

21<sup>st</sup> March, 2023

**National Stock Exchange of India Limited**

Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051  
Fax: 022-26598237/38

**BSE Limited**

Corporate Relationship Department  
1st Floor, New Trading Ring,  
PJ Towers, Dalal Street,  
Fort, Mumbai - 400 001  
Fax: 022-22722061/41/39/37

**Company Code: PVR / 532689**

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

Dear Sir / Madam,

This is in continuation to our letter dated 13<sup>th</sup> March, 2023 and 15<sup>th</sup> March, 2023 pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We wish to inform you that Company participated in the conference call for analysts and investors on Tuesday, March 14, 2023 for a brief discussion by the combined management of PVR-INOX on the merger and link of the Video recording was shared vide our above letter dated March 15, 2023

Further, in continuation to our above communication, we wish to share the below amended link of audio recording of conference call for analysts and investors. The said audio recording is also available on the website of the Company.

[https://originserver-static1-uat.pvrcinemas.com/pvrcms/financial/PVR-INOX\\_Management\\_Update\\_Call.mp3](https://originserver-static1-uat.pvrcinemas.com/pvrcms/financial/PVR-INOX_Management_Update_Call.mp3)

Please also find enclosed the copy of transcript in this regard.

This is for your information and records.

Thanking You.

Yours faithfully,  
For **PVR Limited**

**Mukesh Kuma-SVP  
Company Secretary  
& Compliance Officer**

**PVR LIMITED**

Block A, 4th Floor, Building No. 9, DLF Cyber City, Phase - III, Gurgaon 122002 (Haryana) India.

T: +91 124 4708100 | F: +91 124 4708101 | W: www.pvrcinemas.com

Regd Office: 7th Floor Lotus Grandeur Building, Veera Desai Road Opposite Gundecha Symphony, Andheri (W) Mumbai 400053. CIN: L74899MH1995PLC387971



“PVR-INOX Limited  
Post-Merger Conference Call”  
March 14, 2023



**MANAGEMENT:** **MR. AJAY BIJLI – MANAGING DIRECTOR – PVR LIMITED**  
**MR. SANJEEV KUMAR – EXECUTIVE DIRECTOR – PVR LIMITED**  
**MR. NITIN SOOD – GROUP CHIEF FINANCIAL OFFICER – PVR LIMITED**

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

**Moderator:**

Ladies and gentlemen. Good day and welcome to the Post PVR-INOX Merger 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankur Periwal from Axis Capital. Thank you and over to you.

**Ankur Periwal:**

Thank you, Yashashri. Good evening, friends and welcome to PVR-INOX Limited Post Merger Conference Call. The call will be initiated with a brief discussion by the combined management of PVR-INOX on the merger, followed by an interactive Q&A session. Management team will be represented by Mr. Ajay Bijli, Managing Director, PVR Limited; Mr. Sanjeev Kumar, Executive Director, PVR Limited; Mr. Nitin Sood, Group CFO, PVR Limited and other members of the senior management team. Over to you, Mr. Bijli for your initial comments.

**Ajay Bijli:**

Thanks very much, good afternoon and welcome everyone to our Analyst Investor Call. I'm delighted to update that we have successfully completed all formalities relating to the merger of INOX with PVR within record timelines. The new PVR shares issued to INOX shareholders have already started trading from yesterday.

The coming together of PVR and INOX brands marks an exciting chapter in our journey and creates the largest film exhibition company in India with 1,674 screens across 358 properties and 114 cities in India and Sri Lanka and an aggregate seating capacity of 3.56 lakh seats. We are confident that this merger will allow us to better serve our customers, expand our reach and create new opportunities for growth.

Moving forward as we appointed date is fixed as 1st January 2023, we will be reporting combined financials along with the audited results of Q4, FY '23. Our focus for the next few months will be to successfully integrate the two businesses and realize the anticipated merger synergies over a 12 to 24 months timeframe. This will require a lot of hard work and dedication, but we're excited about the opportunities that lie ahead.

We've engaged Korn Ferry, a leading HR consultancy firm in assisting us with the HR and cultural integration. We've announced a day 1 organization structure. I will lead the company as a Managing Director and Mr. Sanjeev Kumar my brother has been appointed as the Executive Director.

We will be supported by the following leadership team from both PVR and INOX. Mr. Alok Tandon, Co-CEO, Central East and West Region; Mr. Gautam Dutta, Co-CEO, North and Southern region; Mr. Nitin Sood, Group CFO; Mr. Kailash Gupta, Deputy CFO, PVR Limited; and CFO, PVR Pictures; Mr. Kamal Gianchandani, Chief Business Planning and Strategy Officer, PVR Limited and CEO of PVR Pictures; Mr. Pramod Arora, Group Chief of Growth and Business Development; Mr. Renaud Palliere, CEO, the Luxury Collection; Mr. Jitendra Verma, Chief Information Officer; & Mr. Rajender Singh Jyala, Chief Programming Officer.

Moving on to the content side, we recognize that 2022 was impacted on account of underperformance of Hindi films and lower number of Hollywood film releases. Last year the Hindi film industry experienced a turbulent year with significant fluctuations in box office collections. The focus has shifted towards the content quality rather than solely relying on presence of stars.

There's now greater acceptance of multi-language content with pan-India releases and multiple languages becoming the norm. This trend is a positive development for the industry as it opens up new markets and audiences, while also encouraging filmmakers to prioritize content quality. The line-up for 2023 is looking very promising. We have big release slate for the next 12 months across Hindi, English and regional films.

From Hindi, after the huge success of Pathaan, we have two more movies starring Shah Rukh Khan releasing this year, Jawan releasing in June and Rajkumar Hirani's Dunki releasing in December'23. There are two big movies starring Salman Khan, Kisi Ka Bhai Kisi Ki Jaan in April, and Tiger 3 in November. We have two Ajay Devgan movies Bholaa in March'23 and Madaan in May'23.

Other big movies from Bollywood include Bawaal starring Varun Dhawan in April'23. Adipurush, starring Prabhas and Saif Ali Khan in June'23. Satyaprem Ki Katha, starring Kartik Aaryan and Kiara Advani in June'23. Dream Girl 2, starring Ayushmann Khurrana June'23. Yodha starring Sidharth Malhotra in July'23 and Animal starring Ranbir Kapoor in August'23.

From Hollywood there are several tent-pole planned for release. Two movies from the Marvel Comic Universe, Guardians of the Galaxy Volume 3 in May'23, and Marvel's in July'23. Three movies from the DC Comic Universe: Shazam, The Fury of Gods in March, The Flash, in June, and Aquaman and the Lost Kingdom in December.

We have sequels from super hit franchises like Fast and the Furious 10 in May, Transformers: Rise of the Beasts in June, Indiana Jones and the Dial of Destiny in June, Mission: Impossible - Dead Reckoning Part 1 July'23 and Dune 2 in November. Other notable releases include Christopher Nolan's, Oppenheimer in July.

Regional cinema too has some strong releases, Jailer with Rajinikanth in April, Bhola Shankar starring Chiranjeevi in April, Salaar starring Prabhas in September, PS2 in September, Leo starring Vijay Thalapathy in October, Indian 2 starring Kamal Haasan in October amongst others that will get released during the year.

Looking ahead, we will be opening 180 to 200 screens every year over the next two years across strategic locations and key markets. We are confident that PVR-INOX will continue to grow, innovate, and reimagine the movie going experience to make our brand aspirational and accessible. We believe that the future is incredibly bright, and we look forward to sharing our progress with you over the coming months and years.

Thank you once again for joining us today.

**Moderator:** We have our first question from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.

**Abneesh Roy:** Yes, thanks and congrats finally on the full merger. My first question is on the SPH, wherein you have highlighted that in India, you are still at 51% versus global average is 70%. You have already been doing very productive work here. Going ahead, what can be the differentiated factor here?

I understand the non-veg bit, I understand the home delivery bit. My question was more on the home delivery and the pre-ticketing, how big is the opportunity because you have given the data versus the rest of the QSR. Lot of your consumption here is because of the captive audience. So, beyond your captive audience, how big is the opportunity? Because your pricing versus a normal Zomato offering or say Swiggy offering, the pricing is a big challenge, right? So, are you doing some proactive work in terms of the pricing bit in the home delivery?

**Ajay Bijli:** Gautam, will you answer it?

**Gautam Dutta:** Yes. So see, this idea came up during COVID and we've actually worked extensively to get a new menu, a new brand on Zomato and Swiggy, which actually in terms of pricing was extremely price market competitive. So, we are not selling the F&B products at the cinema pricing, but it is very, very competitive with that.

Having said that this merger sort of gives a much larger footprint to this idea. Now we can actually try this experiment across many more locations. And these are kind of early days. We are also learning this new way of doing F&B business. This is great incremental food business for the cinema, but it will take some time for us to make it more sizable as an independent entity. But more locations means, more delivery and being able to sort of feed a larger consumer base.

**Abneesh Roy:** So my follow-up question there was say, internally, I'm sure now with merger done, would you have a number internally that okay, 3-years, 5-years down the line, home delivery bit or whatever you mentioned of a separate brand with a much more affordable pricing?

Do you have a number on that at least internally, that this percentage of F&B revenue has to come from there? And are you doing for example, cloud kitchens in a big way or is it being largely done through your own stores currently?

**Gautam Dutta:** So, it's currently all being driven out of our cinema. We've taken an outside view that technically 5% of the SPH contribution should eventually come from such an initiative. But as I said, this is going to be a couple of years down the line that when we can get there. But to your point, did we take a target? Yes, there was and for each cinema.

And we've got not one location technically in a certain location. So, every 5 kilometers there could be a cinema and every cinema would possibly have a micro target where we will like to contribute at least 5% of the cinema SPH coming out of a home delivery. But as I said, these are early days, and we are kind of consolidating and learning as we are moving forward on this.

**Abneesh Roy:**

Sir my last question on the F&B aspect is you have a 20% gap or 90% gap versus the global average. If you see general customer perception is that already popcorn and cola and all products in your multiplex is quite expensive. And you're already sweating the current real estate within the multiplexes quite well.

How does that gap bridge? Is this gap more because of the per capita income what India has? So, whenever that per capita income goes up, then this gap can be bridged because this gap is a big gap, right? 70% of ATP international average?

**Ajay Bijli:**

But that's a positive isn't it. It shows you that there is headroom to grow. And so, it will be delivered by volume rather than value. We still believe we can improve the strike rates. We still believe that we can improve the variety of offerings. We're also looking at not necessarily selling everything post ticketed.

We're also looking at pre-ticketed. Now that pre-ticketed doesn't mean, only home delivery. Pre-ticketed also means that you can enter the premises and buy concessions. Lot of our cinemas don't allow entry, unless you have a ticket. Now we are planning to open up a lot of cinemas as well, so that even people who have not come to watch a movie, they can also buy some of our USP products.

So, there's a lot of strategies that we have in mind. Some of the box offices are getting converted because a lot of tickets are getting sold online now. So, a lot of real estate is dedicated to box offices. We don't need such large box offices. So, some of them are getting converted to -- we've already done those pilots in Ambience, Gurgaon we've done it, where the concession stand is also opening outside and some of the box offices are converted into F&B outlets. So, I think there's a lot of initiatives being taken to take this up further.

**Abneesh Roy:**

Sure. My last question is essentially on the cost and capex bit. You mentioned capex will come down by 10% to 15%. I wanted to understand that, is it just because of economies of scale because already PVR itself was very large, right? INOX is adding more to that, but still, I want to understand that bit? And second is EBITDA synergy of INR 225 crores, what are the low-hanging fruits here? You have mentioned 12 to 24 months, and you mentioned 3, 4 factors, which will drive this. What are the low-hanging fruits here in terms of quicker turnaround?

**Ajay Bijli:**

Nitin, do you want to talk about the low-hanging fruits?

**Nitin Sood:**

So Abneesh, like you said, working -- we started work on the synergies very recently. The teams have started to get together. I think the big focus area will be to drive the revenue synergies up. F&B is going to be one of our large areas where I think the focus is going to be to drive long-term synergies. There is a difference in the SPH levels between both the circuits, how do we bridge that? That's going to be the big focus area.

Obviously, box office synchronization of programming across common circuits, where we have cinemas for both PVR and INOX. How do we synchronize programming to ensure that we have shows, which are complementary, which gives opportunity to consumers to watch a film every 20 minutes, instead of competing on show times.

How do we ensure we synchronize pricing and not compete in some of those common circuits and advertising revenue. I think these 3 big revenue kickers are going to be there. I think on the cost side, our big focus is going to be supply chain. I think both the teams have done a lot of work on cutting down their independent cost during the pandemic.

So from here on, I think the focus will be to get supply chain synergies, given the size and scale and the volume. Reduction of F&B costs given the significant volume of buying that we will do. Any duplicate overheads which we can immediately rationalize will be the quick wins, balance of the stuff will take some time. We will also -- that's the reason we've guided about a 12 to 24 months of efforts before we realize the full potential synergy. But hopefully, later part of the year, we should start seeing some of the synergies playing out.

**Moderator:** We have a next question from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

**Jinesh Joshi:** Yes. Thanks for the opportunity. I have a question on the cost synergy bit which you just highlighted recently. So, in terms of avoiding duplication of work, which you just mentioned, what all areas have we identified maybe we may not need for programming or for that matter, even for negotiating with the mall owners. So basically, any specific area that you would want to highlight over here which can result in a decent amount of savings due to employee redundancy?

**Nitin Sood:** No not really, we won't want to highlight. We started work. I think it will require a great amount of organizational effort between both the companies to integrate both the organizations. I think for us, that's going to be the big priority right now integrating. We both operate on different technology platforms, different ERPs, different operating systems.

So, I think next 6-to-9-month effort will be to try and integrate and put everything on a common platform, post which some of the synergy integration will play out faster. No specific guidance on any specific area as such. I think we started work. I think we believe there will be savings in each element of cost. But it's slightly premature for us to comment on anything specific right now.

**Jinesh Joshi:** Sure. But will the benefit be front loaded in year 1 or will it take some time to realize that's the follow-up? And secondly, also, I would like to know when does our term with BMS and Paytm end and also for INOX. And secondly with respect to that, unless that term ends there will be no upside from fresh negotiations, right?

**Nitin Sood:** Sorry, I'm not able to hear you clearly. Your voice is breaking in between.

**Jinesh Joshi:** So what I was saying is that, will the benefit accrual for synergy will be front-loaded in year 1 or year 2, that is one? And secondly, I also wanted to know when does that term end with BMS and Paytm and also for INOX?

**Nitin Sood:** Okay. So, on question number one, like I guided earlier, we think it will be a 12- to 24-month effort to realize the synergies. No, I don't think there will be front-loading of the synergies. It will take minimum 5 to 6 months of work before synergies start reflecting it. So yes, there will be some part of the synergy of the INR 225 crores annual synergies that we've guided, which

will flow in year 1, but exactly what that quantum will be, I think as we go along during the year, we'll be in a better position to guide.

But some of these synergies will move into next year. As I said, we -- there is 6 to 8 months of work involved in putting a lot of stuff on the ground in actionable condition before those synergies start reflecting. On your second question on the -- our contracts with online aggregators, PVR's existing contract ends in end of April and INOX's existing contract ends end of March 2024, sorry.

**Moderator:** We have a next question from the line of Arun Prasath from Avendus Spark.

**Arun Prasath:** Some of the questions on the quantification of the synergy I think covered already. I would like to focus on some of the qualitative aspects of the synergy like probably, today, we are not able to quantify it, but it will generally give us a positive EBITDA probably over 5 to 6 years. What are those things which is currently we are not quantified, but something which we are working? If you can highlight it some of that it will be great.

**Nitin Sood:** I didn't get your question fully. Can you again once again when you say qualitative aspects of the integration....

**Arun Prasath:** ....of the synergy benefits. Basically, we have a quantified, some of the things which we can quantify, probably we have done it. For example, I don't want to say example, but to put it in a word, say, extension of the OTT windows or some of the things that probably can do with the mall developers. Anything else apart from this, which you can know, which is a long-term kind of merger synergies that we should be aware of?

**Nitin Sood:** Yes, I think the focus will be with the combined size and scale to work on all areas to improve the operating efficiency of the circuit that we have and that would relook at some of the existing contracts, et cetera, and practices we have. It will also include relooking at our capex outlook in terms of average per screen spend, it will also look at figuring out a way to better manage our rental costs, try to make more and more variable costs and reducing intense capex intensity in the business as we move to more Tier 2, Tier 3 locations.

So all of that will be part of the long-term strategy and the plan. But like I said, it's still early days. We will be working on a lot of it. And maybe in next 3 to 6 months, we will be in a better position to share a lot more as we work together on the combined entity.

**Arun Prasath:** Actually specifically, I would like to ask something on the OTT window. Is there any -- beyond a certain day or peak is the benefit of extending the window is there or it stops at certain level, say, 6 weeks, 9 weeks, or 3 months. What is our current read on this?

**Kamal Gianchandani:** Our current window for Hindi films, which is predominantly the content that we play in our theatres is 8 weeks. This is the same as the window that used to exist pre-COVID. Currently, both content creators and exhibitors, which is PVR-INOX, we are comfortable with this window. The same window applies to Hollywood films. In fact, the Hollywood since the window tends to be a little longer because the Hollywood films come from the studios mainly and these studios tend to follow the international windows, which are usually longer than 8 weeks.



As far as regional films are concerned, the other non-Hindi Indian films, Tamil, Telugu, Malayalam, Kannad, Marathi and Punjabi we play for is almost 12 languages. Windows vary from 4 to 6 weeks. It's our endeavour to push these windows towards 8 weeks. But we would not like to make a firm specific window, spell out the firm specific window at this stage. But the endeavour for this year remains that we would want to sort of increase the windows for the non-Hindi Indian languages.

**Arun Prasath:** Okay. Actually, I was asking specifically beyond it, is there any benefit or you don't tend to see any benefit on the footfalls or occupancy in the multiplexes?

**Kamal Gianchandani:** It's a bit of a subjective issue. And for different films, the answer would be different. But for bigger films, which show longer legs at the box office, yes, the longer window is definitely beneficial, but you have to appreciate it's beneficial to both parties, right? Even the content creators benefit from a longer run, if a film is having a long run at the box office.

So therefore quite often we find that the content creator is more than comfortable to increase the window for a big film, especially the ones which are doing well at the box office. So yes, the answer is yes. We benefit from a longer window, especially for bigger firms, but more often than not is a content creator who's forthcoming with a longer window.

**Arun Prasath:** But can the content producer change it after the release of theatrical release, isn't it already agreed between the OTT before the release itself, regarding the window?

**Kamal Gianchandani:** Yes, they can. The content creators tend to have considerable leverage with the streaming platforms. And in counterintuitive fashion, even the streaming platforms benefit from a longer run of a film at the box office. So quite often, even they are comfortable to increase the window.

**Arun Prasath:** Okay. Understood. My second question is on the -- now that we have a stronger balance sheet. Are we thinking of anything about smoothening the volatility on account of -- depending on this content, can we do something related to reducing the content volatility?

**Kamal Gianchandani:** No. We are constantly in dialogue with our content partners requesting them, informing them of our trends and various data points that we are monitoring and collecting to ensure that content creators take more films to theatres. And they also continue to release them in a steady fashion. So there is a constant dialogue on this front.

As far as volatility of performance is concerned, our business, the inherent DNA of our business is peaks and valleys. So while we, as exhibitors and content creators, producer, distributors, all of us want more consistency. But the fact remains that this is not a business that we can see on a week-to-week basis, we have to see it on a slightly longer duration. But our experience has been that when you see it for a slightly longer duration, things tend to even out.

**Arun Prasath:** Very, very helpful. Thank you.

**Moderator:** We have a next question from the line of Girish Pai from Nirmal Bang Equities.

**Girish Pai:**

This number of 180 to 200 screens seems a fairly large number considering the low occupancy levels we've had in the last 9 to 12 months. Do you think the new screens are cannibalizing your older screens and do you think you can work with a slightly lower number of new screen openings? Just before you kind of go more aggressive on that before you kind of -- I mean, to see that your occupancy hits a certain decent number of 35-plus thereabouts, which you did achieve in the past?

**Ajay Bijli:**

See, it's only been 12 months since we have opened after COVID. So it's too early to take these occupancies as the normal settled occupancies with this business and what we've been attracting over a period of time. And these decisions have been taken where it takes about 4 to 5 years for... 3 years minimum, maximum 5 years for a mall to come up. So these decisions were taken earlier.

Plus all the projects that we sign and the screens that we open are very carefully selected in terms of what are the market gaps where a product like PVR or INOX is not there, which are the malls which are being developed by quality developers like Phoenix or DLF or Lulu or Prestige. And these are all destination malls in catchments and cities where there is no presence of high-quality cinema experience.

So this 12 month is too short a period for us to start having palpitations about our business. It's -- we are comparing 80 years of pre-COVID to 12 months of post COVID period, it's too early to draw any conclusions. We believe in the long-term prospects of this business. And we believe that all these screens are in great locations. Quite a few of them are in South India as well. In fact, the ones that we've opened quite a bulk of them are in South India as well, where, again, the multiplex penetration is very low.

Still, there are a lot of single screens there, but now mall developers are building shopping centers and malls and a lot of these towns in South India as well and that's where PVR or INOX becomes an integral part of attracting footfalls. So these are -- this is not just capex being done without any thought each and every property has a return criteria.

Each and every property has a qualitative criteria before we start investing capital. Plus also these projects have got bunched up together because for a long time, the activity has stopped. And now ever since the world has opened up the malls and shopping center construction has also expedited. New retail formats are coming up, existing retailers are increasing their footprints in the malls and new brands are coming up every day in the country. And so in fact, the footfalls are increasing in all the malls as well. Off-line sales are better than online sales now. So PVR and INOX are pretty much part of this upward trend in the shopping center development.

**Girish Pai:**

Okay. My next question has to do with the synergies. It's interesting that you mentioned that F&B would be the key one to focus on. I thought probably advertising would be the easier one to kind of an easier win to get because there's a fairly large difference between the INOX Leisure.... erstwhile INOX Leisure ad revenue per screen versus the PVR ad revenue per screen. So wouldn't that be an easier win for you to get compared to F&B?

**Ajay Bijli:**

I'll let Gautam answer that.

**Gautam Dutta:** So actually advertising, definitely a lot of work needs to be done. And we are very, very confident that coming together of PVR and INOX is going to really open up the market for us. There is definitely some amount of low lying fruits in terms of price correction and discounting correction that could happen. But having said that, we are just waiting for a couple of movies back-to-back to start doing well.

We've got a lot of advertisers back during Pathaan and now with Ranbir Kapoor film, even South has seen an influx of all the large advertisers coming back. They are now definitely showing interest. I think the journey of getting synergy numbers is definitely on the cards. And I believe within the next quarter or so, these synergies would start trickling in, but it will be largely the H2 of this year where we'll be able to start scratching the surface and getting ready for the big bang numbers.

**Girish Pai:** Okay. My last question is to do with the per screen fixed cost structure. How do you foresee that going forward, in which particular spend head, do you see costs kind of coming down on a per screen basis?

**Nitin Sood:** It's too early for us to say a comment on anything. I think at this stage, like I said, bulk of the savings, if any, will be on removing duplicate costs and getting the supply chain benefits. At cinema level, I don't think there is any material difference in our cost structure. But I think in corporate and regional costs as we integrate the organizations, there will be some savings. But the big focus area right now, I think in the next 9 months is to integrate the organizations right given the complexity involved and the synergies will follow post that.

**Girish Pai:** Okay. And one last question, if I can squeeze it in. Any specific item on the balance sheet, which comes out as an adjustment or some extraordinary items, which one should be aware of? Post the merger?

**Nitin Sood:** On the balance sheet.

**Girish Pai:** Yes, right. Is there any goodwill or...?

**Nitin Sood:** There will be some transaction related costs, there will be some stamp duty cost, which will be one-off, which is relating to the transaction, nothing else other than that. I think both the organizations have been running. And we will -- as we announce the numbers for this quarter, obviously, there will be synchronization of accounting policies, restatement of some of the balance sheet items to bring them to common accounting principles. That's about it, which is required, which is typically a part of any merger exercise, but nothing other than that.

**Moderator:** We have a next question from the line of Aliasgar Shakir from Motilal Oswal.

**Aliasgar Shakir:** I had a question on our occupancy. So in the last couple of quarters, we noticed that discretionary spends across multiple states have been pretty weak. Do you think that would be a reason because of which our occupancies may have got impacted? Now I understand that some of the movies have done very well.

But then maybe frequency of the footfall is what maybe gets impacted probably and therefore, it gets bunched up in specific movies that do very well. So any thoughts on particular states that may have done well or not done if you could share any color through your surveys that you may have done?

**Kamal Gianchandani:**

Generally, it said about the entertainment business that this is a recession-proof, cricket proof business. And we genuinely believe that, that statement is true because when we look at -- we have this one property in Sri Lanka and Sri Lanka is the known fact that it has gone through some serious financial crisis. But the numbers that we've seen in the calendar year 2022 have been the best numbers that we've had in Sri Lanka property, although it also opened in 2019, so there is not much of history, but what I'm trying to say is that in spite of a very deep rooted financial crisis, cinema has continued to perform in a fantastic fashion.

In India, I think the problem has been more to do with the number of Hollywood films. There was a reduction in quantity. And definitely, there was a decline in the performance of Hindi films, which is staple diet as far as Pan-India national chains like PVR, INOX are concerned. Also, the mid-level films, which were doing INR 50 crores, INR 60 crores of box office, they showed underwhelming performance.

But like I mentioned earlier, our business has seen these sort of phases earlier, and also, let's not forget that COVID was one of the biggest break in this habit of movie going, cinema going that we've had in this country or anywhere else in the world. And cinema going is a habit. I mean bulk of our business comes from people who come back to theatres frequently watch a lot of films in a year. As a result of this break, we've seen some disruption in Hindi films as far as this year is concerned, also some bit of disruption in the mid segment films.

But we also believe that the bounce back will be very sharp. And the reason I'm saying that is that when you look at the Hollywood situation, when you look at the North America box office the films which have released this year, and I'm referring to the mid-segment films like Puss in the Boots, which is an animation film, Creed III, which came out recently. Megan, which came out recently another horror film, A Man Called Otto, which is a very small specialty film almost like an art house film, Cocaine Bear, which has no star cast to boast off, Scream VI, which came out this last Friday, and it's turned out to be the biggest Scream in the entire franchise, like pre-COVID this is a sixth Scream, and this is the best in Scream series franchises that. So the resurgence in the box office, especially in these mid-level films.

The big, tentpole films like, Avatar and the similar category of Marvel Films or DC Films, they were doing well in any case, but it's the mid-level films which were suffering because of this break in the habit. But those firms are coming back in a very-very sharp manner in the North American market. We believe our market is ripe for a similar resurgence. It's a matter of time when you would start seeing a jump in occupancies as far as the mid-level films are concerned, as well as the Hindi films are concerned. And also, the quantity of Hollywood films is slated for an increase later this year.

So we don't believe it's the discretionary spends because our business traditionally has been recession-proof. We believe the business will continue to be recession-proof. In fact, if anything,

it will grow more in times when there is some sort of a financial crisis, people would need more escapism. People will tend to go out more with their families and friends. So yes, that's what we would like to share.

**Moderator:** We have our next question from the line of Pulkit Chawla from Emkay Global.

**Pulkit Chawla:** So first, on the screen expansion plans, how are you currently looking at adding screens in metro cities versus say, Tier 2 or Tier 3 cities? And is there some preference for some particular region as well, like you mentioned the South?

Second, I think with the merger now complete, will you be looking to get more aggressive with PVR Pictures with a larger reach and .. for you now?

**Sanjeev Kumar:** Yes. I mean out of the 200 screens that we are looking at opening up this year, 44% are in the metros and actually majority of them are in the South. I think about 30%-35% or 40% almost in the Southern region where the business remains robust in Tamil Nadu, Karnataka, Andhra, Telangana, and Kerala. There, the business still remains very robust, regional movies are doing well. There's a lot of focus of screen additions in the Southern region. In Tier 1, we have about 38% screens coming up and between Tier 2 and Tier 3, about 17%-odd screens are coming up. Of course, between both PVR and INOX expansion.

We're also looking at some new cities that have yet not had a multiplex experience. Since India is a very large country and under-screened country, and we are looking at places like, Patna, we're opening sometime soon, Ajmer, and some very small places in South India also, like, Tirupur and Machilipatnam, where there is -- these are the places which are yet to see a retail and a multiplex revolution. So these are the some new places, both in South and other parts of the country, where we're also focusing on screen expansion.

And the second part was PVR Pictures. Yes, we are getting some good opportunities for PVR Pictures also. We are looking at scaling up both our English and Hindi and even regional business. English films, of course, we sub-distributed everything, everywhere all at once, and The Whale, which won the Oscars just yesterday. We have a line-up of Lionsgate films for the whole year. We're releasing John Wick on the 24<sup>th</sup> of March, which is a very big franchise, amongst many other English films.

On an average, we release at least one film every two weeks. Hindi films, we've had a big hit in November with Drishyam 2, which did an All-India box office of about INR 250 crores. And we're following that up now in March, end of March 30<sup>th</sup> March, we have Bhola with Ajay Devgan once again, and we're in talks with various other producers, Hindi and regional, for augmenting our local film distribution business as well. So there are a lot of opportunities coming our way.

**Moderator:** We have a next question from the line of Preet Malde from Centra Advisors LLP.

**Preet Malde:** So the approach of INOX and PVR has been different historically when it comes to opening up new properties. INOX has more or less refrained from paying a high premium for premium

properties and PVR has not, if we look at it historically. So how will our approach be from now on when we'll start operating as a singular brand?

**Sanjeev Kumar:**

That's not entirely true. I think in the INOX portfolio also there's been a lot of premium offerings and products like Insignia. There's an Insignia in Mumbai, in Nariman Point, Metro Cinema is very premium. In Gurgaon there's an Insignia which is very premium. So I think both companies have had a mixed bag of products and cinema classification.

And going forward, I think we're looking at each and every city, each and every catchment within the city, the mall specifications where we are housed, the catchment around that mall, and then therefore looking at decisions of premiumization versus making a mainstream cinema. But I think by and large, we are looking at providing a very good high standard of cinema regardless of whether it's an Insignia format or a LUXE format or a Directors Cut, which is a super luxury format. We're looking at providing a very good high standard of cinema both in terms of interior and experience.

And we have many formats also, IMAX, 4DX, MX4D, Playhouse, Kiddles which we're looking at deploying at various cinemas across the country, current and upcoming as well, in order to make the experience as good and as comfortable as possible for the patron.

**Preet Malde:**

I think you just misunderstood my question. I was not talking about premium viewing experiences, but all in all properties that attract a higher footfall. PVR is ready to pay a higher premium for such properties and INOX has usually refrained from it. If we look at it by EV per screen perspective, we can see the difference. So how will our approach be from now on? That's what I'm asking.

**Sanjeev Kumar:**

Okay. No, sorry. I think again, going back, there were some properties by INOX also that are slightly higher premium paid. But going forward, we have a very robust pipeline now, actually. We already have about 160 odd screens under fit out. And going forward also, we have 150, 160 odd screens that we will be taken for handover sometime soon in H2 of next year. And I think, the market has found its level, so to speak, now.

And going forward, we are getting better deals and better developments to build these multiplexes in at just market rates and reasonable rates and nothing which is too high or too premium, because I think these developers also realize that they want a good product and a premium product for their malls. And we are providing that and providing the footfall that is required to irrigate the malls.

**Preet Malde:**

And the new screens that we'll be starting, how will they be branded? Will it be branded as INOX PVR or a specific INOX or PVR or a PVR-INOX combined brand?

**Nitin Sood:**

So, I think as of now, all the pipeline that we are executing over the next six months because it's already under fit out, will open on an as-is basis. PVR screens will open as PVR, INOX screens will open as INOX. I think it is a new handover that we will take now, which will open six, nine months later.

There we will have the question of rebranding coming into play. I think we are deliberating on that. The going in position was to brand everything as PVR, INOX. That's what we had announced when we did the merger. But to be honest, we need to think through the brand strategy as we go along. But at least in the near term, next six months, whatever is opening will open as-is with the existing branding.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments. Over to you.

**Nitin Sood:** Thank you. I just wanted to thank you for taking out time for the call. And if you have any follow-up questions, you can write to us. Thank you.

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