

24th January, 2022

To,
BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 532706

Symbol: INOXLEISUR

Dear Sir / Madam,

Sub.: Transcript of Conference Call with the Investors / Analysts.

The Company had organized a conference call with the Investors/Analysts on Friday, 21st January, 2022.

A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same is also being uploaded on the Company's website at: <https://www.inoxmovies.com/Corporate.aspx?Section=3>.

Kindly take the same on record.

Thanking you.

Yours faithfully,
For INOX Leisure Limited



Parthasarathy Iyengar
Company Secretary

Encl.: As above





“INOX Leisure Limited Q3 FY2022 Earnings Conference Call”

January 21, 2022



ANALYST: MR. SANJESH JAIN - ICICI SECURITIES LIMITED

**MANAGEMENT: MR. ALOK TANDON - CHIEF EXECUTIVE OFFICER -
INOX LEISURE LIMITED
MR. KAILASH GUPTA – CHIEF FINANCIAL OFFICER
- INOX LEISURE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the INOX Leisure Limited Q3 FY2022 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjesh Jain. Thank you and over to you Sir!

Sanjesh Jain: Thank you. Good afternoon everyone. Thank you for joining on INOX Leisure Limited Q3 and nine months FY2022 results conference call. We have INOX management, Mr. Alok Tandon - CEO and Mr. Kailash Gupta - CFO with us for this call. I would like to invite Mr. Alok to initiate the proceeding with his opening remarks post which we will have a Q&A session. Over to you Sir!

Alok Tandon: Good evening everyone. I am Alok Tandon and with me is my colleague, Mr. Kailash Gupta, and on behalf of the management of INOX Leisure Limited, I welcome you all to this call. Our board has approved the quarterly results for Q3 FY2022 and the same has been uploaded on the website of the stock exchanges and the company's website. Q3 was an extremely important quarter for us with major business mixes showing a significant reduction in the gap with pre-COVID levels, the Q3 signaled a sharp recovery largely due to great content, reduced apprehensions due to widespread vaccination, and above all the humongous amount of passion for cinemas prevailing in our country. The passion translated into numerous houseful shows and five movies clocking more than Rs.1 billion in collection.

We have put to use all our learning from the downtime in the last two years. My experience on the tough time and the understanding of the business to make sure that we keep a grip on the expectations and aspirations of the guests. We have been resilient and we have maintained an optimistic outlook during the adverse phase over the past eight quarters. Thanks to our strong fundamentals, the spectacular content flow, and above all the infinite passion for cinema prevailing in our country, we have proudly witnessed the recovery happening. We would express our deep gratitude for the significant support that we have received from all our stakeholders; be it the real estate partners, content creators, our investors and not to forget our team. They have played a massive role in this journey which continues to remain progressive and promising. With the addition of 41 new screens, the highest in the industry in the calendar year 2021, we have shown that adversities could not dent our passion. Our path ahead promises to be underlined by innovativeness and rigor, and being enlightened with our lessons from the past.

After our initiatives on the F&B and consumer communications front, we showed significant impact in our journey forward. However, currently, we are in the midst of the third wave of COVID-19, and this time we believe the severity of this wave on our business would be comparatively lower than the previous two waves and we expect that our business would recover faster than expected. I will begin the presentation now and talk about the key highlights of Q3 FY2022 and also for the nine months of FY2022.

In Q3 FY2022, we have the highest ever quarterly ATP of Rs.226. We have the highest ever quarterly SPH of Rs.97. INOX added 41 screens in the calendar year 2021 which is the highest in the industry. We are also the only national chain that is net debt-free. We have a strong liquidity position and as of 16th of January 2022 we had close to Rs.180 Crores in cash and cash equivalent. In Q3 FY2022, the revenue is Rs.301 Crores as compared to Rs.21 Crores for the same period of FY2021. EBITDA is at positive Rs.54 Crores as compared to a negative Rs.79 Crores in Q3 FY2021. In Q3 FY2022, PAT is at a positive Rs.17 Crores as compared to negative Rs.83 Crores in Q3 FY2021. For nine months, FY2022 revenue is at Rs.380 Crores as compared to Rs.29 Crores for the same period last year. EBITDA is at minus Rs.108 Crores as compared to minus Rs.144 Crores in nine months FY2021. PAT is at negative Rs.152 Crores in nine months FY2022 as compared to minus Rs.183 Crores in nine months FY2021.

Performance in our key operational metrics is as follows: For Q3 FY2022, we welcomed 94 lakh guests as compared to 5 lakhs in Q3 FY2021. In Q3 FY2022, occupancy was at 19% as compared to 3% for the same period last year. ATP is at Rs.226 compared to Rs.153 for the same period last year. SPH at Rs.97 compared to Rs.73 in Q3 FY2021. In nine months FY2022, the footfalls are at 120 lakhs as compared to 5 lakhs in nine months FY2021. In nine months FY2022, occupancy is at 16% as compared to 3% for the same period last year. ATP is Rs.215 compared to Rs.153 for the last year and for these nine months the SPH is at Rs.95 compared to Rs.73 for the same period last year.

We are glad to announce that in Q3 FY2022, we have progressively narrowed the gap in net box office collections and F&B revenues and we are close to the pre-COVID levels. In December 2021, we have achieved close to 90% of NBOC and net F&B of December 2019, and this is despite various restrictions put up by the state governments. We have tried our best to keep our fixed costs under control. However, in Q3 FY2022 we had footfalls of 94 lakhs. This has increased the expenses as compared to previous quarters. We can see that from the numbers on a Q-o-Q basis our employee benefits expense including agency manpower has increased from Rs.28.4 Crores to Rs.41.9 Crores in this quarter. This is because we were operational in more screens and more guests came to our cinemas.

Power and fuel, and repair and maintenance expenses have increased from Rs.14.3 Crores in Q2 FY2022 to Rs.29.2 Crores in this quarter. This again relates to the fact that we were operational in more screens. Our expense towards rent and camp during Q2 FY2022 was Rs.40.4 Crores as compared to Rs.51.3 Crores in Q3 FY2022. We have concluded rent and CAM negotiations for almost all the properties till 31st December 2021 and the impact has been incorporated in Q3 and nine months FY2022. Our other overheads have increased from Rs.11.8 Crores in Q2 FY2022 to Rs.21.7 Crores currently.

In terms of shareholding structure, as on 14th January 2022, FIIs owned about 16.14% of the company. The DIIs owned 23.83%. Promoter and promoter group owned 43.63% and public and others owned 16.40% of the company. The share price as on 14th January 2022 was Rs.378.80 which gives the company a market capitalization of about Rs.4600 Crores. Currently, 572 screens out of our 667 screens are permitted to operate at 50% or less capacity. 47 screens are allowed to operate at 100% capacity, and in two states where there is total shutdown we have 48 screens. Hence, 48 screens are shut as per the respective State Government guidelines.

In Q3 FY2022, we opened cinemas in Guwahati with 4 screens and 183 seats. We opened the cinema in Prabhatam Grand Mall, Dhanbad with 4 screens and 888 seats, and in World Mark, Gurugram with 5 screens and 904 seats. Beyond FY2022, we have signed up to the extent of nearly 135 properties, 935 screens with 1,73,000 seats and once this entire pipeline is fully implemented we will have 297 properties, 1619 screens, and nearly 3,27,000 seats. At present, we are operational in 18 states and 1 union territory, present in 70 cities with 158 properties, 657 screens, and approximately 1.5 lakh seats. In Q3 FY2022, we had five blockbusters namely Pushpa The Rise, Spider Man - No Way Home, Suryavanshi, Annaatthe and 83. We are delighted to inform you that we have a healthy lineup of movies already waiting for release. We have an extremely rich pipeline with movies like RRR, Jersey, Prithviraj, Attack, Badhaai Ho, Gangubai Kathiawadi, Jayeshbhai Jordaar, Bachchan Pandey, Radhe Shyam, Batman, Death on the Nile, Doctor Strange, and many, many more. So, we have movies in all genres and all languages.

Currently, our cinema operations are affected due to the third wave of COVID-19. We have already concluded negotiations for rent and camp up to 31st December 2021. With the advent of the third wave of COVID-19, producers and distributors have deferred their movie releases. The majority of the producers and distributors are waiting for the situation to normalize. The third wave of COVID-19 seems to be less severe and as a result, we anticipate reaching normalcy comparatively sooner.

As far as CapEx is concerned, of the 41 screens to be opened in FY2022 we have already opened 24 screens. In the remaining 17 screens, 80% of the work is completed and we

would require an additional CapEx of Rs.10 Crores to complete it. I would also like to reiterate that our liquidity position is very strong and as of 16th January 2022 we have close to Rs.300 Crores which includes undrawn limits of Rs.120 Crores. We also own six cinema properties and a head office. As of 16th January 2022, our gross debt was only Rs.89 Crores. Well, friends that was the brief about the quarter and what has gone by, and we can open for any question and answers if you have.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Mr. Vikram Ramalingam from Maybank Kim Eng. Please go ahead.

Vikram Ramalingam: Thank you Sir. Great performance given overall challenges that are there. My question is regarding how in this quarter the Pushpa Hindi version, it did phenomenally well, better than expected, of course that is a good thing on the face of it, but doesn't it pose a challenge of how to allocate screens, because ideally you would not expect it to do well and in that situation you would probably assign your screens to let us say another new Bollywood Hindi release especially in the northern and the western belt where Bollywood tends to do better than South Indian movies with Hindi dubbing. I realize it is a good problem to have, but how do you manage this situation? First of all, is my question clear as to what I am asking?

Alok Tandon: I think you are saying how do we allocate shows for Pushpa which is a movie which is not in Hindi but it is dubbed in Hindi and how do we give allocation to this film when we have other movies also whether it is in English or in Hindi, am I right? Let me tell you Vikram, we are happy that Pushpa has done well. We are agnostic to the language. We know that today's audience is very discerning and we have enough screens. So, today, when I talk about 667 screens which we have only 48 screens, are shut in totality. Otherwise, we have ample screens to showcase movies in English, Hindi, other Indian languages, whether they are dubbed in any language or not, so that is not an issue at all. Any movie which does well I think is great for the entire industry and we will be happy to showcase any movie where we have footfalls coming in the show after show.

Vikram Ramalingam: Okay, thank you. My second question is regarding this increase in SPH, I mean again superb increase, superb jump in the SPH numbers, my question is did it happen because people are preferring higher value product because generally, they tend to be safer and is that the reason or are people consuming more because now people don't get to go out more so once they come to a movie they enjoy most?

Alok Tandon: Well, it is a matter that we are pushing our F&B more. We are ensuring that people buy more food. There are more items per head sold and we are working that the strike rate should increase. So, these are the factors that have led to the increase in the SPH to Rs.97 from Rs.73 of Q3 FY2021. So, these are various factors including, as I have always said that we have various point of sales and our endeavor is that the point of sale should be whether kept expanding. Hence, we have got an app that has got a food icon embedded in it, one can buy food on that and pay. Number two, we have got LED kiosks all over our properties. We use scanner code and you can order food and pay for it. We have got a lot of emphasis on home delivery through Swiggy and Zomato, so all these factors have led to increase in our food sales.

Vikram Ramalingam: Okay and my final question is this, given that now still most people are using the hybrid fashion of work and over the weekend people are probably trying to avoid crowds, is there any new pattern emerging in the way the crowds are drawn to your cinemas or is it still typically Friday evening and the weekends that are contributing to the chunk of the footfalls?

Alok Tandon: Vikram, people are coming to our cinemas because they know that we are following all COVID protocols. We are following every standard operating procedure and we are quite strict and firm about it with our guests and also with the internal team members. The trend has been in evenings and weekends for sure, so that has not changed at all; however, we are seeing that there are lots of people who are working from home that the weekday evening shows have gained traction and there are more footfalls in those. It is very difficult to compare because the numbers are not I would say identical or as much as we had pre-COVID but we can see that the footfalls of weekdays have also increased over a period of time.

Moderator: Thank you. We have the next question from the line of Jinesh Joshi from Prabhudas Lilladher Private Limited. Please go ahead.

Jinesh Joshi: Sir I just wanted to know out of this Rs.84 Crores of F&B revenue what was the non-cinema F&B component in this quarter? Secondly, with respect to the SPH growth which we have reported this time around, can you share the quantum of price hike that we have taken?

Alok Tandon: Okay, let me answer the second question first. First, there is no price hike we have taken. We have only ensured that more items are sold per person and the strike rate increases, but otherwise there has been no price hike. Number two, the non-cinema component and I think you are referring to the home delivery via Swiggy and Zomato is minuscule, but then it is

picking up. Very difficult for me to share those numbers with you but I can say that we have seen a month-on-month increase in home deliveries and takeaways.

Jinesh Joshi: Okay. So basically this SPH of 97 I mean it includes the non-cinema F&B revenue as well but the component is not very high and whatever growth we have seen is because of the in-cinema consumption which has taken place that is the correct understanding right?

Alok Tandon: Absolutely right.

Jinesh Joshi: One last question. If I am not mistaken majority of our rent agreements were kind of shift to the pre-COVID terms in FY2023 but now with the third wave hitting us and quite a few states imposing restrictions, do you think that this negotiation can extend well beyond FY2022 and we may see some spillover in FY2023?

Alok Tandon: Our teams are in touch with the developers and the owners of properties and let us see, we are quite optimistic that they will realize that yes again we are in deep problem and they will come out to help us as they have done it for the first two waves.

Moderator: Thank you. We have the next question from the line of Nimish Patil from Escapedia. Please go ahead.

Nimish Patil: Thank you for taking my question. I am an avid fan of cinemas, movies, and especially INOX. I am an independent investor basically in INOX. I wanted to know Sir, looking at the results the company has done a fantastic in terms of the revenues and the profits, I mean we almost got into profits last quarter, so I wanted to know Sir when do you expect, when do you foresee the company to get back into profits prior to the COVID levels, the profits that INOX was making earlier, when should we expect to see INOX back in net profits?

Alok Tandon: Well, Nimish I think that whatever we have done in Q3 we are positive in the PAT as well as EBITDA and our main aim is to go back to those days very, very soon where we had a proper hustle and bustle in our lobbies, where people were coming for shows, there were about 20-25 shows happening every day in every property. I think we are also waiting for that as you are, but I am very hopeful. As I said that wave three will get over and should get over sooner than later, and all the movies which have been deferred the producers will start announcing the release dates. So I would say it is a matter of let us say a month / month and a half that is what my personal opinion is and then things will be back to normal.

Moderator: Thank you. We have the next question from the line of Pathanjali Srinivasan from Mirabilis Investment. Please go ahead.

Pathanjali Srinivasan: I am just trying to understand that this SPH has gone up, how do we compute it with respect to including the newer channels like the delivery partners that we are taking in?

Alok Tandon: As I just said Pathanjali that the delivery partners, the contribution of that is very low. It is minuscule, primarily it is all from the lobbies in our cinema and the jump which we have seen in SPH from Rs.73 to Rs.97 is something which I just spoke about the various steps we have taken to ensure that the food spent per head goes up.

Pathanjali Srinivasan: Okay and do we have any plans of increasing prices with respect to the ticket prices or even the price of food items?

Alok Tandon: So Patanjali any increase we take is after we do a lot of research. Let me tell you that when we increase the ticket price or whatever the price we keep of tickets or a food depends on the cost structure of the property, the paying propensity of the property and the newness of a film, so it all depends on that, but in Q3 we knew that people are coming out. We had to win back their confidence more by having SOP and protocols for COVID in place rather than any other way. So in Q3 we emphasized only on safety that is it. We kept our prices the same and whatever SPH as I said earlier has increased is because of more strike rates and more items per head being purchased by patrons.

Moderator: Thank you. We have the next question from the line of Utkarsh Somaiya, an individual investor. Please go ahead.

Utkarsh Somaiya: Can you please tell us the operating cash flow generated for the Q3?

Alok Tandon: We have generated around Rs.50 Crores in this quarter.

Utkarsh Somaiya: Okay and I had a question on your average ticket price. Given that you had only three to four weeks which were very active in this quarter and in spite of that you had such a high number, so given that when we go back to normal what kind of average ticket price number do you expect?

Alok Tandon: See again we cannot forecast any average ticket price. As I said that there is a science behind us when we fix a ticket price for a particular movie, but yes in Q3 we had some good blockbusters and those are the movies which had made majority of the footfalls and because of that we have the normal regular blockbuster pricing which we always have and hence you see a higher ATP of Rs.226, but I think that whatever pricing we have kept for blockbusters will continue because this was nothing which was out of whack that will continue and similarly if I can just take a moment and talk about food, even the food prices will continue as we have had in Q3.

Utkarsh Somaiya: Okay. What I was trying to understand is since we have 12 weeks in a quarter and we had only four weeks of good sales hence the base is higher right, the denominator is higher, so when we go to a normal quarter and when we have the numerator also being as high as the denominator in terms of sales does that affect our average ticket price or do you give us an average ticket price, I hope you get my question?

Alok Tandon: I do. It will. It all depends on number of blockbusters we have, which are the movies which command a blockbuster pricing, which are the movies which command normal pricing, so it varies. It is something which I cannot tell you that maybe in Q4 of this year or Q1 of the next financial year we will have such and such ATP. It all depends on the flow of the movies and whether they are regular movies and hence the pricing is done accordingly, so very difficult for me to say that what the ATP would be for future quarters or including the Q4 of this financial year.

Moderator: Thank you. We have the next question from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: Thanks a lot for the opportunity, apologies for sticking to the same point on the ATP and the F&B. Sir is it possible for you to comment what is sort of like-to-like increase compared to two years back, when I say like-to-like increase in the sense like Hollywood to Bollywood movie or a Hindi blockbuster, is it possible to comment on what has been the extent of increase?

Alok Tandon: Well, the pricing has been the same Yogesh. Pricing has not changed. As I said that neither we have increased the pricing of food nor we have increased the pricing of our tickets. Whatever was there previously is there now. It is only that because in Q3 you saw a few blockbusters dominating and it was only for four or five weeks the ATP shown is high but it is not that we have increased our ticket prices and the ATP has gone up. When I look at various languages, when I look at genres, it is that the prices of tickets have not been increased and when I talk about 94 lakh patrons in this quarter or 120 lakhs in totality, well let us remember that the maximum admits all over the country have been from blockbusters only.

Yogesh Kirve: Right. How do we assess our pricing power going ahead? I mean we have not taken any price hike really over the last three to four years, the ticket prices have been pretty much steady because of the GST benefits being passed and all, do we anticipate pricing power we have leverage to increase prices from current levels over the next 12 to 15 months?

Alok Tandon: Yogesh we always say that we will increase our ticket prices as per the rate of inflation which is you will see an increase of 3% to 4% every year and for food we say that you will

see an increase of 9% to 10% in SPH Y-o-Y and that is something which we are maintaining.

Yogesh Kirve: Okay. I was curious, if there is a higher pricing power on the ATP front beyond?

Alok Tandon: When you talk about higher pricing power, that is why you see the Insignias, you see how we are pampering our guests. That is the reason you see different formats under one roof, be it the MX4D or the LED or the kiddles, IMAX, so these are all theaters that have a higher average ticket price and yes, what also helps is that a patron watches a movie, the same movie in different formats so that's how it goes.

Yogesh Kirve: Okay, fair enough. The second question is on the cost side, fixed cost, any sort of an indicative number of what could be the permanent savings that we could achieve on a per screen basis or any other way if you can highlight?

Alok Tandon: We have always been saying that once we go to normal level that is the pre-COVID level you should see a saving of about 8% to 10% on every line item.

Yogesh Kirve: Okay. I would assume this would exclude rent and cam?

Alok Tandon: Yes, because these are signed agreements but otherwise when I talk about having less people or power and fuel, other overheads we will see a reduction in the line items over there.

Moderator: Thank you. We have the next question from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Good evening. I just had two questions. First one is on the ATP side. So are we saying that once the mix reverts to a slightly more normalized scenario, the ATP also reverts to a little bit ahead of pre-COVID levels, is that what you are saying?

Alok Tandon: Yes, it will be ahead of pre-COVID levels for sure.

Harit Kapoor: Okay and, as I see it, we have higher ATP, higher SPH trending forward, at the same time there is proof of concept of occupancies having come back and you have taken certain permanent kind of cost rationalization measures, which in a normal scheme of things will delay your overall cost structure. So, assuming that FY2023 is a normalized year with occupancies coming back to pre-COVID levels, does that mean that your sustainable margin sees a step up, is that the right way to look at it, because all these three elements, which is ATP, SPH and your cost structure all are trending in the right direction?

Alok Tandon: Yes, so that is the endeavor Harit, that is the endeavor that the margin should go up and that is why we are looking at a cost with a fine-tooth comb across every P&L and every line item. We are also ensuring that the SPH keeps on rising and I just mentioned all the steps we are taking for that, and as I said that the ticket pricing is dependent on the cost structure of the property and the paying propensity of the people around it, and also the newness of a film. So these are the factors but the endeavor is surely to increase the margins and we are all working as a company towards it.

Harit Kapoor: My last question is, it seems like the big films get bigger in terms of their collections. Is there a possibility that going forward mix gets higher towards blockbuster versus mid-sized films? The reason I ask this is because it also helps your average ATP, is that something that you have been thinking about, is that a possibility, hypothetical over next one or two or three years that it starts to trend in that direction?

Alok Tandon: I doubt that Harit, because remember we have lots of movies being made in India. If I remember right in FY2020, we had about 1000 or 1100 new titles being shown. In India, we had about 1800 to 2000 new titles being released. So, for us what is important? Our importance is to have a movie starting after every 30-40 minutes, to have different genres playing for different audience tastes, whether it is a blockbuster or whether it is a normal movie one only comes to know after it releases on a Friday and how the audience likes it, and today let me tell you the audience is very, very discerning, they know what they want to watch. So I would say, for us as an exhibitor, and also for me as a film patron, as a movie lover, I would like to see various genres, various languages, various stories in a cinema hall, so I would not like to differentiate between a normal picture and a blockbuster picture. For me, a picture is a picture and I would like to watch any movie where a story has been told differently.

Harit Kapoor: Right, and the last question if I may, we are entering into a phase once again where there is a little bit of uncertainty, but we would be coming out of it possibly with more confidence given our past experiences, if you look at the advertising side of things, that typically is the last variable to recover, but we are also in a phase of very high cost inflation for some of the people who are advertising on your platform, so do you believe that this element could take a little bit longer, maybe even two or three quarters till it comes back to normal or is that being a bit too pessimistic?

Alok Tandon: Well, I would say a quarter for sure. I would not say that it will take two or three quarters, but a quarter for sure. But what we have seen is the advertisers which have come back to us of fashion and lifestyle, FMCG, e-commerce and telecom, BFSI, so people are coming back. They are taking baby steps for sure, but they think that cinemas are still a very, good way of advertising because the audience over here has got nothing to do. It is like a captive

audience they have and this will continue happening, so maybe a quarter more, but then will be back to normal.

Moderator: Thank you. We have the next question from the line of Aditya Sharma from Ambit Capital. Please go ahead.

Aditya Sharma: Thanks for the opportunity. Sir you highlighted that we have a plan of opening another 935 screens post FY2022, so just wanted to understand can you elaborate more on this, when we can reach this target because it looks quite ambitious?

Alok Tandon: No, it is not at all ambitious. This is the pipeline we have Aditya, and we have already opened in one year about 85 or 86 screens, so that is not difficult for us. And going forward, I have always said that we are capable of opening at least 80 to 100 screens Y-o-Y, and even when the entire world had come to a stop in calendar year 2021, we opened 41 screens. So opening screens is not a challenge at all. It depends that when we will get it from the developers and looking at the construction stage, today also as I said that we have already opened 24 till now and in the next two and a half months we will be opening 17 more screens, making it a tally of 41 screens in this financial year also. So it is not an ambitious target, it is something which we have been doing and doing rather well since the day we started our company and I always say that we are in our growth phase, and opening about 80 to 90 screens is something which we will be doing, if not more, Y-o-Y.

Aditya Sharma: Got it. I wanted to check one more thing. Isn't there any supply issues as we are present only in malls and malls are also suffering along with us, so is the construction happening at the same pace?

Alok Tandon: Absolutely. You would be surprised to see that whether it is a metro city or tier-2 and tier-3 the construction of malls is taking place.

Aditya Sharma: Okay. And, Sir, most of our incremental screens probably would get added in the southern region where we are under-indexed, is that right estimate?

Alok Tandon: Well, it will be a pan-India expansion. We always say that we are a pan-India player and our expansion strategy is pan-India, so whether it is down south, up north, east or west, depending on which good property we get and which is a good mall, we will be opening there and those are the properties which have been signed.

Aditya Sharma: Got it. Sir, what I wanted to check was, SPH, the food spend is increasing and there are only a few movies that are doing really well, right? So are there people who have very high disposable income coming to the cinemas and the people who are not so well in terms of

their earning capabilities are probably shying away from coming to cinema, is that assumption right?

Alok Tandon: No, not at all right, Aditya. We have people across all walks of life coming to INOX and as I said the movies which we are talking about are blockbuster movies with blockbuster pricing and that pricing has been historically kept since the time we started our operations. So it is not that only people with deep pockets are coming to INOX, it is across all walks of life. And you talked about higher SPH, I had earlier in my various answers given reasons why the SPH was high, but to your question that is it only people with high disposable income coming to INOX and watching movie, the answer is no.

Moderator: Thank you. We have the next question from the line of Arun Prasath from Spark Capital. Please go ahead.

Arun Prasath: Thanks for the opportunity. I joined late, so apologies if the question is repetitive in nature, but some of the big banner movies released during the quarter like Sooryavanshi or 83, it was ready at least for one and a half years before and producers chose to withhold the content for such a long period, we know this. Given that box office collection of these movies versus, say, the interest cost of holding these movies for such a long period of time, with the hindsight benefit it probably does not make much economic sense, so my question to you is that in your interaction with the content producers or movie producers do you sense that the producers are acknowledging this, about holding the movies for a long period of time? If so, what is the reason for the recent deferment of some of the big banner movies, like RRR and all, because it clearly does not make much sense to hold for a long period of time, so isn't it prudent to quickly release in this quarter when the opportunity presents?

Alok Tandon: Well, I think the actual answer can be given to you by the content creator, not by me, but from the other side what I can say is that everybody wants the restrictions to go away and once they have made a movie and held it for a long time might as well hold it for another month or month and a half when all the restrictions are lifted, the night curfews are removed, the weekend closures are lifted, so that people can come out and watch the movie with family and friends. So, if I am a producer, I would really wait for cinemas to open in totality, but that does not mean that movies are not being released. We have seen what happened with Sooryavanshi, 83, Spider-Man, Annaatthe, and all these movies, Pushpa, even with capacity restriction people came out and watched these movies. So what is important is the quality of content. What is important is the story that is being told. And I think the producers of movies who have held back their films, I think they are waiting, as I said earlier, for normalcy to resume and then they will release it. But actually, why are they holding, why are they not releasing, I think they will be the right people to answer that, not me.

Arun Prasath: Yes, my question is more about what is likely to happen for the deferment that has happened in the last week, is it going to be, they are going to hold it for three months, four months, or is it at the next immediate opportunity when the screens are opening they would release, especially those regional movies who don't have any dependence on the western, Maharashtra or Delhi belt?

Alok Tandon: Well, Arun, what we expect is that movies will start releasing from first week of March onwards, that is what our gut feel is, and when we speak with the producers this is the feeling that we get from them.

Moderator: Thank you. We have the next question from the line of Ashok who is an individual investor. Please go ahead.

Ashok: Thanks to the management team, especially Mr. Tandon for presenting such a good set of numbers and the approach the team has followed till date. So my very first question is that what exactly management forecasts their progress in the next upcoming five years, keeping a sense that there is an OTT platform that is growing on and on and there are multiple players who are coming on a daily basis. So how would we forecast that after five years, if I am a shareholder, what exactly I should think, that there should be a specific thing to remain invested in INOX?

Alok Tandon: Ashok, let me tell you movies are not going anywhere. We Indians love our movies and you must have heard me saying this many times. Watching a movie is in our DNA, Today, we as Indians, we are not an outdoor race; we do not go cycling, we do not go trekking, we do not go hiking. For us an enjoyment, Ashok, is going out with our family and friends, eating food, watching a movie, shopping and coming back and that will stay with us, that is one. Number two, for any celebration, and that is again in our psyche, for any celebration, for anything which is good, which happens good to us and in our families, we say let us go out and celebrate, and watching a movie is one of those celebrations that we do. Number three, you talked about movies coming in OTT. Well, let me tell you, with the advent of OTTs, the quality of films that are being made has really gone up. So it is beneficial for the cinema exhibitors as well as the OTT players. I would also say that OTT and cinemas will always coexist. They will complement each other. It is not that they will fight with each other. And let me also tell you one thing, that every content creator or every talent who wants his movie to be released on the large screen today, if you and I are made to act in a film, we will say that why isn't our movie being shown on a large screen, so it does a lot to the psyche of the producers, the directors and the talent when the movies do well on the large screen and we should not forget that about 60-65% of the revenues which a film garners, it garners from domestic theatrical and that is a big chunk. And how a movie performs at domestic theatrical depends on how much he will get from an OTT platform. So, most of

the OTT platform players first wait for the movie to be released on screens, they see that how much business it has done and then only they offer a price for the content creator. There may be just a very handful of movies where it is sold to the OTT player before it hits the cinema screens. Otherwise, that is the norm. And we all know that we love going out. Today we have various food delivery options, but still, we go out to restaurants, and similarly, it will happen with movie halls. Let me also tell you the future of films in India. We as exhibitors we want to de-couch our guests, we want to ensure that when you come to a cinema hall, when you come to an INOX, you are pampered and hence we are spending a lot of money on the three pillars which we have, which is luxury, technology and service. When I talk about technology, we have got various formats, we have got what is called a Megaplex where every format known in this world is under one roof, so be it an IMAX, be it Screen X where you can watch a movie on the side walls, be it MX4D, be it an LED screen where there is no projection, it is only an LED screen, theatre for kids, and Insignia which is nothing but 100% luxury, so we are ensuring that the movie is watched in an ambiance where people would love to come again and again. Where technology is concerned, again we have been using the best of projectors and best of the sound system, so that the movie is shown the way the director intended it to be shown. So we are doing a lot of steps. Where food is concerned, I just spoke about food that what all we have done to increase our SPH to increase our strike rate and also I can talk about the menu, at least 150 items we have in our menu in some of our screens so that people watch the movie and eat food simultaneously, rather than eating food before or after the movie. So, in the next five years you spoke about, Ashok, is cinemas are not going anywhere, they are only getting better. People will come to cinema halls, occupancies will increase, and players like INOX will keep on pampering our guests.

Ashok: Sure, thanks for that, and my last question to you is that considering the future growth prospect, as I am a very small retail investor, whether I should be assured that whatever the investment you are going to make for capitalization, are all those CapEx going to be funded by internal accrual, so we are going to take leverage or to take a debt?

Alok Tandon: Well, difficult to say, Ashok, how it is. Today, we have got a very, very strong balance sheet, we are a net debt-free company. How things pan out will be very difficult for me to say now, but as a company we believe that the debt should be minimal and all our growth should take place from internal accruals.

Moderator: Thank you. That was the last question. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.