

26th July, 2024

National Stock Exchange of India Limited

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Company Code: PVRINOX/ 532689

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

Dear Sir / Madam,

This is with reference to and in continuation to our letter dated 16th July, 2024 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 have participated in the conference call for analysts and investors held on Monday, 22nd July, 2024 for post announcement of Financial Results for the 1st Quarter ended 30th June, 2024.

Please find enclosed the copy of transcript in this regard.

This is for your information and records.

Thanking You.

Yours faithfully,
For **PVR INOX Limited**

Mukesh Kumar
SVP - Company Secretary
& Compliance Officer

Encl.: a/a

PVR INOX LIMITED (Formerly known as PVR Limited)

PVR INOX

“PVR-INOX Limited
Q1 FY '25 Results Conference Call”
July 22, 2024



MANAGEMENT: **MR. AJAY BIJLI – MANAGING DIRECTOR – PVR-INOX LIMITED**
MR. SANJEEV KUMAR BIJLI – EXECUTIVE DIRECTOR – PVR-INOX LIMITED
MR. NITIN SOOD – GROUP CHIEF FINANCIAL OFFICER – PVR-INOX LIMITED
MR. PRAMOD ARORA – CHIEF EXECUTIVE OFFICER, GROWTH & INVESTMENT – PVR-INOX LIMITED
MR. GAUTAM DUTTA – CHIEF EXECUTIVE OFFICER, REVENUE & OPERATIONS – PVR-INOX LIMITED
MR. KAMAL GIANCHANDANI – CHIEF, BUSINESS PLANNING, STRATEGY – PVR-INOX LIMITED
MR. GAURAV SHARMA – HEAD OF INVESTOR RELATIONS AND CORPORATE FINANCE – PVR-INOX LIMITED

MODERATOR: **MR. ANKUR PERIWAL – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to PVR INOX Limited Q1 FY '25 Results Conference Call hosted by Axis Capital 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankur Periwal. Thank you and over to you, Mr. Ankur.

Ankur Periwal: Thanks, Shlok. Good evening, friends and welcome to PVR INOX Limited Q1 FY '25 Post Results Earnings Call. The call will start with a brief management discussion on the earnings performance, followed by an interactive Q&A session. PVR INOX management will be represented by Mr. Ajay Bijli, Managing Director; Mr. Sanjeev Kumar, Executive Director; Mr. Nitin Sood, Group CFO; Mr. Gaurav Sharma, Head of Investor Relations and Corporate Finance and other senior management personnel. Over to you, Mr. Bijli, for the initial comments.

Ajay Bijli: Yes. Thanks very much. Good afternoon, everyone. I'd like to invite you all to discuss the unaudited results for the quarter ending June 30, 2024. We uploaded our earnings presentation and results on our company's and the stock exchange's websites last Friday and I hope you've had a chance to review them. This quarter's results got impacted by the 2024 general elections, which was the largest second longest polling exercise in India's electoral history lasting 44 days in April and May.

This prompted many producers to postpone film releases, resulting in a 13% drop in the number of releases in the quarter as compared to the first quarter of last year. We also witnessed a sharp decline in the number of blockbusters with only 3 films crossing the INR100 crores mark compared to 7 last year. June dominated the quarter at the box office in both mid- and big budget movies performing well.

The horror comedy, Munjya grossed over INR110 crores and Chandu Champion, a biopic on India's first paralympics gold medallist, Murlikant Petkar earned more than INR75 crores. But the real game changer was Kalki released at the very end of June, it became the year's biggest movie so far, pulling in nearly 16% of the quarter's total box office in just 4 days and grossing over INR1,000 crores globally till date.

The outstanding performance of both big and small films demonstrates that audiences are eager for high-quality content regardless of the film's budget or the star cast. With Kalki's spill over and the visibility of a great lineup ahead across the languages, Q2 has started off on a great note. We see no other major event disruptions that could hamper the release calendar. Even Hollywood is rebounding with the impact of the writer and actor strikes now starting to fade away.

We welcome 30.4 million guests across our cinemas in Q1 FY '25. In terms of financial results for the quarter, the following numbers are after adjusting for the impact of IND AS 116 on lease accounting. Total revenues for the quarter was INR1,209 crores. EBITDA loss was INR20 crores and PAT loss of INR137 crores as compared to revenues of INR1,324 crores, EBITDA of

INR100 crores and PAT loss of INR44 crores in the same period last year. In the upcoming months, we have several exciting Hindi movies to be released.

Last week, we had Bad Newz starring Vicky Kaushal, Tripti Dimri. In August, we have Stree 2 Staring Shraddha Kapoor and Rajkummar Rao, Vedaa starring John Abraham, Auron Mein Kahan Dum Tha starring Ajay Devgan and Tabu. In September, we have Emergency starring Kangana Ranaut, The Buckingham Murders starring Kareena Kapoor. In October, we have Deva starring Shahid Kapoor, Jigra starring Alia Bhatt. In November, we have sequels of successful franchises like Bhool Bhulaiyaa 3 starring Kartik Aaryan, Singham Again with Ajay Devgan, Dhadak 2 starring Tripti Dimri and in December, we have Sitaare Zameen Par, Aamir Khan's come back and Baby John starring Varun Dhawan. Pushpa 2 starring Allu Arjun is releasing in December and is expected to be a mega blockbuster.

Other notable releases from regional languages include Raayan starring Dhanush in July, Double iSmart with Sanjay Dutt and Ram Pothineni in August, The GOAT starring Vijay Thalopathy, Lucky Baskhar, Barroz, Devara, Vettaian starring Rajinikanth and Amitabh Bachchan, Kanguva starring Suriya and Thandel starring Naga Chaitanya in October.

Hollywood is touting, Deadpool & Wolverine, which releases this coming weekend as the biggest global movie of 2024. Even our circuit has seen a very strong advance booking for the film. Other notable releases of Hollywood are M. Night Shyamalan's Trap, Alien: Romulus, Borderlands, Speak No Evil, Transformers One, Wolfs, Joker 2, Smile 2, Venom: The Last Dance, Gladiator II, Red One, The Lord of the Rings: The War of the Rohirrim, Kraven the Hunter and Mufasa: The Lion King.

We launched the PVR INOX Passport 2.0 on March 18th and have seen a tremendous response to the revised program. Even in a quarter as impacted as Q1, we sold 2.5 lakh passports. We expect this program to gain momentum with improved content release visibility. On the growth front, the company opened 50 new screens and exited 14 underperforming screens resulting in a net addition of 36 screens during the quarter. For FY '25, the company expects to open 120 new screens and exit 70 screens resulting in a net addition of 50 new screens.

As guided last quarter, we are being selective in new screen additions and gradually implementing a capital-light growth model by partnering with developers and jointly investing in new screen capex. Our screen portfolio, including 42 management screens stands at 1,754 screens across 361 cinemas in 113 cities in India and Sri Lanka.

Now I'd like to open the platform for any Q&A. Thanks once again for joining.

Moderator:

Thank you very much. The first question is from the line of Mr. Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy:

My first question is on the ticket pricing. So you're trying to have flexible pricing. So if you could tell us how has been the success, any tweaking needed there? Second is this news flow, which came on Karnataka, that 1% to 2% cess can be put on the ticket pricing and all other revenue related to the establishment. Would you be worried on this given the weak footfalls,

could this get copied in other states? And what can the industry do to prevent this, given in GST, a lot of the tax reforms happened, now somehow again cess, et cetera, is coming back?

Ajay Bijli: Kamal, would you like to take this question?

Sanjeev Kumar: Kamal, would you like to take the question on Karnataka and...

Ajay Bijli: Since you're representing the Multiplex Association of India, I think you are in best position to answer this question.

Kamal Gianchandani: Answering the second question first, this is a media report. We've been in touch with the government officers. We reached out to the relevant ministry. And so far, there is no confirmation that this is a definitive government order. We are also in touch with the local cinema chains. And we are also in touch with the film council, the KFCC which would be a fixed body for Kannada film industry. And we are aligned that this is something which is detrimental to the industry, it sets a wrong example. The promise of GST where we said there will be one tax you know across the country.

This defeats the whole purpose of GST and therefore, we are confident that we would be able to make the relevant ministry, state government ministry and the relevant government officers, see our point of view. But at this point in time, this is not a definitive order. It's a media report, which we are trying to establish whether there is -- how much weight is there in this sort of decision, which is a media report has spoken about. So that's the answer to the first question, but please be assured that we continue to monitor this situation very, very closely.

On the flexi-ticket pricing, we've had flexi-ticket pricing forever. We've always played -- used pricing as a lever. We practice variable ticket pricing depending on the films, depending on locations, depending on days, weekends, weekdays, even within the day, we've got different variable pricing for different shows. What you have seen in this quarter is a lack of blockbusters. And as you know, for bigger films, the consumers' willingness -- the curiosity around the film and therefore, the willingness to pay a little higher ticket price is much more for bigger films than the obvious blockbusters.

We were lacking bigger films for the reasons that Mr. Bijli spoke about in his opening comments, which is the reason you've seen muted ticket pricing. Post Kalki, which released towards the end of June, we've seen a very strong uptick in the average ticket price, and we continue to sort of build on that momentum as we move forward in July, August, September. So if you have any follow-up questions, happy to answer, but we've had flexible ticket pricing all along.

Abneesh Roy: One small follow-up, essentially on Karnataka. So in case something of this comes, would a legal remedy either from the courts or, say, any tax authority, could that be one of the options?

Kamal Gianchandani: Legal is always an option, but one will have to see the details and one will have to see what the government order is about. It could be -- I mean, the legal remedy can only be discussed once the government order comes out, but it's always an option.

Abneesh Roy:

Sure. My second and last question is on the impact of election. So one apparel listed retailer also said exactly same thing. Of course, they said that a lot of the elections voting was there on weekends. Of course, that is the prime time for the customer coming to the mall. Second, of course, is, this time it was extended, which you also alluded to. Just wanted to understand in 2014 and 2019, what kind of impact, if you could remember, was there? I understand that time the election phase may not have been this extended.

Second related question is on the content part. In Q4 also, we saw that overall content pipeline planning was not to the desired level due to whatever reason. Again, in Q1, because of election, yes, the fear factor was there, the heatwave was also there. But overall, would you say that the pipeline -- content pipeline planning, that is now fully addressed? Is there -- because ultimately, everyone is suffering because of that. Would you say that, that issue is now resolved?

Kamal Gianchandani:

I think the impact of election in 2019, 2014, we don't recall the specifics, but the major impact in this election was that the producers took a view that they wanted to avoid clashing with the election dates. And therefore, they decided they would come out with their releases, especially the bigger films, after the elections get over. The issue also got compounded by the fact that we have the World Cup T20 running pretty much at the same time.

And that also sort of compounded the whole decision-making around the releases. From what we can recall, 2019, similar situation, producers wanted to stay away from the election date and therefore, a lot of bigger films were postponed. But apart from that, any sort of visible impact, any tangible impact of election on the films, which we're playing in theatres, not much. As far as -- what was your second question? Do you want to repeat, please?

Abneesh Roy:

Yes, the whole pipeline planning in terms of releases. I understand fear factor of election, I fully understand that. But even in Q4, there were a lot of weeks when there was no content and then maybe some weeks there was too much content. That issue always can remain. I'm just asking in terms of planning, are we in a better situation now because everyone is suffering because of that?

Kamal Gianchandani:

I think we continue to improve. The trend line is definitely positive as last 2 years, if one was to look at, post-COVID, things have improved, and there are tangible improvements in the producer sentiment, the number of films, which they are greenlighting, but we believe that we have scope to get better. Fortunately, Q2, Q3 and Q4 is looking fairly strong also partly because a lot of films, which were coming in Q1 were pushed to Q2 or Q3. Therefore, it's looking fairly crowded, but we believe the next calendar year and the next financial year will -- is when the content pipeline will be fully back to where it used to be pre-COVID.

Abneesh Roy:

And one last follow-up, if I can, in terms of content only. What we are also seeing is, although content pipeline may be good, marketing a movie has been a big challenge either because a lot of producers may not have made good money last 4, 5 years because of various reasons. So they are compromising on the marketing aspect, so ultimately in consumption, what is seen sells. So what is the answer to this? Is there some better planning, better allocation of budgeting towards marketing also because if product is good and it is available, but if there is no marketing, then how do you get the footfall?

Kamal Gianchandani: So firstly, the clear consensus amongst the producers is that the theatrical release delivers unparalleled level of promotional impact and quality perception, and it also strengthens the consumer interest to see films, improve the long-term recall value leads to the better sort of revenues from the other distribution channels. So the producers are firmly with theatrical platform.

There is a broad consensus, but fairly unanimous consensus that theatrical is a way to go. In terms of marketing strategy, I mean, there have been films where people like Mr. Shah Rukh Khan, who have been seen as a marketing wizard, took a call to sort of promote the film in a manner where he felt if he promoted less, that will create more curiosity and that strategy worked out well for him. A lot of other producers followed a similar strategy, it didn't work out for them.

Kalki went out with high decibel marketing campaign. All sort of media platforms had Kalki and, of course, the film was good. There was a lot of curiosity, it worked out well. This high decibel marketing strategy worked out well for Kalki. So I think it's a mixed bag. We have to appreciate that all producers want the best for their film and producers -- most producers that we have conversations with don't want to be penny-wise pound foolish, they want to go aggressive in terms of marketing.

Moderator: The next question is from the line of Mr. Jinesh Joshi from Prabhudas Lilladher Private Limited.

Jinesh Joshi: Sir, my first question is on our top line. If I look at our NBOC and F&B revenue, it is down in this quarter. But despite that, we have seen our ad revenue, which is up by about 4.6%. So has there been any revision in ad rates? That is question one. And also in that context, would you like to share any update on the ad-free movie campaign that we had launched in the last quarter?

Gautam Dutta: So actually, on the advertising revenue, we did have Kalki, which opened exceedingly well for advertisers. We saw very strong traction on that. Even to the extent of some of the other films, while we were not able to maximize on Munjya because that was slated to be a very small film but ended up giving us a substantial footfall. But Bade Miyan Chote Miyan was an average performer, but Kalki really stood out and did well.

Overall, as well, we looked at not only on-screen, but offscreen sponsorship deals with certain clients where we were playing classics and rereleases. So because of all of that effort, the team was able to deliver this 5% growth. We hope that going forward in Q2 and Q3, in conjunction to some of the bigger releases the advertising revenue should grow well.

Jinesh Joshi: Sure. Sir, any update on that ad free movie campaign, which you would want to share?

Gautam Dutta: So actually, ad film, if you remember, we had gone out and done it in 8 properties across 36 screens, which accounts for roughly about 2% of the total volume of screens, and we had very clearly stated that this is an experiment that would take about 3 to 4 quarters before which we will have no clear indicators. So the first -- all I can share with you, the first quarter of this experiment are showing some positive signs.

But no concrete proof of saying that this is how it should go. We are trying many combinations, permutation with the pricing and seeing how the consumers are kind of willing to pay slightly

higher for a no ad being screened in the show. So I think it's currently non-conclusive, and we would take a couple of more quarters to get back on how this is performing.

Jinesh Joshi: Sure, sir. My second question is on our box office, so I'm referring to the Slide 8 of our presentation. So basically it depicts that our share in a box office for regional movies is considerably lower than Bollywood and Hollywood. So is this attributable to a higher number of single screens in South India? Or is there something more to it? I thought of asking because 35% to 40% of our new screens openings is expected to be in South India. So is the share from here on going to change materially, given that our expansion plan in South is huge enough?

Kamal Gianchandani: The answer is yes. The penetration of single screens is more in South.

Jinesh Joshi: And also just one follow-up. I think there were some single screens, which were shut down in Telangana for a few days in May '24 due to a weak content flow. Any other region, did it witness closure? And did we close any of our screens in that state?

Kamal Gianchandani: We didn't close any theatres. I mean we do -- you know during various periods; we do shutdowns screens to upgrade them or to do some maintenance work. But due to content flow, we've not shut any screens in Q1. The single screens which shut shop, would not be able to comment on that.

Gautam Dutta: And just to add, while we did not close any screens, we did reduce the number of shows per screen. So whenever we would get a slightly new content, we would be playing 3 or maybe 2 shows a day.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark.

Arun Prasath: My first question is on the fixed opex. If you look at it on a per screen basis, despite sequentially, we had a lower top line. Our fixed expense on a per screen basis almost remained the same. Is there any -- ideally some kind of a revenue share impact would have resulted in the lower revenue and also on CAM it's slightly higher. Just wanted to understand what's happening out here.

Gaurav Sharma: So on our fixed cost, actually, if you look at our total fixed cost, it has gone up by 7% compared to last year quarter 1. And if we further break that down into like-for-like same-store basis, the same-store growth is only about 2.5%. So we have been very careful around the overall fixed cost control on all overheads, including personnel, electricity, utility, water, et cetera. On rentals, on a same-store basis, it is about 3.5% up, which is in line with our escalations agreed in the lease agreements.

So about 4% to 4.5% is coming on account of new cinemas that we've opened in the last 1 year. And many of the new properties that we've opened are large properties in premium locations, 14 screen multiplexes in different parts of the country, where rentals and some of the other overheads are slightly higher than the rest of the portfolio. So on an overall basis, there is a 7% increase that we see in our total fixed cost.

Arun Prasath: Okay. Just to understand, you're saying the escalation is around 2%, 2.5%. And some of the old screens -- sorry?

Gaurav Sharma: 3.7% escalation on same cinemas over last 1 year.

Arun Prasath: Okay. And also the new screens, which got opened and which replaced probably the -- closed screens in the base quarter is having a much higher revenue rental. That's the remaining part.

Gaurav Sharma: Right, right.

Arun Prasath: And then -- and most of the new screens that got opened, that's again on a -- because we have been talking about the different revenue models where it will be fully variabilized. So these new screens are not in the variable opex model?

Gaurav Sharma: The new screens, we've opened in the last 1 year, they have been on our regular model of lease, where most of it is on minimum guarantee or revenue share, whichever is higher. The capital-light, asset-light model that we are talking about, which is more on variable rentals is going forward basis, where we are negotiating new properties under the new model. But there are still some properties where we are out of lock-in period, where we are -- which they are underperforming, or the performance is not up to mark. We are renegotiating rental there. So some bit of benefit on rental renegotiations appearing in our overall rental costs.

Arun Prasath: These new properties, which is in the original lease model, where we have fixed or revenue share, whichever is higher, is the energy portion is so high that even in a weak quarter like this our fixed expense is very high. Is it because of the location or is it something else?

Gaurav Sharma: Yes. So they are largely in locations like we've opened a 5-screen multiplex in INOX Maison in Bombay, which is the top end of the property market. Then we opened up a 12-screen multiplex in Forum Kanakapura, Bangalore, a 14-screen multiplex in Pune with Phoenix, a 14-screen multiplex in Bangalore with Phoenix. So all these locations are high-end malls, premium locations, and rentals are slightly higher than rest of the portfolio that we are operating in.

Arun Prasath: Understood. And my second question is on the last 2 years, if I take FY '23 and '24 put together, we closed -- we opened roughly around 300 screens on a gross basis, not on a net basis, on a gross basis. So how many of this is already you think -- you have seen it already turned it around or are kind of breakeven already? What percentage -- or is it usually in -- we usually take around 2, 2.5 years. So most of this should be profitable or still it's a long way from profitability for business screens?

Gaurav Sharma: The new screens that we open, depending on the market where they are opened, and the type of format takes different time to breakeven. Typically, they start becoming profitable at EBITDA level -- at cinema EBITDA level within 6 to 9 months of opening. And payback periods, et cetera, will vary depending on where the screen is and what sort of formats they are operating.

Arun Prasath: So all these new screens we opened in the last year is already kind of breakeven at the EBITDA level?

- Gaurav Sharma:** You know screens that we have opened in the last 6 to 9 months, they are still maturing. A few of them would be positive, a few of them are still lower. But majority of the screens that we opened a year ago, they are at a cinema level profitable.
- Arun Prasath:** Understood. And finally, on the re-releases or reruns. I understand this usually happens when the content is kind of weak. But do you see that there is an opportunity here along about the re-releases, given the nostalgic releases -- nostalgia creates within the people. Is it something that we can expect more going forward? And then what...
- Gautam Dutta:** This is something that we've been doing for many years, but we believe that we need to be a lot more consistent. And in fact, we have now an internal resource aligned to sort of curate these film festivals at the regional level as well. You will see a lot more re-releases happening. And this quarter, we contributed close to about 12 lakh admissions coming in from the re-releases itself. So we believe that this is a funnel, which should be truly irrigated, and we will be working on this very vigorously now going forward.
- Arun Prasath:** And this re-releases, is it seen across all geography or only to specific pockets?
- Gautam Dutta:** All geographies.
- Arun Prasath:** And then this revenue share, how this is shared with the producer? In the usual manner or it's slightly different?
- Kamal Gianchandani:** Well, I mean, this is sensitive information. We typically don't share it with -- we don't put it out in public domain, but these are very sort of competitive films, not more beneficial to us.
- Arun Prasath:** Okay. Even better than the rate cards we have on a week-on-week basis?
- Kamal Gianchandani:** Yes.
- Moderator:** The next question is from the line of Mr. Vivekanand Subbaraman from AMBIT Capital.
- Vivekanand S.:** Two questions here. One, Ajay, I know in your recent interviews, you have spoken extensively about the windowing periods being very, very less in India. And you spoke about how TVOD as a window exists in the developed countries, but that's not the case in India. So where have you reached in your discussions with the producers, some of whom have been very vocal in agreeing with you on this in terms of the windows? And when can we expect the alignment to happen between South India where it is still a 4-week window versus rest of India? That's question one.
- Secondly, is there any update that you have to share -- you want to share on the joint venture you have to set up these 5, 6 food courts with Devyani International. Have you finalized the cities or catchment areas? Any details there would be very helpful.
- Kamal Gianchandani:** I'll take the first question on windows, and then I'll request Gaurav to address the second question. On windows for Hindi, English and a few other languages, including Punjabi, we follow 8-week window. For the South region, it varies, but it typically tends to be a minimum 4

weeks. We've had some positive conversations with respect to increasing windows, making them consistent across the country.

We would not put any timelines to it. All I would say is that, like I mentioned before, that there is broad consensus amongst the producers that theatrical platform is of paramount importance to them from marketing perspective, from customer satisfaction perspective, from satisfying their creative talent, be it actors and directors, and for generating more income in the downstream, other distribution channels.

So they are extremely positive on the long-term sustainability of theatrical platform. They want to support it in every way possible. We are still recovering from COVID. A lot of producers are still sort of grappling to put together profitability plans on the films. So therefore, difficult to put a timeline to this. But all I can say is that there is positivity and there is consensus that windows moving forward should be consistent across the country. Gaurav, do you want to take the second one?

Gaurav Sharma: Sure. As an update on our JV on the food court business with Devyani International, we have already setup the JV company. The company has been registered by the name of Devyani PVR INOX Food Court limited. We've also finalized a brand name for the food court that will be set up in the shopping malls. We will be calling it Treat Junction as a brand for all the food courts. In the next 2 to 3 months, we expect at least 2 food courts to be fully operational. The locations have been identified. We will provide an update once we announce the opening of the food courts. And by the end of this fiscal, about 4 to 5 food courts will be operational.

Vivekanand S.: Just one follow-up on the harmonization of the windowing period across the country, how soon can we expect this? Is this a 1-year thing? Do you think it will happen in 3 years? Or will it take as long as 5 years? Just to understand the urgency in this process because it's not that only the multiplexes are suffering, right? The producers also, I think, are coming around to this perspective.

Kamal Gianchandani: So we are very keen to make it consistent across the country. We are also keen to increase the window from 8 weeks to a longer duration. There is a lot of urgency. There have been several discussions with all stakeholders. As we know, we function with multiple different industries, coexisting and cooperating adjacent to each other. So Telugu is a separate industry with their own ecosystem, Tamil is a separate industry and so on and so forth. So we've had a lot of meaningful conversations, but I'm afraid very difficult to put a precise time frame to this. All I can say is that we are treating it with utmost urgency.

Moderator: The next question is from the line of Piyush Sharma from Minerva Asset Advisors.

Piyush Sharma: I just have a couple. Firstly, on the ATP. The headline number, of course, is a 5% decline. Could you share with the comparable properties ATP move was?

Gaurav Sharma: It's in similar range. There is no substantial difference.

Piyush Sharma: Okay. I'm just looking at a slide, which shows a sharp drop in blockbuster movies, defined here as INR100 crores plus GBO. I would believe that this is not unprecedented that you see a 50%

to 60% drop Y-o-Y, yet, in distant memory, I don't recall a mid-single-digit decline in ATP. And looking at IMAX figures for India, it seems like gross box office for the quarter, just IMAX, and I know it's a small base, it is up 65%, 70%. Sense is premium format overall would have done relatively better. And if that's a fair assumption, then are the producers sort of pushing for lower prices or something else? It's not like you've not tested with prices before, but the outcome has never been a 5% decline unless I am missing something.

Kamal Gianchandani: Firstly, on the premium screens, definitely, the trend is positive. People are upgrading their experiences. They've become more receptive to the new formats or even the premium formats, which have been around for a long time. We see a lot of people moving from standard mainstream seats to premium format seats. So that's a trend which is visible not just in India, but across the world.

This is a common thread that most exhibitors are noticing. In this particular quarter, the ticket prices did not -- they stayed muted, did not show a growth in spite of the fact that we've actually increased the ticket prices. We did pass on the inflation-led increase in ticket prices to the customers. So in fact, the ticket prices were increased by about 4%.

Unfortunately, because the number of films which made more than INR100 crores gross box office, films which were obvious blockbusters and were going to generate a lot of curiosity and initial interest, that's where we have the maximum ability to increase ticket prices and consumers are happy and willing to pay those ticket prices. Unfortunately, those films were missing, which is why we've seen this drop in this quarter.

That said, we saw a very strong momentum as soon as Kalki came out, and that momentum has continued in July. We expect that momentum to continue further with Stree 2 and the other ones come out in August, in the week of August 15. We feel quite comfortable with our ticket pricing. We believe the experience is affordable for a majority of people in the country. And we believe this momentum of -- with the bigger films coming, you would see a significant improvement in the average ticket prices as we move forward to the second quarter and the third quarter.

Piyush Sharma: And a very quick follow-up on the theatrical window question. I'm just wondering, is this academic or there's more to it? Because if you look at the box office curve in India, it tends to be much, much steeper. I guess, is 98%, 99% of all GBO -- lifetime GBO would happen within 3- to 4-week window. So how does the incremental fit for 6 weeks really for Bollywood even help? Is the notion that if you increase theatrical window, you might essentially push that person out of the household to watch versus waiting for the OTT release. Is that the reason?

Kamal Gianchandani: That's one reason that you're making the proposition much more compelling for the customer to come to a theatre and watch it on the big screen, the way the director and the actors intended it to be seen. The second reason or the rationale is that when you have a blackout period, when a film finishes its run in theatrical and before it starts its run on a digital platform or on a television station, that blackout period gives an impression of a much longer window than what it actually is to the customers.

And therefore, in the long run, it creates a perception that there is a big gap between theatrical release and the release on other platforms. So because of this blackout period between when a film finishes its run and before it starts its run on another platform, that's the other reason why the windows -- with academic, there is relevance to windows being where they are.

Piyush Sharma: But the blackout window remains is, whether the theatrical window is 4 weeks or 8 weeks, correct?

Kamal Gianchandani: What I mean is that blackout period would change depending on when the film finishes its run. So for example, if a film can do well at the box office, finished its run in 2 weeks at the end of the second week and then it started post 8 weeks on a digital -- on a streaming platform. Now this gap of 6 weeks, which is the end of second week and before it starts on streaming, this 6-week would seem much longer to customers, and this is -- this point has been researched in many countries.

A lot of surveys have been done. And this 6 weeks will -- found a much longer window to most majority of customers and will create a perception of maybe a 10-week or a 12-week window, which is beneficial for the exhibition business for customers to believe if they want to watch a film legally when it comes out fresh, then theatre is a place to go and watch that.

Piyush Sharma: And do you believe that producers are more open to standardizing it or playing it by the -- on maybe the size of the movie that's coming out?

Kamal Gianchandani: I don't want to get into specific details, but there is consensus that the windows should be consistent across the country. And in terms of windows being longer than what they are, there are a lot of producers who do agree with this point of view that windows should be longer than what they are.

Moderator: The next question is from the line of Abhisek Banerjee from ICICI Securities.

Abhisek Banerjee: A few quick questions for me. Firstly, what would be the ad mix from the classical releases that we did this quarter? Was it 3.4 million to...

Gaurav Sharma: Sorry, we didn't get it. Classical?

Abhisek Banerjee: So the older movies that you kind or released?

Gautam Dutta: The re-releases, 12 lakhs -- 12.5 lakhs.

Abhisek Banerjee: Okay. So that number would be about 1.5 million, right? In terms of the pipeline that you're now seeing for Q2 and Q3, especially for Q3, do we see that it could probably become as big as Q2 of last year?

Gaurav Sharma: The Q3 has some really big titles. Pushpa 2, for example, is scheduled in December, then December has some really big titles, like Sitaare Zameen Par from Aamir Khan. So it's very difficult to predict whether it will be bigger than Q2 of last year or no. But yes, it's going to potentially be the biggest quarter of this fiscal year.

- Abhisek Banerjee:** Got it. And in terms of this -- the food court that you're talking about, what is the update, as in will people coming to your cinemas be able to shop at the foot court? Or is it going to be normal walk-in customers can come in and shop from there without purchasing a movie ticket. How will that work? Have you kind of figured that out?
- Gaurav Sharma:** So our food court will be operated by the joint venture company with Devyani. It's going to be outside the cinema premises. Just like any other food court in a shopping mall, anybody can enter and exit the food court at his or her will. There is no requirement that a customer has to buy ticket or anything. It's a pre-ticketed F&B revenue that we, as a strategy, are targeting in this JV. So yes, that's the sort of business model the food court will be operating in.
- Gautam Dutta:** And there shall be no overlap with the cinemas at all.
- Abhisek Banerjee:** Got it. And with regards to the deleveraging plan by monetizing noncore assets, has there been any move on that? The monetization of some office properties that you had talked about last quarter in order to deleverage the balance sheet, is there anything more than that?
- Pramod Arora:** Yes, that's on track. We've already received the first level of bids, and we are in negotiations with various parties. We do anticipate this to take another 3 to 4 months, and we shall update you as soon as there is a confirmed option (*inaudible*).
- Abhisek Banerjee:** Got it. So on a very broad basis, what kind of deleverage we're talking about here in terms of quantum?
- Pramod Arora:** So about 300 to 350 is what we believe it shall be the capital values of the two assets.
- Abhisek Banerjee:** Okay. And these are not all the assets that you plan to monetize?
- Pramod Arora:** Pardon me?
- Abhisek Banerjee:** And is this the entire monetization thing that you have?
- Pramod Arora:** No, no. There is more, but we are beginning with these 2 because the other ones are too small, and then we shall take it at the right appropriate time because since they do not represent the core line of our business.
- Moderator:** The next question is from the line of Harit Kapoor from Investec.
- Harit Kapoor:** I just have 2 questions. One is on the occupancy level now. I think one of the industry research agency also had mentioned that this calendar year's box office should be similar to last year, in spite of a slightly weaker start to the year. I just wanted to get your sense that in spite of Q1 being a bit weaker because of the external factors as well as Q2 having a large base, do you still believe that this year should at least kind of make up to what last year was in terms of your footfall occupancy levels rather? That's my first question.
- Gaurav Sharma:** I'll take it up and Kamal, you can add. I think Q1 got impacted because the films which were earlier scheduled to be released in Q1 got shifted. So as far as the full year picture goes, what we had earlier estimated, we feel that if the films which are scheduled to be released in the

remaining part of the year, if they perform as per our original estimates, then we should be doing similar admissions as we did in last financial year.

Harit Kapoor: Got it. And the second element was on the synergy part. So would it be fair now to assume that bulk of the work which we have done for the 2 entities to come together and the numbers we have called out are largely now being build in the current P&L that we're looking at.

Gaurav Sharma: Yes. I think bulk of it from a cost perspective is reflected in the P&L. I think the revenue-related synergies would also be a function of the recovery on footfalls. So as the footfalls recover and occupancies come back to normal levels, we will see a slightly better impact on the P&L as compared to what we are currently seeing.

Moderator: The next question is from the line of Mr. Tushar R from KamayaKya Wealth Management Private Limited.

Tushar R: Sir, just wanted to understand in terms of revenue, like last -- like in terms of Y-o-Y, Q2 FY '24, I think Jawan and Gadar were the 2 big movies back then. So in terms of that, do you see the Q2 revenue to be beating the earlier Q2 FY '24 revenues?

Kamal Gianchandani: We don't want to make any forward-looking statements, but sufficient to say that Q2 last year was an exceptional quarter. We should be revisiting those numbers at some point this year, but whether it will be Q2 or Q3 or Q4, I think we'll have to wait for it to pan out, but very difficult to give any specific forward-looking statement.

Tushar R: And sir, post-2020, like the company is struggling for profitability, though the gap is reducing in terms of the company to get profitable. Just wanted to know our internal target, when are we targeting to get profitable? And what are our initiatives in brief in order to move towards that?

Gaurav Sharma: As Kamal said, it's not possible for us to comment on forward-looking numbers in terms of profitability, but we are taking all steps to come back to the sort of EBITDA margin that the business was delivering in the pre-COVID period. Various measures are being implemented on revenue as well as cost side. I think we have mentioned some of those strategic initiatives in our quarter 4 full year ending FY '24 investor presentation. I would request if you could take a look at it, and we can address any of your questions offline separately with the Investor Relations team.

Moderator: The next question is from the line of Mr. Siddhant from Tusk Investments.

Siddhant: I have 2 questions. My first question is out of the total 750 screens right now -- 1750 screens, how many screens are in the premium format? And going forward, out of the 120 screens that we plan to add this year, how many will be in the premium format? And the second question is basically, I wanted to understand the pricing mechanism basically. What is the say of the producer and/or the distributor when it comes to setting the ticket prices? How much of a say do they have?

Gaurav Sharma: So I'll take up the first question. Almost 15% of our screens are premium and special format screens, which includes premium large formats, including IMAX, 4DX, et cetera. And maybe I'll request Kamal to address the second question.

Kamal Gianchandani: Because we operate on a revenue share relationship with the producers and distributors, we always tend to follow a consultative approach. We have the benefit of data crunching. We do a lot of analytics on ticket prices. As you know, cinema is a very local business and each cinema has its own peculiar nuances, which we have to factor in when we are deciding on the ticket prices. Therefore, while we take a consultative approach, but we tend to take a lead in these decisions and producers and distributors over last so many years, decades of relationship that we've had with multiple producers and distributors, they've come to sort of lean heavily on the decisions that we take, but broadly, it's a consultative approach.

Siddhant: Okay. That was helpful. Regarding my first question, you said 15% is the current premium format screens. And going forward out of the 120 screens that we plan to add, how many will be in the premium format?

Gaurav Sharma: New screen additions that we are doing, we are adding anywhere between 15% to 20% of new screens in premium or special format screens. Other than that, even in the existing or the new mainstream cinemas that we open, we are adding a couple of rows of recliners, which are priced at a premium compared to rest of the seats in the theatre. So the total proposition for the consumer is towards the premiumization, not only on premium screens, but also on mainstream screens, where the seats will be -- a certain category of seats will be premium.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Gaurav Sharma for closing comments.

Gaurav Sharma: Thank you, everyone. I would like to thank to everyone for taking the time for this call. In case there are any more questions, please feel free to reach out to me or the Investor Relations team at PVR INOX. Thank you very much.

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