November 03, 2026

The Manager – Listing
National Stock Exchange of India Limited
(Scrip Symbol: PVRINOX)

The Manager – Listing
BSE Limited
(Scrip Code: 532689)

Sub: Compliance under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Ma'am,

This is with reference to and in continuation of our letter dated 21st October, 2026 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the officials of the Company participated in the Q2 FY27 earnings conference call for analysts and investors held on Wednesday, 28th October, 2026.

A copy of the transcript of the proceedings of said conference call is enclosed herewith for your information and records.

The transcript shall also be available on the website of the Company https://www.pvrcinemas.com/investors-section.

This is for your information and to all concerned.

Kindly take the same on record.

Yours sincerely,
For **PVR INOX Limited**

Murlee Manohar Jain
Digitally signed by Murlee Manohar Jain
Date: 2026.11.03 18:06:52 +05'30'

Murlee Manohar Jain
SVP - Company Secretary
& Compliance Officer

Encl: A/a

"PVR INOX Limited

Q2 FY27 Results Conference Call"

October 28, 2026

MANAGEMENT: **MR. AJAY KUMAR BIJLI – MANAGING DIRECTOR – PVR INOX LIMITED**
MR. SANJEEV KUMAR – EXECUTIVE DIRECTOR – PVR INOX LIMITED
MR. GAURAV SHARMA – CHIEF FINANCIAL OFFICER – PVR INOX LIMITED
MR. GAUTAM DUTTA – CHIEF EXECUTIVE OFFICER– PVR INOX LIMITED
MR. KAMAL GIANCHANDANI – CHIEF BUSINESS PLANNING & STRATEGY – PVR INOX LIMITED

MODERATOR: **MR. NIRANT DHUMAL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the PVR INOX Limited Q2 FY27 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Nirant Dhumal from ICICI Securities. Thank you, and over to you, Mr. Nirant.

Nirant Dhumal: Good afternoon, everyone, and welcome to PVR INOX Limited Q2 FY27 Post Results Earnings Call. The call will start with brief management remarks on the earnings performance, followed by a Q&A session.

PVR INOX management will be represented by Mr. Ajay Kumar Bijli, Managing Director; Mr. Sanjeev Kumar, Executive Director; Mr. Gaurav Sharma, Chief Financial Officer; and other senior management personnel. Over to you, sir.

Ajay Kumar Bijli: Good evening, everyone. Can you guys hear me?

Moderator: Yes, sir. Please go ahead.

Ajay Kumar Bijli: Yes. Good evening, everyone. This is Ajay Kumar Bijli. I'd like to welcome you to our call to discuss PVR INOX's unaudited results for the quarter and half year ended September 30, 2026. The earnings presentation and results were uploaded to our website and the stock exchanges earlier today.

Box office growth momentum continued in Q2 FY27, which was a landmark quarter for Indian cinema. Industry gross box office collections reached INR4,433 crores, the highest quarterly collections on record and the first time the industry crossed INR4,000 crores in a single quarter.

Industry box office grew 23% year-on-year, following 20% growth on Q1. Building on a record FY26, industry collections grew 22% to INR7,618 crores in the first half of this fiscal year, underscoring sustained momentum in theatrical moviegoing. What is especially encouraging is the range of content behind the growth.

English language cinema had a standout quarter with collections growing 87% to INR1,024 crores, crossing INR1,000 crores in a quarter for the first time. Spider-Man: Brand New Day became India's highest grossing English movie ever at INR608 crores of box office. Christopher Nolan's Odyssey grossed INR233 crores with exceptional demand in premium immersive formats like IMAX.

Together, they show the strong appeal of both franchise and non-franchise Hollywood content in India. Even a re-release, Avengers Endgame: Encore grossed INR45 crores over a 4-week theatrical run, indicating strong consumer demand for premium cinematic experiences.

In Hindi, the quarter was led by the exceptional performance of Hanuman Ansh, which grossed INR351 crores. Mirzapur: The Movie deserves a special mention. A hit streaming series was

taken to the big screen as a feature film for the first time, and it went on to collect INR267 crores at the box office. We see this as the beginning of a new trend. It reinforces what we have said on earlier calls, a theatrical release is where the biggest stories become events and streaming can widen the audience that comes to the cinema. Sequels such as Awarapan 2 and Dhamaal 4 were the other successful hits.

Regional cinema also witnessed a strong box office growth with star-led spectacles like Jana Nayagan in Tamil and Toxic in Kannada grossing INR200 crores and INR296 crores, respectively. Irumudi in Telugu and Bethlehem Kudumba Unit in Malayalam were other authentic regional blockbusters during the quarter.

Growth is now coming from a wide range of films across languages, genres and budgets from rooted word-of-mouth successes to star-led spectacles. We welcomed 46.3 million guests during the quarter, up 4% year-on-year as occupancy rose to 30.4%. Average ticket price and food and beverage spend per head each grew 14% year-on-year, reaching INR298 and INR153, respectively.

This is also our best ever quarter for revenue, EBITDA and PAT. On an Ind AS 116 adjusted basis, total income grew 17% to INR2,133 crores. EBITDA rose 44% to INR475 crores and EBITDA margin expanded around 420 basis points to 22.3%, driven by strong operating leverage. PAT more than doubled to INR273 crores. This marked our sixth consecutive quarter of year-on-year revenue growth.

For the first half, we reported total income of INR3,775 crores, up 15% year-on-year; EBITDA of INR705 crores, up 56% year-on-year and PAT of INR344 crores, up 233% year-on-year. These numbers show how the business has changed since the merger. Our EBITDA margin was 22.3% this quarter and 18.7% for the first half against 17% to 18% before COVID at higher occupancy levels.

Merger synergies, cost discipline and capital efficiencies have made PVR INOX a structurally stronger business. It is also showing in our return on capital employed has improved from 10.2% in FY26 to 16.5% on a trailing 12-month basis, above the pre-COVID benchmark of around 13%.

During H1, we generated INR604 crores of free cash flow and repaid INR259 crores of debt. As our balance sheet strengthened, we returned part of surplus capital to shareholders in September through our maiden share buyback of INR300 crores, while retaining sufficient capital for growth. Even after this payout, we ended September with net cash of INR141 crores, up from INR81 crores in June.

With the company turning net cash positive in Q1, the Board has also approved a capital allocation and dividend distribution policy. While our earlier policy was limited to dividends, the new policy provides a broader framework for capital allocation. The framework sets out 3 priorities. First, we will continue to invest for growth in new screens, premium formats and technology while maintaining the quality of our circuit.

Second, we will keep the balance sheet strong with net debt-to-EBITDA remaining within 0.5x after any distribution. Third, from the surplus that remains, we expect to return around 30% of our annual surplus cash flow to shareholders through dividends, buybacks or a combination of the two, with the timing and quantum at the Board's discretion. The policy is available on our website now.

On expansion, we opened 24 new screens across 6 new cinemas in the first half, predominantly under the asset-light models. Our network now spans 1,797 screens across 114 cities in India and Sri Lanka. During the half, we also exited 25 screens, the majority of which were loss-making. We remain on track to open up 90 to 100 new screens in FY27 with the bulk of the openings in the second half, mainly under capital-light formats.

Our first SMART Cinema opened in Muzaffarpur, Bihar in September, introducing an affordable capital-light format designed for Tier 3 and Tier 4 markets. We expect to open two or three more SMART Cinemas this fiscal.

Looking ahead, the film slate is promising across languages. In Hindi, we have Ramayana: Part 1 in November; Shah Rukh Khan's King in December, Love & War and Golmaal 5 in Q4. Pan-India regional titles include Chiranjeevi's Kaaka and Prabhas' Fauji. Hollywood has an especially exciting lineup with The Hunger Games: Sunrise on the Reaping, Avengers: Doomsday, Dune: Part Three and Jumanji: Open World.

Beyond the films, we are giving audiences more reason to visit and more ways to engage with our brand. Value offers such as weekday morning shows at INR99, Friday first shows at INR149 and front row seats from INR79 are bringing in more price-sensitive moviegoers. In food, we are taking our brand beyond the cinema through home delivery, Grab & Go counters, outdoor catering and our in-house food brands. And through live events and starting sporting telecasts, we are making better use of our screens outside peak movie hours.

We enter the second half of FY27 with record earnings, a structurally stronger margin profile, a net cash balance sheet and an exciting content calendar ahead. We are confident we can build on this momentum while further improving the quality of our earnings, cash generation and returns.

With that, I open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Abneesh Roy from Nuvama.

Abneesh Roy: Congrats and great set of numbers. My first question is on the SMART screen which you have opened in Muzaffarpur, so if could tell us how is the pricing? How is the capex? Why are you calling it SMART? And what will be the plan in terms of this capex-light model in terms of the lower-tier cities? Next 2 years, what is the broad plan you have? How many openings?

Ajay Kumar Bijli: Well, Abneesh, first project sorry, you want to ask another question or should I answer this?

Abneesh Roy: Yes, please go ahead.

Ajay Kumar Bijli: Yes. So this was a pilot that we did, but we were quite confident about the way we approached it. The capex is about 25% to 30% lower than our normal screen that we put up because we want to read the market and according to the demographics and the propensity for people to play and make x number of visitation to the cinema, we wanted to make sure that we get the right offering.

So whether it is a seat quality, legroom, seat width, big screen experience, AV audio-visual, the food offerings, even the square footage per seat that we have taken in SMART Cinemas and the opex cost is about 25% lower than our normal cinemas in bigger cities like Delhi, Bombay, Bangalore and all. So that was one thing, but it was always a pilot.

And with the grace of God, fortunately, the first 2 months have been phenomenal. We are above what we were expecting. Like our average ticket price that you've seen just now, we report is INR298. Over there, it's about INR190. And even our F&B pricing is much lower there. Our offerings are basically limited to hero items as we call them, which basically people want to consume quickly and which go along with the moviegoing experience.

So now that this pilot is out of the way, yet we haven't stopped from signing because we were fairly confident that this should do the trick for us in Tier 3 and Tier 4 markets. Two are already under fit out in Rampur and Bharatpur. And then we have a pipeline of about another 100-odd that we have signed, which should come up in the next 12 to 18 months. But this will be a big growth engine in addition to the 100 screens that we're opening anyway in the normal format.

Abneesh Roy: One or 2 follow-ups. The reason for calling it SMART is limited SKUs, say in terms of the F&B and tighter pricing, is that the reason? And second, India, the Tier 3, Tier 4 market is obviously extremely large. And now that box office is firing on all cylinders, could we see very sharp expansion at some stage? Or would you like to continue last 2 years of very moderate, but very well thought out and more calibrated expansion? My question is, now net debt free, 30% cash you will give back to investors. But are you going to miss out on the growth because of this strategy at some stage?

Ajay Kumar Bijli: No. No, we are in fact, now that all that volatile period is behind us and all the stakeholders are aligned to come on the big screen, which is the film fraternity as well as the consumer. The developers are still allocating spaces for multiplexes. The growth is only going to accelerate from here. And 300 cities have been identified for SMART Cinemas.

And so, I think so there is no question of compromising on growth because the country is still very under-screened, and it has a huge potential. Still 50% of the screens in the country are single screens. And so you can imagine that so many cities are there where a good experience can be introduced. So in fact, this is only encouraging us to grow faster.

And you're absolutely right. Post COVID, we wanted to be careful, cautious. That will continue to be. Unit level economics, even if you open 200 screens a year will not be compromised. We still want to work on margins and paybacks of maximum 3 to 4 years in any unit that we open. But there are plenty of opportunities out there now. A lot of sort of demand and inquiries have come after we've opened this 1 screen, 1 cinema in Muzaffarpur.

And last 3 years also, we closed out a lot of cinemas which were in dilapidated malls; malls which had finished their life cycle. So therefore, the net screen addition, you found muted. But now the net screen addition will be much faster than what you've seen in the previous years.

Abneesh Roy: My second question is, Hanuman Ansh sleeper hit, but mega eventual revenues, INR2 crores budget, how does it change slightly struggling Hindi movie? When I say slightly struggling, that's coming from the data. If I see INR1,400 crores revenue incremental which has come in H1 this year versus last year, only INR110 crores has come from Hindi incremental out of the INR1,400 crores and INR150 crores has come from dubbed Hindi, so which means around INR1,300 crores to INR1,400 crores has come from regional and English. So that does mean that Hindi, which is the main language, the number one language is hardly adding much. So how does it change, the Hanuman Ansh? And why is Hindi struggling?

Ajay Kumar Bijli: So, first of all, it depends on how you look at the data. I think Kamal is best suited to answer this because it is on a very large base. So INR100 crores is an incremental box office collections on a very large base, which got built last year. But Kamal, over to you. You are better equipped to answer this question.

Kamal Gianchandani: So I think Mr. Bijli has touched on the core point, which is because you're looking at the incremental number, there is a high base last Q2 last year was extremely strong for Hindi films, but Hollywood films and regional films had their own struggles. Hollywood was still coming out of a lot of experimentation, strikes and all sorts of issues. There was a lot of uncertainty. This year, in the Q2, all of that has been put to rest.

And Hollywood is now firing with all cylinders, but Hindi was already firing in Q2 of last year. Therefore, because of the high base effect in Hindi, you're seeing less of incremental. But wait till you have Q3 and Q4, you will see, without making any forward-looking statements for PVR INOX, but at the industry level, we are confident that in Q3 and Q4, you will see a big jump in incremental numbers even for Hindi box office.

So, just to emphasize the point that we are trying to make, Hindi is not struggling. Hindi has been doing well since last year.

Gaurav Sharma: Abneesh, this is Gaurav here. I just want to add one point to what Kamal and Mr. Bijli said and also on the data that you pointed out on Hindi, the way the reporting happens is that the dubbed version of English films are reported as part of English collections. That's been the industry norm. Now this quarter, Spider-Man, which did nearly INR600 crores, 35% of that, about close to INR200 crores was from dubbed version of Spider-Man in Hindi.

If you add that also as part of the Hindi collections, then the growth in Hindi is not less. It's very strong over and above the 11%, 12% that you see. There is dubbed version of Spider-Man that's part of the Hindi box office as well.

Kamal Gianchandani: That's a good point. And I would just make one last point on what you said. Hanuman Ansh made on INR2 crores, INR2.5 crores budget doing the kind of box office it did, enormous amount of profitability for every stakeholder in value chain. This is fantastic for Hindi film

business and for Indian film industry because this encourages a lot of producers to, been sitting at the fence, thinking whether they should green light or wait for an actor to allot them dates.

This gives them a lot of encouragement to go out with their project, especially if they have conviction in the subject. If they have good content, if they have put rigor on that content. With Hanuman Ansh's success, a lot of people would feel encouraged to go ahead and make those films, which is fantastic for exhibition business. We will have more consistent supply of all types of films, the bigger films as well as smaller films. Back to you.

Moderator: Our next question comes from the line of Arjun Khanna from Kotak Mahindra Asset Management.

Arjun Khanna: Congratulations on a great set of numbers. I think the change that's been planned has seemed to have come through well. So, the first question is, and I think you all talked about it in the previous question also that if we look at it from merger where we declared screens of almost 1,890 in fourth quarter FY23, we are currently close to 1,800 in second quarter FY27. So in about 3.5 years, we have added 100-odd screens on a net basis.

So just thinking for the next 3, 3.5 years, how do you all envisage this number moving? Because I would assume most of these underperforming screens would have been dealt with. Would that be a right understanding?

Kamal Gianchandani: Yes, yes. I think because the multiplex business and our company has been around since 1997, so lot of the first generation malls that had come up, all those had got sort of became obsolete and they got overshadowed by bigger malls coming in the same vicinity and these older malls also lost tenants and escalators, elevators, so many things are not working.

So these screens were underperforming, and they were not in a state to be continued. leases had come to an end. And therefore, we want to clean up the circuit by not having any underperforming screens. All that is behind us now. And now you will see the net screen addition growth much faster and much more.

And as I mentioned in my previous question that this new identification of 300 new cities, Tier 3, Tier 4. And with this format, which was not in our portfolio earlier. We've got a price and we've got a solution for giving a clean, high-quality cinema experience at every price point. But that one cinema solution for Tier 3, Tier 4 we were not still comfortable with it, happy with it. And that we've cracked now with the first opening at Muzaffarpur. And with that suddenly, it paves the way for us to increase. So I mean, 150, 175 is a number that we could achieve from next fiscal every year, could be even more.

Arjun Khanna: So say, for the next 3 years, roughly 500 screens. So would that be a fair expectation?

Kamal Gianchandani: Yes. Yes.

Arjun Khanna: Sure. Sir, the second question is we have broken up our new screens to, say, an asset-light, a FOCO and lease model. Just wanted to understand how would the revenues be accounted in this model, how would the expenses be accounted?

Gaurav Sharma: So, Arjun, Gaurav here. So on the asset-light, we account the entire P&L in our books, the revenue as well as the cost of the cinema operating cost of the cinema. On the franchise, we just account the management fees, which is a share of the property's revenue only as part of our management fees income in the revenues. The operating cost of that sits with the franchise owner. It's not accounted in our P&L.

Arjun Khanna: So to understand this, in terms of the top line, you would record this under movie exhibition.I mean, sorry, your net sales and the expenses, say, for food, et cetera, would all be at the operator level?

Gaurav Sharma: Correct. A at the franchisee level.

Arjun Khanna: Right. And on the lease, would be similar to this the asset-light model?

Gaurav Sharma: Sorry, can you repeat your question?

Arjun Khanna: We had said we would be taking some on lease also. So that would be similar to our asset-light model.

Gaurav Sharma: Yes, yes. Lease cinemas are the normal traditional leases. And in that...

Arjun Khanna: Okay, perfect. That's our normal. Perfect. Sure. Just the last question on the advertising bit. Are there any innovations we are planning out here because this is one line item where we haven't seen too much positivity or incremental changes that potentially could come through from the larger network. So if you could just help us with some possibilities on this front?

Gaurav Sharma: This is largely because of the fact that H1, we were fully aware, had not such big blockbuster tentpole films, slated tentpole films, which technically gets marketed a lot more easier. In Q3 and Q4, we have 4 big films now coming in. starting from Ramayana, King, Avengers and Love & War, we believe that there would be a substantial good revenue incomes recorded on these 4 films, and we'll end the year at a fairly healthy growth number.

And on your question on saying what is the big initiatives being planned, we are planning to do a digital version of pay per eyeball plan, which will help us to monetize the sleeper hits, films like Hanuman Ansh, films like Mahavatar Narsimha, Saiyaara, which got in a lot of footfalls, but not enough advertising. So we are trying to build on a digital platform.

However, this is about 8 to 10 months away when that will happen, that work on the digital platform is currently happening. And that is the big step forward into the digital world where advertising will be sold per eyeball, along with the traditional media of selling. And that would help us capitalize on the footfalls we get through a lot of films that do brilliantly well on box office, but are not touted as blockbusters to begin with.

Moderator: Our next question comes from the line of Umang Mehta from Kotak Securities.

Umang Mehta: Congrats on a strong quarter. My first question was just a clarification on the SMART screens. So this year, you mentioned 2 more properties and next year, I think you've raised the screen

opening guidance from 100 to 160, 175. So fair to assume that almost 60 of the screens next year would be SMART screens.

And second question is, are bulk of these screens in the FOCO model? Or is it a mix between developer partnership and FCO?

Gautam Dutta: I think it will be a mix because we don't want to basically compromise on our screen growth by sticking to any one type of agreement that we have with the developers. But the response so far in the smaller towns is that developers are ready to contribute. And if they are ready to contribute, we don't have any problem provided the commercials are workable for us as well as the developer. But there is no restriction that it has to be an asset-light or FOCO model. If we have to invest, we can invest as well.

Umang Mehta: Got it, sir. And just that 60, 70 could be SMART screens next year is the right conclusion, right, from the numbers that you shared?

Gautam Dutta: Yes, difficult to put a number. But as I said, the bulk of the SMART screens will open next year, could be this summer. Yes.

Umang Mehta: Understood. And the second question was for Gaurav. So just in terms of this current pipeline of screens and change in depreciation, any guidance on this year's capex and depreciation and similarly for next year? Any numbers that you can share?

Gaurav Sharma: So Umang, in terms of the depreciation, what we have basically done is to look at the useful life for a few assets, especially the projectors and the IT equipment, and there is enough evidence in history, and we have engaged with our auditors to show that the useful life is more than what we were accounting for when we were doing depreciation.

Accordingly, the useful life has been increased and the depreciation, therefore, is now lower between INR35 crores to INR40 crores a year. That's the kind of depreciation impact on the current block of assets that we have.

In terms of the capex, this year, we will do around INR300 crores to INR320 crores, INR330 crores in that range, overall capex. So far in the first half, we have spent about INR132 crores of capital expenditure, but the new screen additions will accelerate in second year and the pay-outs will increase. And by the time we'll finish this fiscal, will be about INR300 crores to INR320 crores of capex.

And next year will be higher as we mentioned that the screen additions will be more than current year. And therefore, the capex are likely to be more than INR350 crores, plus/minus depending on how the pipeline and fit-outs and the execution gets going on the ground. That's the numbers that I can share with you.

Umang Mehta: Sure. That's very helpful. And just one last one. So I heard on the TV you all mentioned that 3Q could be as strong or better than 2Q based on whatever your current assessment is, that's the right understanding that footfalls in third quarter could be even higher than 2Q, right, based on the pipeline and performance in October so far?

Gautam Dutta: I think what essentially we were trying to say is that based on the current slate and the industry momentum and the consumer demand, we are very hopeful and optimistic about second half, and we expect that the first half performance will continue. Very hard to say that how consumer and audience response will be there, but at least in terms of release schedules and the scale and the quality of films, upcoming films, they look very encouraging.

Moderator: The next question comes from the line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Congratulations on good set of numbers. Sir, I have one bookkeeping question on our balance sheet. Now despite opening about 24-odd screens in 1H, our ROU and lease liability figure is down as compared to March '26. Now ideally, there has to be some capitalization from new screen openings, right? So if you can just maybe clarify why that figure is down.

Gaurav Sharma: We've also closed about 23 or 24 loss-making underperforming screens during the first half of the year. And net-net, if you see those numbers have even kind of canceled themselves out. But that's one reason. And secondly, ROU asset and liability is a number, like ROU asset will continue to depreciate and ROU liabilities will continue to reduce as we move forward in terms of Ind-AS 116, the way the accounting happens.

Jinesh Joshi: Understood. And sir, secondly, if I look at our rental cost, it was up by about 11% in 2Q. And I think in the notes to account, you have mentioned that there was some element of variable rental is there in this quarter. So can you maybe just tell us how many screens do we have currently on the variable rental model? And what are the current revenue sharing terms on that side?

Gaurav Sharma: So majority of our legacy screens are on a model which is minimum guarantee-fixed rental and revenue share, whichever is higher. Depending on how the revenues pan out for a period, either the minimum guarantee gets paid out or revenue share gets paid out. That's number one.

Number two, the sharing on revenue is on the sale of tickets and F&B. And there property by property, those numbers are different. There is no fixed percentage sharing of revenue on rental. So that's how it works. So in quarters or periods when the revenue numbers are high, occupancy levels are stronger, there is an element of revenue share which kicks in. But I think the way we look at it is rent as a percentage of revenue and that number as a percentage of revenue has dropped in quarter two.

Jinesh Joshi: Okay. Sir, one last question from my side. I think the other income was high in this quarter because there was some reversal in certain old provisions. So can you maybe just quantify on that bit and also explain what the provisions were pertaining to? And given how the balance sheet strength has shaped up at least in the last maybe 6 to 12 months, I think we also had some asset recycling plans which we had kind of highlighted some time ago. So will that now be put on hold? If you can also clarify on that side?

Gaurav Sharma: The other income that you see in our quarter P&L includes about INR7 crores of one-off reversals of certain old provisions on some collections from the filmmakers on the distribution side of the business, which we had provided for as per our provisioning policy. Fortunately, favorably, those collections were recovered during the quarter and we had to account it as other income. And there is a small element of some interest income on certain tax refunds that were

received during the quarter for the past assessment year. So, overall, INR7 crores was recorded as one-off in that other income line in quarter 2. I am not sure about the recycling of assets that you're referring to, if you could just clarify that.

Jinesh Joshi: Certain real estate that we were owning, we had plans to kind of sell and repay the debt, if I'm not mistaken. But now given how the balance sheet is, that plan is on hold is what I just wanted to check up with?

Gaurav Sharma: Yes. We have a few cinema properties, which has operating cinemas and those properties are own cinemas, own properties. There is no rental that we pay there. And given, as you rightly pointed out, there is no requirement because the debt on the balance sheet is net cash positive. There is no rationale for us to sell those assets because these are operating cinemas and they contribute to the revenue and earnings of the company.

Moderator: Our next question comes from the line of Kavish Parekh from 360 ONE Capital.

Kavish Parekh: Congratulations on another solid quarter. Sir, if I look at your gross margins in the F&B segment, we have seen a consistent improvement from around 74% to 77%, 78%-odd now. And also important to note that margins have expanded despite offering F&B at discounted rates. Just wanted to understand what has driven this expansion? And how much further headroom do you see for improvement here?

Gaurav Sharma: There is a fairly good headroom to grow because if you look at our F&B, I don't think we've shared that information, but 40% of this growth has happened actually through the volume increase and about 60% of the SPH growth has happened through the value increase.

So given the fact that we deal with captive audience and we deal with really high-end discerning audience who are coming into cinemas for a good complete experience, we believe that there is huge headroom to grow because if you look at some of the Western countries, food sales or SPH is equal to the ATP in these mature markets.

So while we are at about 60% of the ATP, we believe there is enough and more headroom to grow. Indians love to eat. The kind of food we sort of play out is far more extensive than any other cinema chain in the world. We are now looking at avenues beyond cinemas.

While it's very, very small, but the fact is we are catering outside. We are trying food delivery, we are subleasing spaces where a counter could sort of cater to audiences inside the cinema as well as the mall audiences. So all of those little things are actually adding to the growth factor. And we believe that this trajectory is going to keep going up.

Kavish Parekh: Sir, I understood on the SPH bit, but my question was on the margin front, gross margin front for the segment?

Gaurav Sharma: Yes. I think on the margin side, as Gautam mentioned that the value and volume both are growing and some of the hero products like popcorn, Pepsi are high gross margin products.

Gautam Dutta: So still out of our total sales, 60% is our popcorn and Pepsi. So technically, that operates at a very, very good margin. And as long as that growth, this shows that we are able to innovate and bring in new packages to be able to keep that 60% contribution of these low COGS item and keep the pristine image of these being the hero product, food products at the cinema.

Gaurav Sharma: Yes. And in addition to that, we continue to renegotiate our supply terms with vendors. We are now migrating to logistics is migrating to 4PL where the cinema supply chain is going to be more streamlined with usage of automation, we are able to utilize products which are near to expiry before they expire. And as a result, the wastage and spillage is reducing. And that's contributing to savings in cost and improvement in gross margins.

Kavish Parekh: Understood. And just to get a clear picture on the popcorn and Pepsi bit, today, you said it contributes about 60% of the revenue pool. Have we seen a sharp improvement post the introduction of discounted F&B offering? Was this number, say, significantly lower, somewhere around 40%, 45%, 50%-odd? Or has this been in this range for a while?

Gaurav Sharma: So discounted F&B is basically on weekends when we do free refills of large category of Pepsi and popcorn, and that's been a very successful initiative. We have been continuing it for last 2 years now. So I think that helps in consumers upgrading from small or mid to larger packs. And then there are Tuesdays and other F&B targeted promotional initiatives on F&B that is driving offtake across the weekdays as well.

Gautam Dutta: So to Gaurav's point, if you remember, I just told you that we have also increased on volume going up. And the volume really comes in from people who weren't eating earlier. How do you get them in to eat. So we have now very targeted promotions for people because we have the database for just about all footfalls which are coming into the cinema.

We track their consumption completely. When are they coming? What are they consuming in terms of both movies, the type of seat, the type of experience and what are they eating? And hence, we are able to do very personalized offers around that to be able to increase.

So, my starting point on F&B was that we've managed to keep the balance between volume and value fairly well defined. And today, we have a scenario where close to about 85% of the people who walk in eat something or the other at the cinema, and that's a fairly healthy number.

Kavish Parekh: Interesting. This 85% is, I think, a pretty high and healthy strike rate. Understood. Gaurav, just wanted to reconfirm something that you mentioned earlier. If I heard you right, I think you mentioned depreciation going ahead will be about INR35 crores, INR40 crores lower given the change in our useful life policy. Is that correct?

Gaurav Sharma: That's right.

Moderator: Our next question comes from the line of Saurabh Beria with Sameeksha Capital.

Saurabh Beria: So my first question is around like the industry grew around 23%, but our growth stands at 18%. Like what can be the reason for our slow growth in such good quarters?

Gaurav Sharma: So, as you saw in the mix of box office collections, there has been a lot of films like Hanuman Ansh, Mirzapur and even regional films, which did very well in mass markets in Tier 2, Tier 3, Tier 4 towns where single screen penetration is more than multiplex presence.

As a result, the overall box office got distributed across more number of screens, single screens as well as multiplex screens. And that's the primary reason of the growth in box office of PVR and the difference or the gap in box office of PVR versus industry. And it's a function of the mix of content rather than anything else.

Saurabh Beria: Okay. So my next question is around the footfall growth that footfall growth for this year is around 4%. And at the same time, ATP rose around 14%. So was this primarily due to higher share of Hollywood movies or this trend is going to continue? And are we confident enough that we expect our ATP to remain constant from current levels?

Gaurav Sharma: Yes, ATP will because we had just mentioned, there are 4 big blockbusters lined up, which is Ramayana, King, Avengers and Love & War. And plus there will be a few others which will be coming in, IMAX films. So all this, we are more than confident that our ATP will be at the expected lines. So, no change in that at all.

Saurabh Beria: Okay. So if I can squeeze in one last question. Like is there any update on ticket price gaps that have been discussed in Southern states of India?

Gaurav Sharma: No conversations at all.

Moderator: Our next question comes from the line of Aejas Lakhani with Unifi Mutual Funds.

Aejas Lakhani: Team, congratulations. My query is that over the past 2, 3 years, the controllable variables that have been there in your hand in terms of rents and whatever costs, the team has done a phenomenal job of sort of curtailing them and also making the pivot towards different model styles. But I want to understand a little bit and if possible management can expand that what are some of the maturity or changes that have happened on the manufacturers end over the last 2, 3 years?

We spoke about the sleeper hit at the start of the call. But is there any broad callout in terms of change that you have been able to see on the producer and manufacturer ends over the last 2, 3 years and how that would shape into trends for the next 2.

Kamal Gianchandani: So just to reiterate and summarize your question, you're saying the trends that we are observing at the content creator's end and how does that impact the exhibition business? Is that your question?

Aejas Lakhani: Yes, sir. Very correct.

Kamal Gianchandani: So the trend is extremely positive, as one would imagine because the box office is clearly on an upswing and not just in India. This is a pattern or a trend which is visible globally. Two things are happening. A; theatrical is doing exceedingly well. People clearly have come back to

theaters. They are enjoying experience. They're back to their default habit of watching brand-new films at theaters. So that's one thing which is happening.

And on the supply end, the streamers who were extremely aggressive in terms of acquisitions for the last couple of years, I think the better sense has now taken over, and they have figured that the well-established model of releasing a film in theaters and then exploiting it on other platforms is much more viable not just for theatrical, but it's also more viable for the streaming business. Therefore, they have retreated. They are not as aggressive as they were in the last 3, 4 years in terms of acquiring films which were releasing directly on streaming platforms.

Producers because now they are thinking about releasing a film in theaters and then taking it to other platforms, they are putting that much more rigor because theatrical is a pay-per-view model versus streaming, which is more of a subscription model. There is more rigor which is going into films. There is more experimentation. Actors are putting much more effort, producers are putting in much more effort in marketing their films. And therefore, you are seeing a big resurgence in theatrical and in the overall film business.

So the pattern is that producers have gone back to their default model of making a film and then releasing it in theaters first. More films have been greenlit because all sorts of films are doing well at the box office. That also augurs well for exhibition piece. Overall, it's all looking very positive.

Aejas Lakhani: Understood. And sir, in the middle, the mid-budget sort of production side, slate had become weakened. So are you seeing more of that come back in your understanding?

Kamal Gianchandani: All segments have come back; the micro budget, small films, midsized films with mid-level actors or films which are high on content, but don't have such familiar faces and the big budget films with a lot of VFX, big actors. All 3 segments are currently firing. And India as a country has always produced a big number of films in terms of quantity. Therefore, we are fortunate to have films in every segment, which are growing.

Moderator: The next question comes from the line of Anubhav Mukherjee from Prescient Capital.

Anubhav Mukherjee: Congrats on very strong results. Sir, in your investor presentation, it was mentioned that 34% of PVR screens are in South India. So would you be able to share like for the total number of screens in India, what share does South India have?

Gaurav Sharma: You mean at an industry level, you're asking or you're asking...

Anubhav Mukherjee: Yes, at an industry level.

Kamal Gianchandani: I'll step in, Gaurav. Roughly about 45% India has a total of about 10,500. South of India, which is the 5 southern states constitute almost 45%. It could be as high as 50%. Unfortunately, we don't have exact data, but it's somewhere between 45%, 50%.

Anubhav Mukherjee: So given like a lower share of like South Indian box office collection also, and you mentioned that you are looking at 300 new cities. So is there a focus on more screen additions in South of India?

Gaurav Sharma: Yes, absolutely. In fact, in the last 2 to 3 years, nearly 35% to 40% of our new screens every year, we are opening in South region, and that's definitely our priority market. As you rightly pointed out, the penetration of multiplexes and PVR INOX share in the South Indian film collections is low. And that, therefore, is a headroom for growth and a market opportunity for us to expand more number of screens in that market.

Anubhav Mukherjee: And typically, would the average ticket prices and SPH in South India, how will that compare to maybe Hindi?

Kamal Gianchandani: They are lower. The average ticket price in South India is lower if you compare it to the rest of the country. The difference would be almost 25%, but it will vary from state to state. Tamil Nadu tends to be the lowest in terms of average ticket price. But the other states; Kerala, Karnataka, Telangana, Andhra Pradesh are better than Tamil Nadu, but still lower than the other parts of the country.

Anubhav Mukherjee: So would like South Indian screens be like for you less margin profitable compared to rest of India…

Kamal Gianchandani: South India has higher occupancy, which makes up more than makes up for a reduced ticket price.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Gaurav Sharma: Thank you, everyone, for joining us in the earnings call for quarter 2 FY27. And in case you have any more questions, feel free to reach out to the Investor Relations team. We'll be happy to address any specific questions or clarification. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.