemas our focus continues to be on expanding our presence, deepening customer engagement, and delivering sustained value for all stakeholders.

Let me take you through the key operational business highlights. Connplex delivered strong momentum in H1FY26, adding 17 new screens, 2 CAGR growth of 66% with several more in advanced stages and expected to open in the second half of the financial year once unit occupancy certificates are received. With this, as on date our total portfolio stands at 31 cinemas, comprising 83 screens and 6,831 seats across 9 states — further strengthening our pan-India presence. During H1FY26, we welcomed 12.16 lakh viewers, representing a growth of 69% YoY. Occupancy levels improved to 32% from 30% last year, reflecting both robust content performance and our focused footfall-enhancing initiatives.

Our Average Ticket Price grew 6% YoY to ₹243 from ₹229, while Food & Beverage Spend Per Head stood at ₹94. Advertising revenue also maintained strong traction, up 107% YoY to ₹112.38 lakhs. The company continued expanding its screen network across Tier 1, 2, 3, and 4 cities — adding 6 screens in Tier 1, 2 in Tier 2, and 9 in Tier 3 — while broadening its content mix to include blockbuster, regional, international, and alternative entertainment formats including group booking and private events.

In H1FY26, the company added 8 Screens in Express Model, 3 Screens in Signature Model and 6 Screens in Luxuriance Model.

The Indian box office witnessed a strong revival during the first half year, with 20+ films crossing the ₹100 crore mark and overall collections rising 15% YoY. Big hits like Saiyaara, Coolie, War 2, Mahavatar Narsimha, Housefull 5, and Sitaare Zameen Par reaffirmed that content quality is driving audience choices more than ever before, while star-driven titles such as Jolly LLB 3, Raid 2, and Kesari Chapter 2 also performed impressively. This balanced trend between content-led and star-led successes reinforces a positive long-term industry outlook.

Looking ahead, the pipeline for upcoming releases remains very encouraging, with an exciting mix of multi-language blockbusters such as De De Pyaar De 2, 120 Bahadur, Tere Ishq Mein, Avatar: Fire and Ash, Border 2, Mardaani 3, Love & War, and many more expected to sustain strong footfalls in the coming quarters.

As we look to the future, our focus remains clear to create long-term stakeholder value, To innovate responsibly and to grow sustainably.

With this, I would now like to hand over the call to Mr. Anish Patel, Managing Director, who will take you through the financial performance of the company.

Anish Patel

Good afternoon, everyone, and a warm welcome to Connplex Cinemas Limited's H1FY26 Earnings Conference Call. It's a pleasure to connect with you all and present our financial results for the first half of FY26. The detailed investor presentation has already been made available on the stock exchange and our website for your reference.

I am Anish Patel, Managing Director of Connplex Cinemas. With over six years of experience in the entertainment industry and a strong IT background, I have been leading Connplex's growth journey centered on innovation, operational excellence, and customer satisfaction.

Connplex Cinemas specializes in developing and managing high-quality cinema properties, entering into franchise partnerships, and distributing films. Our asset-light franchise model enables rapid network expansion with limited capital investment, supported by diverse revenue streams across ticket sales, food & beverages, advertising, and private events. Our cinemas are designed to provide premium movie-viewing experience, featuring advanced recliner seating, cutting-edge sound systems, and high-definition projection technology. With our focus on quality, innovation, and accessibility, Connplex is steadily strengthening its position as a leading player in India's entertainment industry.

Now, let me give you the key highlights of our financial performance for H1FY26:

► Revenue grew by 57% YoY to ₹6,406 lakhs, driven by strong growth in ticket sales, food & beverage revenues, space rentals/private events, and advertising income.

► EBITDA increased by 39% YoY to ₹1,786 lakhs during the period.

► EBITDA Margin stood at 27.87%, a decline of 366 bps YoY, primarily due to higher operational and expansion-related costs.

► PAT grew by 36% YoY to ₹1,305 lakhs, with PAT Margin at 20.4%, compared to 23.6% in the same period last year.

These results reflect Connplex strong operational execution, expanding footprint, and continued focus on sustainable growth through our differentiated cinema experience and efficient franchise model.

That concludes with an update on the financial highlights of the company. I shall now request the moderator to open the floor for questions and answers session.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

The first question comes from the line of Hardik Gandhi from HPMG Shares and Securities. Please go ahead.

Hardik Gandhi

So, congratulations on an absolute set of numbers. Just a few questions. Wanted to know what was our revenue from the making the cinemas, just the construction part of it for the H1FY26?

Pujan Thakkar

So, revenue from making of cinema for the H1 FY26 is INR 29.86 crores.

Hardik Gandhi

Understood. And what do you expect the ramp-up to be for the next H2? Because I saw that we have an aim of adding approximately 60-70 cinemas in the next one and a half year. So, will it be equally spread out for the next one and a half years? Or are we ramping up post IPO?

Pujan Thakkar
So in this year, we have projected 60-70 screens, not cinemas One cinema has three screens. So currently, in H1, we have started 17 screens and more 16 screens are ready. We are waiting for the licensing part.

Hardik Gandhi

So, have we received the construction revenue for the same in H1FY26? Or is it pending and will it be in H2FY26 for the additional screen?

Pujan Thakkar
Partly, revenue has been recognized.

Hardik Gandhi

Understood. And what will be our strategy going forward for the upcoming screens? And how do you see the revenue shifting? Because I think right now, it is 50:50 between the making as well as the franchisee fees. So going forward, when do you see the franchisee revenues kicking in strongly? And then the making just being the smaller part of the chunk?

Pujan Thakkar
Yes sir, both will increase. As we continue building cinemas, the income from cinema construction will rise. And once they become operational, the operational income will also increase.

Hardik Gandhi

I understand that, but my question is: over the next one to one-and-a-half years, we have a strategy to add new screens. This will significantly impact our revenue. At the same time, the franchise fee will become the more recurring component, correct? So when do we expect that shift to happen, and by when can we anticipate it?

Pujan Thakkar
Franchisee fee is not recurring income. It will be one-time per screen

Hardik Gandhi

The franchisee fee will be the recurring income and the construction thing will be a one-time income. Correct?

Pujan Thakkar
No. Both the franchise fee and the income from cinema construction are one-time revenues. Our recurring income will come from ticket sales, F&B sales, and advertising. The royalty generated from ticket sales and F&B will also form part of our recurring income.

Hardik Gandhi

Understood. And what would be the price differential between us and PVR if you were to compare? Any estimate?

Rahul Dhyani

So, the price difference in terms of ticket price?

Hardik Gandhi

Yes. Average ticket price.

Rahul Dhyani

There isn't much difference compared to other cinema chains. Their average ticket price is around ₹250, while ours is approximately ₹243. So, we are more or less in line with the multiplex industry average.

Hardik Gandhi

Sir, but do we anticipate decreasing this average ticket price compared to PVR in a way to capture the market? Or do you see that this is -- without changing the average ticket price, we will be able to sustain and have the same market share in this cinema industry?

Rahul Dhyani

YoY, the average ticket price will continue to increase, considering inflation. Ticket prices generally do not decline—they are dynamic. Prices automatically rise on weekends and during blockbuster releases.

Overall, we have consistently seen YoY growth in our ticket prices, and we expect this trend to continue.

Hardik Gandhi

Understood.

So there are no specific strategies to attract audiences away from PVR?

Anish Patel

Connplex operates in a separate market rather than engaging in cannibalization. Many of our cinemas are located in towns that either had only an old single-screen theatre or had no cinema at all. We specifically focus on untapped and underserved markets. So, cannibalization isn't a concern for us.

Instead of being price-sensitive, our approach is to be service-focused and deliver better customer experience. So rather than competing head-to-head, we focus on delivering personalized services and a superior viewing experience with a 'wow' factor. For that reason, we don't believe there is any need to compromise on price.

Moderator

Thank you. The next question comes from the line of Dhivya Shah from Nexus Equities. Please go ahead.

Dhivya Shah

Sir, thank you for the opportunity. I wanted to understand the cost difference between setting up a normal theatre and a Connplex cinema. Do we have any advantage in terms of setup cost? For example, if someone wants to establish a regular theatre versus a mini-theatre like Connplex, is there a significant difference in the overall setup cost?

Anish Patel

Yes sir, there is a significant difference, and that is precisely why Connplex is positioned as a new-age cinema format with several operational advantages. Typically, a multiplex requires about 30,000–40,000 sq. ft. of carpet area with a height of around 30 feet, along with a substantial CapEx of ₹10–12 crore. While this investment pays off during major blockbuster releases, the ongoing OpEx is also quite high—around ₹15–20 lakh per month. Rentals alone are approximately ₹30 lakh, taking the total monthly OpEx to nearly ₹45 lakh.

In comparison, Connplex operates in a much more efficient model. We develop cinemas in roughly 7,000 sq. ft. with around 70–75 seats per auditorium, and each cinema typically has three auditoriums. The rental cost is around ₹4 lakh per month, significantly lower than a multiplex.

We design our cinemas based on India's average occupancy levels—if the typical occupancy is around 70 viewers at a time, we build auditoriums with 70 seats. This helps us maintain higher seat utilization and avoid empty capacity.

Overall, Connplex follows a smart CapEx–OpEx model with minimal gestation period once operations begin.

Dhivya Shah

What is the profit split between franchise model and Connplex?

Pujan Thakkar

Sir, we follow an 80:20 revenue-sharing model, where 80% goes to the franchisee and 20% is retained by us as royalty from ticket sales, F&B sales, and advertising revenue.

Moderator

Thank you. The next question comes from the line of Uzair Lari from Aveksat Financial Advisory.

Uzair Lari

Hello, sir. Congrats on good set of numbers. So, I have a question related to the EBITDA margin. So, if we compare the margins on half yearly basis, so in H1 FY25, your margins were at 31.5%. And in this H1 FY26, it came down to 27.8%. So, any thoughts on that?

And also, sir, since we have an asset-light business model, so going forward, are these margins sustainable? Or can we expect a further margin expansion?

Pujan Thakkar

Sure, sir. The margin can vary because we operate both models—we generate revenue from cinema construction as well as from operations, which include ticket sales, F&B, and advertising. During periods when blockbuster movies are released, the operational revenue becomes significantly higher than the construction revenue.

Therefore, the margin may fluctuate based on the mix between operational income and cinema-making income. However, this variation is typically within 3–4% and does not go beyond that.

Uzair Lari

Okay. Got it. And sir, are these margins sustainable going ahead? Or can we further expect margin expansion since we have asset-light business model?

Pujan Thakkar

Looking at the current scenario, we hope it will be sustainable.

Uzair Lari

Okay. And sir, just one last question. Like, do we have any sort of seasonality, like H2 is better than H1 due to festive season and all? So any comment on that?

Pujan Thakkar

It all depends upon content. If the move goes well, automatically it will start happening. The festival season usually goes well, sir

Uzair Lari

Okay. Got it, sir. Thank you. Thank you very much.

Moderator

Thank You. The next question comes from the line of Ashok Deora from SSA. Please go ahead.

Ashok Deora

Yes. Good afternoon. I'd like to understand, and I'd first like to complement the increasing revenue and profitability of the organization. So, thank you for that.

But I was looking at OCF (operating cash flow) compared to the profits, it is not percentage wise, it's much less. So, I noticed that the inventory and the receivables have gone up. Can you kindly help us to understand?

Ashok Deora

I was referring to the cash flow of the financials. And the operating cash flow, the OCF before taxes is relatively on a percentage basis of the profits, it is much less. It could be a higher percentage. The reason I noticed is that the inventory has gone up and also the receivables have gone up.

Ashok Deora

So, can you help us to understand why? How can the OCF be improved?

Pujan Thakkar

Yes sir, this is because the company is in an expansion phase and is now aggressively focusing on developing new cinemas. We have also started bulk purchasing materials at more cost-effective prices. These efforts will reflect as a benefit in the next half year.

That's why our, operational cash flows is less as compared to operational profit because of we have invested our funds into more working capital.

Ashok Deora

Okay. Got it. So, it's a planned activity?

Anish Patel

Yes, it's a planned activity.

Ashok Deora

Okay, great. Thank you. Coming to the franchise agreement, could you highlight the key clauses that are important from Connplex's perspective? Also, are there any negative clauses, such as penalties or similar provisions, included in the agreement?

Anish Patel

So definitely, there will be penalties in our franchise agreement. But normally, over a period, we have learned a lot. And now for every franchisee, we prefer that as a company, we take the deals first and then we submit it to the franchisee so that once the theatre starts performing good, the franchise doesn't try to get out of the agreement.

But, basically, we have a good repatriation of most out of this 88 operation screens. We have around 23-24 screens, which are being repeated by the franchisees. So, we have a good 25% repeat ratio in our franchisee that received, I mean, that gives us strong support with the brand

and the operational support as well as the brand support with the company. So, it's a very win-win model for the franchisee also.

And we have almost just once again been over the years, which has been, I mean, which we eventually said no to him. Otherwise, all of our franchisees are pretty old with us, and so they don't have any much issues with us. We definitely have a strong agreement with some penalty clauses and everything. But a control over real estate, a control over finance, which keeps the bonding strong and a lot of control over the technology from the company side, which keeps the franchisee intact and he doesn't feel like going out of the agreement. Thank you.

Moderator

The next question comes from the line of Shital Sadhu from Anubhuti Advisory LLP. Please go ahead.

Shital Sadhu

Yeah. Thank you for the opportunity. Sir, I wanted to ask that our receivable days are going significantly up. So, if I may compare from FY24, it was around 25 days. In March 25, it went up to 50, and currently, in September, if we calculate, it is around 60 days.

So, what is the reason that receivable days are going up, whereas we settle on a weekly basis with the franchisee partner or we are getting the ticket raise on a day-to-day basis, model. So how is that, happening that I wanted to understand?

Pujan Thakkar

Yes sir. Our income has two components — operational income and cinema construction income. For operational income, we settle franchisee payments within a week. So, for example, if a franchisee generates ₹100 in revenue, we release their share based on weekly performance. The calculation and processing take around two to three days, which means the amount stays tied up for about 10–15 days from the date the data is received.

In the case of cinema construction, when our team is working at a site, the payments from franchisees may sometimes vary. For instance, if an installment is due on the 15th but the franchisee pays on the 20th or 30th, we still need to continue the work — we cannot stop the project midway or shift the team elsewhere.

During this period, our funds remain deployed at that location. We record this amount under debtors, and the payment usually comes in within two to three months.

Given our rapid growth and expansion plans, this approach is necessary for now.

Shital Sadhu

Okay. So, sir, purely for that part of business, which is a setting up of cinema, etc. So, for that part, what would the debtor days be?

Pujan Thakkar

It may vary upon 45 days to 60 days. Depending upon our mutual understanding.

Shital Sadhu

Okay. Got it, sir. Yes. That's it from my side. Thank you.

Pujan Thakkar

Okay, sir. Thank you.

Moderator

Thank you. The next question comes from the line of Shruti Malpani from Aarth AIF. Please go ahead.

Shruti Malpani

Yeah. So firstly, I'd like to ask, can you please help with what attributed to the fall in long-term loans and advances from INR 2.5 crore to 11 lakhs?

Pujan Thakkar

Yes. The ₹2.5 crore pertains to the advance we paid to a premise owner for bringing a franchisee under our own operations. This amount has now been transferred and recorded under property, plant and equipment as 'assets under construction' in the capital work-in-progress.

Shruti Malpani

So, like, we have an asset-light model. So, how does that translate for that? Like, all the assets are on the franchise's book, or how does that work? Can you please help me with that?

Pujan Thakkar

In this case, we took advances for acquiring a franchise, meaning for building up our assets. So as we move forward, we've classified that amount on the capital side, under a single case.

Shruti Malpani

Okay, got it. Sir, just a bit of clarity — in our PP&E, what types of things are covered? And in inventory — what all items are covered separately in each of these?

Pujan Thakkar

Yes, mostly. First, all the projectors installed in our cinemas are our assets, even in franchise-operated locations, and therefore they are recorded in our books.

Second, all technical and electronic equipment—such as time-lapse machines, POS systems, coffee machines, computers, and similar items—are also part of our asset base, as they represent our technological investments.

Additionally, the furniture purchased for our head office or state offices, as well as the company's vehicles, are included in our assets.

Shruti Malpani

So, all the technical equipment are recorded in our books.

Pujan Thakkar

Yes.

Shruti Malpani

Okay. What about the inventory sir?

Pujan Thakkar

In inventory, we include the complete setup that we do for a franchise — for example, the chairs we order, the air conditioners, carpets, sound systems, and curtains we procure. All of these are properly stored in one place.

What happens is that through our central procurement system, we get these materials at a properly cost-effective and prime rate. But if, for instance, we are building a cinema in Bihar and we suddenly need something like wood or plywood there, then the local vendor's processing and materials would be more expensive for us.

What we do is central procurement first, and then, as soon as the cinema construction starts at that location, we send the required inventory from our central storage.

Shruti Malpani

Sir, I mean, there must also be a logistics cost if we're doing central procurement — so doesn't that cancel out the benefit?

Pujan Thakkar

No, no — it's still more cost-effective compared to when we purchase locally at retail prices.

Shruti Malpani

Okay, sir — these items don't really have any seasonality in their pricing. Since you've already procured them at competitive rates, why are we maintaining such a large inventory? These aren't price-sensitive items whose rates change every few months.

Pujan Thakkar

There's a reason for this. For example, every chair we order and install in our theatres carries our personalized Connplex logo, and this customization is done at our own facility.

Secondly, we place bulk orders in advance, after which the necessary processing is completed.

Additionally, all curtains and carpets across locations feature the Connplex logo—either embedded, printed, or stitched, depending on the material. This not only reinforces our branding but also maintains consistency with our brand standards.

Accordingly, the inventory is first sent to our central facility for customization and processing before being dispatched to the respective franchise locations.

Shruti Malpani

Got it, sir. So, one more question — we had raised IPO funds for purchasing LEDs and for our CapEx requirements. Out of the total INR 24 crores, around INR 23 crores are still unutilized. So, what's the plan for that, since the screen sizing is already expanding quite a bit?

Pujan Thakkar

Yes. As you may have seen, the IPO funds were received around August 14, and after that, it took us about 25 to 30 days to effectively begin utilizing those funds. Within those 30 days, we utilized approximately INR 1.40 crores for purchasing our technological assets — specifically LEDs and projectors.

However, in the second half of the financial year, the utilization is expected to be higher, and we have already initiated the ordering process for the same.

Shruti Malpani

Okay, so what about the utilization after FY26 — I mean, how will it be planned for the remaining INR 23 crores? Will the entire INR 23 crores be utilized in the second half of FY26, or will it carry forward into the next financial year?

Pujan Thakkar

No, the utilization will depend on the pace of cinema development. As new cinemas are constructed — each require a projector — the funds will be utilized progressively in line with that expansion.

Shruti Malpani

Sir, what is the cost of one projector?

Pujan Thakkar

The cost of one projector is around INR 27 lakhs to INR 28 lakhs on average.

Shruti Malpani

Okay, so the funds we have are roughly for about 80 to 85 screens.

Anish Patel

—
Typically, each cinema has three screens. One of these screens is equipped with a 2K DCI-certified projector.

The other two screens use non-DCI projectors, which cost around ₹5–5.5 lakh each. For our luxury models, we install higher-end projectors.
— [inaudible 00:39:36].

Anish Patel

What I was saying is that after that, the good news is that post-IPO—

Shruti Malpani

Yes, now it is better. Thank you.

Anish Patel

Okay, so post-IPO, the great news is that we renegotiated with the projector suppliers. The projector that originally cost INR 27.5 lakhs, we managed to bring down to INR 27 lakhs we've reduced the price again.

On top of that, for the projector that cost around INR 5 lakhs, we also renegotiated about INR 1 lakh lower, telling them that since we'll be buying in bulk, we need a better price.

Shruti Malpani

Okay. And I think, sir, the cost of the Spectra must be the highest

Anish Patel

Yes, even the Spectra model isn't among the highest-priced ones — it typically costs around INR 17 to 18 lakhs per auditorium. Since our cinemas are designed efficiently, with an average screen size of approximately 22 to 24 feet by 10 feet, the requirement isn't for very large projectors. As a result, the overall pricing remains favorable, at around INR 20 lakhs per unit.

Moderator

The next question comes from the line of Deeya Jain from Sapphire Capital. Please go ahead.

Deeya Jain

I just wanted to understand how much of our revenue comes from franchisee fees and movie exhibition, advertising. Can you give the percentage mix?

Pujan Thakkar

We have generated revenue of INR 29.85 crores from the income from setting up a cinema, INR 25 crore of income from selling of a ticket, INR 3 crore of income from revenue share from F&B and INR 1.12 crore from advertisement income, INR 1.12 crore from other revenue sharing income and INR 1.7 crore from VPF income. And the rest is our miscellaneous income.

Deeya Jain

All right, sir. And if I understood correctly, you are adding 60 to 70 new screens in the second half and next year. Right?

Pujan Thakkar

Let me correct that. As of March 31, 2025, we had a total of 66 screens. We plan to add 60 more screens during the full year 2025–26. We have already added 17 screens in the first half of the year, and we are working to add the remaining screens in the second half.

Deeya Jain

All right, sir. So, Connplex is basically a mini-theatre, right, compared to the normal theatre, like PVR?

Pujan Thakkar

Yes.

Deeya Jain

And you said that your ATP is going to increase further from INR 243 while your competitors PVR, their ATP is INR 150.

Rahul Dhyani

I don't think PVR's ATP is ₹150; I'm not certain of the exact figure, but it's around ₹200. Last year, our ATP was ₹229, and this year we've increased it to ₹243.

Deeya Jain

All right, sir. And what kind of revenue growth do we expect this year and also for FY27?

Rahul Dhyani

Revenue growth, like we are expecting a good revenue growth, but I'm not sure whether I'm able to share the future data over this meeting.

Deeya Jain

Okay, sir. No problem. Thank you.

Moderator

The next question comes from the line of Abhishek Somani, an individual investor. Please go ahead.

Abhishek Somani

Sir, I wanted to understand about the setting of cinema fee. So last year, we earned around INR 49 crores from opening 17 screens. And this H1 FY26, the income from setting up of cinema fees, INR 29.86 crore for the same 17 screen. So, why is there so much drop in the per-screen revenue from this particular screen?

Pujan Thakkar

Yeah. So, what happened currently in H1, we have started 17 screens operational, but we have already ready 16 screens, which we are waiting for the licensing. So, the part revenue is recognized for just 16 screens, which is not operational yet. It will be operational in Q3.

Abhishek Somani

Okay. So, that will be fully operational in Q3, but, we have recognized the partial revenue for these 16 screens. Right?

Pujan Thakkar

Yeah. Because our cinema work is completed at site so that we have recognized earning.

Abhishek Somani

And, sir, I wanted to understand the margin profile of these two businesses because our 50% of business is coming from the cinema fee setting and another 50% would be coming from the exhibition and F&B side.

So, you said earlier that we have an arrangement of 80:20 split with the franchisees and royalties. So 20% royalty, we would be getting on our exhibition income. So, I want to understand, like, if we are getting only 20% of the overall EBITDA or overall operations margin, so isn't, like, it will be, roughly 10% EBITDA on the exhibition side of the business? Because suppose even if we are earning 50% EBITDA on the exhibition, but we are getting only 20% of that number, so our effective EBITDA should be around 10% only.

So, that adds to another question that since on the exhibition side, we are having so much lower EBITDA margin, what is the reason that we are having a very high margin from the setting up of cinema fees income? Did you get my question or should I repeat it?

Pujan Thakkar

Yes, I understand your point. However, in this case, we cannot precisely calculate 20% of the remaining 50% of operational income because some components of the income generate 90–100% margins. For example, for convenience fees received from portals, we do not have any expenditure or revenue-sharing obligations with franchisees or other parties.

Similarly, for VPF income, we don’t share any portion with franchisees either, resulting in 80–100% profit on that income. Therefore, it isn’t possible to accurately calculate 20% royalty on the remaining operational turnover. I hope that clarifies my point.

Abhishek Somani

Yes, I got your point. But currently, it is on a very lower side. I mean, convenience fees, VPF and everything put together, I can see it is around INR 2.3 crores only. So, rest of the income comes from F&B and movie exhibition. So, that should be a major portion of our revenue from the exhibition side of the business?

Pujan Thakkar

No, sir, I'd like to clarify further. If you've gone through our breakup, you'll see that we have recorded royalty income — the INR 3 crores shown under F&B is entirely our royalty income. There is no 20% sharing to be done within that.

Sir, it's purely royalty income because the entire F&B revenue is recorded in the books of the franchisee, and we receive a 20% royalty on that amount.

Abhishek Somani

Okay, sir, got it. And one last question — the INR 29.86 crores that we are showing as franchisee fees or cinema-making income, what exactly are we doing for the franchisees? I mean, we're setting up the entire infrastructure for them, right? And they are paying us for that CapEx spending, isn't it?

Rahul Dhyani

Yes, sir. Here's how this business works: the franchisee pays us a project fee, and we build the cinema according to Connplex standards, ensuring consistency across India—similar to brands like McDonald's or Domino's.

Each cinema follows one of three models, and the franchisee selects the model they want. We then construct the cinema based on our design, SOPs, and the specific requirements of that location or area. This process allows us to maintain a margin

Abhishek Somani

Okay. So going forward, sir, because we will be constructing lot of screens in next two to three years, so can we assume that most of the margins, I mean, good margins are going to come from this stream of setting up of cinema fee?

And, I mean, lower margin would be for the exhibition side of the business. Is this a fair assumption? Because that is what I can understand currently.

Anish Patel

Yes, so I would like to clarify here — what happens is that when we had around 60 screens, the income split was approximately 50:50. As the number of screens increases the royalty income and this cinema-making income will gradually balance out over time.

Eventually, the core structure of the company will be royalty-driven. Once we cross around 200 screens, more than 70% of our total income will primarily come from royalty revenue.

Abhishek Somani

But sir, by that time, our topline would have also increased significantly. The margins might appear lower compared to the cinema setup income, right? Because by then, our topline would have grown quite a lot.

Anish Patel

Yes.

Abhishek Somani

Okay. Clear.

Anish Patel

Ultimately, this is all linked to the number of operational screens. As the number of screens grows, cinema construction income also increases. Currently, we have a strong order book, so cinema-making income is expected to remain robust over the next two years.

Even beyond that, new cinemas continue to be signed. For instance, last month alone, we signed agreements for around 22 new screens.

However, there is often a time gap: while signing occurs today, we may receive possession of the real estate six to twelve months later. Only then does construction begin, which typically takes another three to four months to complete and obtain the necessary licenses.

So naturally, there can be a lag—though not for every project—between signing and making the screens operational.

Moderator

Thank you. The next question comes from the line of Amit Bhatt from MIT Engineers. Please go ahead.

Amit Bhatt

The first question is how many screens were operational as of March FY25?

Anish Patel

So last financial, we had 66 screens, which were operational.

Amit Bhatt

Sir, in this FY26, you are planning, adding new 63 screens. Correct?

Anish Patel

Yes.

Amit Bhatt

And are these 63 screens are going to be operational or it will take time to get operational?

Anish Patel

No. It should be operational.

Amit Bhatt

Okay. The first question is historical H2 is stronger than H1 for our company, or is there no seasonality involved?

Anish Patel

There is a little bit of seasonality, but not a very significant difference.

Amit Bhatt

Okay, so can we assume that in H2 — I mean, in H1 we've added around 17 operational screens, right?

Anish Patel

Yes.

Amit Bhatt

And next, that is, in H2, we are going to add around 40–45 screens?

Anish Patel

41 screens. To meet the target, it should 41 more screens. Right now, we are at 88 operational.

Amit Bhatt

So, our question is — since in H1, 17 screens became operational and in H2, around 40 will become operational, how will that impact the revenue? Will the revenue from these 40 screens be fully recognized in this period, or will it be carried forward? What's the mechanism behind that — that's what we want to understand.

Anish Patel

No, see — for the cinemas that are completed, their revenue will be recognized. For the ones that are still under construction, the revenue won't be recognized all at once.

Amit Bhatt

Okay. So, in H1 you made 17 screens operational, right? So, the operational fee that you received for that — and since in H2 our target is almost double can we assume that we can clock similar revenue growth in that particular segment in H2?

Anish Patel

The operational royalty revenue will double.

Amit Bhatt

As the number of screens increases, our other revenue streams will also start to kick in, right? Because we don't just earn from building the screens; our revenue comes from multiple sources like advertising and events, so that will also keep growing. This revenue will also increase, right?

Anish Patel

Yes, see — as more screens become operational, the revenue will naturally increase. Compared to the revenue from 50 screens, when it becomes 100 screens, the revenue will increase accordingly. It's more or less relative to the number of operational screens.

Amit Bhatt

That means, as the number of screens grows, we'll generate significant revenue from adding new screens, and at the same time, our core business areas—ticketing, F&B, and advertising—will continue to generate income.

Now, one question, sir: with the rise of OTT consumption, what unique experiences or innovations are we implementing to maintain strong theatre footfall? Typically, a good movie runs for 3–4 months, so what special initiatives can we introduce to keep audiences coming to the theatre consistently?

Anish Patel

During the lean season, we usually focus on two key activities. First, we schedule the re-release of popular movies. Second, since our cinema spaces are designed as smart, flexible venues, we utilize them for private events and screenings. We also rent out these spaces to individuals and organizations — in fact, last year we hosted over 300 such events.

Several banks and corporates also use our cinemas as rental spaces for their private events. So, during the off-season, we actively engage in these types of activities to ensure optimal utilization.

Additionally, this year we've noticed a strong rise in regional content — particularly in Gujarat, where Gujarati films have been performing exceptionally well. These regional movies typically release during the off-season, as they usually avoid clashing with major blockbuster release dates.

Amit Bhatt

I understand. Sir, which regions or cities are showing the fastest growth potential? For example, in Ahmedabad and the surrounding smaller towns and villages, which target areas does the company consider to have the highest growth in the near term?

Because within a city, if we establish two or three theaters in a particular area, later on, other peers may also enter that market. So, what is your view on which regions or city tiers are likely to show the fastest growth in the coming years?

Anish Patel

The fastest growth is definitely coming from Tier 2 and Tier 3 cities. While we do have cinemas in Tier 1 cities and metros, the most attractive markets currently are in Tier 2 and Tier 3 locations. Here, rentals are lower, performance is strong, and the spending capacity is quite healthy.

Cinema often serves as the primary form of entertainment in these regions. In several locations, we are the only cinema—for example, in Siwan and Bhagalpur, Connplex is the sole operating cinema. Similarly, in Ahmednagar near Pune, our cinema was the only one operating for two to two-and-a-half years out of the last three.

Moderator

The next question comes from the line of Pankaj Panigrahi, an individual investor. Please go ahead.

Pankaj Panigrahi

So, I have two questions — first, a clarification. Let's say, by the end of 2027, we plan to add 150 screens. That's achieved, which is good. But what happens after that?

Basically, where do you see Connplex in the next 3–5 years? How many screens do you anticipate we will have by 2030? And at what point do you think the addition of new screens will start to stagnate, and revenue from royalties will become the primary driver? Could you give us a sense of that?

My second question is regarding the movie exhibition revenue. About INR 25 crores has been recognized as revenue from movie exhibition — that's primarily the ticket revenue, right? Out of this, around 80% would go toward the franchise fee. Is that a correct understanding?

Anish Patel

Yes.

Pankaj Panigrahi

So, out of approximately INR 25 crores, we will receive INR 5 crores, and INR 20 crores will be shared with all the franchisees in the movie exhibition category — is that correct?

Anish Patel

No, it's not exactly like that, because out of this INR 25 crores, the F&B income is not included in my books.

Pankaj Panigrahi

That's the INR 3 crore separately, right — INR 3.15 crores from F&B?

Anish Patel

Yes.

Pankaj Panigrahi

So, what I want to understand is — why is it that we recognize 20% of F&B revenue in our books, but for movie exhibition, we recognize 100% even though 80% will go to the franchisee? I just want to understand that.

Anish Patel

So, in F&B, if we recognize it in our books and then share the revenue, it would again be subject to 18% GST. The F&B structure is such that it's better to keep it in the franchisee's books because of the GST implications.

Pankaj Panigrahi

Okay. But the GST will apply to the franchisee as well, right?

Anish Patel

for that, it's only 5%. If I were to keep it in my books, I would only have to pay 5% GST on F&B. But then, on the revenue share, I would have to pay 18% GST to the franchisee.

Pankaj Panigrahi

Okay, got it. And that's not the case with tickets, right?

Anish Patel

Yes, that's the case with tickets, but for tickets, you get GST credit. For F&B, you don't get GST credit.

Pankaj Panigrahi

Okay, so basically, out of the INR 25 crores, only INR 5 crores should be considered as Connplex's share of movie exhibition revenue, right?

Anish Patel

So, there's also a type of revenue that we call VPF — the Virtual Print Fee. This is earned from the digital projectors installed in cinemas. They generate a significant amount of VPF, and 100% of this revenue belongs to us.

Currently, the VPF is around ₹1.12 crore, but as the number of operational cinemas grows, it is expected to reach ₹3–4 crore. The VPF fee is entirely ours. VPF is accounted for separately, F&B is separate, and royalty is derived from ticketing revenue.

Looking further ahead, by 2030, we aim to operate around 1,000 screens—our ambitious, long-term goal for the company.

Pankaj Panigrahi

Okay. And what after that, sir?

Anish Patel

So, India as a market, we have just 9,500 screens compared to US having 45,000 screens and China having more than 75,000 screens. So, there is a huge scope of adding another 20,000, 25,000 screens to this country because we are very rich by content and we produce and release a lot of movies, which are by far the highest.

Eventually, with this kind of scalable model, once we pick up the pace in India, the number of screens in the country is expected to double. The government is also taking initiatives and providing support in several states, which will further drive growth.

Currently, out of the 9,500 screens in India, around 6,000 are single-screen cinemas. In terms of new technology-driven multiplexes and mini-multiplexes, we have less than 5000, highlighting significant room for expansion over the longer term.

Moderator

Thank you. Next, we have a follow-up question from Shruti Malpani from Aarth AIF. Please go ahead.

Shruti Malpani

Hello, sir. I just have one question. So, looking at our current order book, how much can we aspire to complete in H2? I mean, for how many screens, not cinemas?

Anish Patel

So, for H2, our target is around 41 screens. Out of these, more than 16 screens are in our licensing process, and two more are in Mundra. So, roughly 18 screens are ready and can start operations at any time. Some of the cinemas are ready in Patna as well, because after Gujarat, we have the highest number of cinemas in Bihar.

In Bihar, several cinema licenses are pending due to elections. Once the elections are over, these screens will start operating. Therefore, for the next three to four months, we have a target of around 20–22 screens remaining. And I think if everything goes smoothly, we may even surpass this target.

Shruti Malpani

Okay. Thank you.

Moderator

Thank you. The next question comes from the line of Naveen Soni, an individual investor. Please go ahead.

Naveen Soni

Yes. Hi, sir. My question is like if you can give any guidance for FY26 or FY27?

Guidance in, like, in revenue terms or percentage terms in comparison to FY'25 numbers.

Rahul Dhyani

All right. So, I'm sure I'm if t being able to share all the numbers, future numbers over this meeting. But what we can tell you is we have order book ready for about next two years. We'll be introducing around 50 to 60 screens by this financial year end, and we'll be adding another 60 to 75 screens by next financial year end, which is FY27.

Moderator

Thank you. The next question comes from the line of Sunny, an individual investor.

Sunny

So, I want clarification. So, if the ticket cost is INR 100. So, we are getting INR 20 as a royalty fee, right? So in our revenues, we will add INR 100 or INR 20?

Rahul Dhyani

No we will add the total revenue after GST.

Sunny

Okay. So, we'll add INR 100 into the revenue?

Rahul Dhyani

Yes.

Sunny

Okay. And what is the margin for our EPC business, like the construction of theaters?

Anish Patel

Approximately 30%.

Sunny

Okay, 30%. Yeah. That's all from my side. Thank you.

Anish Patel

Okay.

Moderator

Thank you. Next, we have a follow-up question from Pankaj Panigrahi, an individual investor. Please go ahead.

Pankaj Panigrahi

I wanted to know, why is the operating cash flow in negative? What's the primary reason for that?

And the second question I have is, sir — are you focusing only on cinemas for the next three to four years, or do you also plan to enter other entertainment segments like gaming and other areas?

Rahul Dhyani

No, sir. We are focusing only on cinema

Pankaj Panigrahi

Okay. Because somewhere in one of the news article, I had read that you also plan to get into gaming by the name of Gameplex. So, I just was curious if that is true. Or do you have any plans around that, or is it just like?

Rahul Dhyani

There was a plan within the cinema itself because we wanted to introduce a small gaming area inside the cinema. This plan was conceived around two years ago. In the future, if we get an opportunity, we might introduce a small gaming zone as part of the cinema — somewhere it is viable — where kids can play while parents enjoy the movie.

But currently, we are focusing solely on cinemas.

Pankaj Panigrahi

Okay. And regarding the cash flow from operations, it seems to be negative. Can you explain why it is showing a negative figure?

Pujan Thakkar

Actually, from the cash flow, you can also verify that we have very much invested or increased our working capitals.

Pankaj Panigrahi

For the upcoming screens that we plan to expand in 2027, is it?

Pujan Thakkar
Yes. And we are finishing the work in our cinemas very fast so that our debtors are also increasing.

Moderator

Thank you. The next question comes from the line of Pranav Pal from Prudent Equity. Please go ahead.

Pranav Pal

So, my question was this order book that you said of 200 screens, are these confirmed franchisee agreements or the franchisee are yet to be established?

Anish Patel

So, we have a process of first doing an LoI (Letter of Intent) with the franchisee. That LoI is more or less an outline of the franchise agreement. But, more or less, almost everyone's LoI has been completed, and everyone's franchisee fee is INR 5 lakhs per screen, meaning INR 15 lakhs per cinema as an upfront and non-refundable payment. That money has also come in for almost all of them, almost everyone's payment has been received.

Franchisee agreements are made and few are in process, but the documentation is almost done with franchisees, I mean, upcoming franchisees.

Pranav Pal

That's good to hear. And one other question I had was, any update on the occupancy levels? What's that currently?

Anish Patel

So right now, our occupancy level has increased in the first half—this year it improved by 2% compared to last year, going from 30% to 32%. But occupancy is usually much better in the second half, especially considering the festive season and everything. Even during Diwali, several blockbusters are released. This year also, we had good releases.

Moderator

Thank you. As there are no further questions, I now hand over the floor to the management for closing comments.

Pujan Thakkar

Thank you, everyone. On behalf of the management of Connplex Cinemas Limited, we thank you all for joining us on our first earning call today. We hope we have been able to address majority of your queries. You may reach out to me or our Investor Relations partner, EY, for any further queries that you may have, and they would connect with you offline.

Thank you, all.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference for today