

23rd November, 2020

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, 6th November, 2020.

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

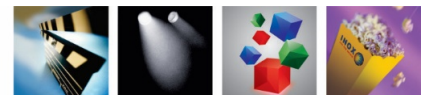
Kindly take the same on record.

Thanking you,

Yours faithfully,
For INOX Leisure Limited

Parthasarathy Iyengar
Company Secretary

Encl.: As above.





“INOX Leisure Limited
Q2 FY2021 Earnings Conference Call”

November 06, 2020



ANALYST: **MR. RAHUL ARORA - NIRMAL BANG EQUITIES PRIVATE LIMITED**
MR. GIRISH PAI - NIRMAL BANG EQUITIES PRIVATE LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to INOX Leisure Limited Q2 FY2021 earnings conference call hosted by Nirmal Bang Equities Private 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Arora from Nirmal Bang Equities Private Limited. Thank you and over to you Sir!

Rahul Arora: Thank you Ayesha. A very good afternoon to all the participants for having joined the second quarter FY2021 earnings conference call of INOX Leisure. I would like to thank the management for giving us the opportunity to host the call. The management for this call will be represented by Mr. Alok Tandon who is CEO; and Mr. Kailash Gupta, CFO. I would request the management to make opening comments about the quarter and their outlook and after which we can open the floor up for questions. Alok and Kailash Ji thank you so much for the opportunity and as the doorstep of our Tenth Anniversary it has been pleasure associated with you and thank you so much for your continued support with us as well so I would like to hand over to the call to you for your opening remarks and then we can take Q&A after that!

Alok Tandon: Thank you Rahul and congratulations for you on 10th Anniversary. All the very best. Hello everyone, good afternoon I am Alok Tandon and with me is my colleague Mr. Kailash Gupta on behalf of the INOX management, we would like to welcome you all to this call.

I am happy to inform you that the Board of Directors has approved the quarterly results as well as H1 FY2021 results yesterday. These results have been uploaded on the website of the stock exchanges and the company's website.. We have also uploaded the results as well as the earnings presentation. We are extremely excited albeit about the catching up with you all and especially when things are started to brighten enough and especially, we were given go ahead to the operate cinemas in Maharashtra yesterday.

Well what I personally think is that the worst is behind us and now hopefully going forward there should be no looking back. Before I talk about the second quarter let me tell you that our journey of the last seven months has been a huge learning curve as the pandemic has taught us a lot and we are very much wiser, sharper as well as faster.

Something which kept us in the hunt was a strong fundamental our faith in the passionate cinema lovers some tough decision making and above all a great scheme which stood up to the task when it mattered the most. Friends we are committed to emerge out of this pandemic as part as we can. We are committed to keep cropping milestones and delivering

upon our promises we are committed to keep entertaining India. Allow me to quickly share the agenda of the call with all of you.

I will take you through the second quarter numbers as well as the H1 numbers. I will then talk about the expansion and the future screen additional outlook. We will talk about the generous lineup of content in store for us on both Bollywood and Hollywood fronts. I will also take a few minutes to update you about the geographies where we can operate and with states, we are still awaiting the green signal from. I will also update you about our engagement with the landlord and a bit about our engagement with its content producers and studios.

We have engineered our safety protocols and SOP as per the government guidelines which I will briefly touch upon. We will also discuss the latest consumer surveys on cinemas which makes us feel extremely optimistic about the days to come. I will also share some information on how we are managing our cash flows during this period. On this call what I would like to do is walk you through some of the significant financial parameters as contained in our presentation and after that we will open it for any questions that you all of you might have.

Let us look at some of the financial highlights for Q2 and H1 2021. As you all know, all our cinemas have been closed during this lockdown for all the days of Q2 FY2021. This has impacted our performance severely. For Q2 FY2021, the revenue was only Rs.5 Crores as compared to Rs.524 Crores in Q2 FY2020. EBITDA was at a negative Rs.30 as compared to a positive Rs.107 Crores in Q2 FY2020. In Q2 FY2021 we had a PAT of negative Rs.48 Crores as compared to Rs.51 Crores in Q2 FY2020. For H1 FY2021 revenue was only Rs.8 Crores as compared to Rs.1020 Crores in H1 FY2020. EBITDA is negative Rs.65 Crores for the half yearly closing on September 30, 2020 as compared to Rs.199 Crores positive in H1 FY2020. PAT is at negative Rs.99 Crores as compared to Rs.92 Crores in H1 FY2020.

As there was an impact on revenues during Q2 FY2021 due to the COVID lockdown, we have also tried to keep our fixed costs under control. I am happy to inform you that all our efforts have been successful in bringing absolute control over operational fixed costs during Q2 FY2021.

On a year-on-year basis our employee benefit expenses including agency, manpower have gone down from Rs.71.6 Crores to Rs.15.7 Crores in this quarter, power and fuel, and R&M expenses have decreased from Rs.42.3 Crores to Rs.5.2 Crores in this quarter. Our expense towards rent and CAM during Q2 FY2020 was Rs.97 Crores and in this quarter, we have invoked force majeure clause and hence there is no outflow of rent or CAM.

We have also reduced our other overheads quite significantly during this quarter. They have gone down from Rs.32.4 Crores in Q2 FY2020 to Rs.13.5 Crores in Q2 FY2021. As we have always said our balance sheet is very strong and currently our net debt to equity ratio as on September 30, 2020 is around 0.09 times.

Additionally, our promoter and promoter group shareholding are 51.89%. In terms of shareholding structure as on October 30, 2020 FIIs owned about 11.21% of the company, DIIs owned about 19.2%, promoter and promoter group hold 51.89% and the public and others own 17.7% of the company. The share price as on October 30, 2020 was Rs.253.8 which gives the company a market capital of roughly about Rs.2,611 Crores.

Regarding property openings for financial year 2021 we stand by our guidance as provided during Q4 FY2020 results, we have 11 properties that are more than 85% complete. We are confident about opening these properties in FY2021. These 11 properties have 41 screens with 6374 seats in them. Beyond this we have a very strong visibility of property openings based on the agreements already signed. I feel proud to share that we have property signed up to the extent of about a nearly 1000 screens for 142 properties and with 184642 seats and once this pipeline is fully implemented we will be about 300 properties strong with 1656 screens and about 335483 seats, we are currently present in 18 states and one union territory in 68 cities with 147 properties 626 screens and 144467 seats.

There has been a lot of conversation around the availability of fresh content. The lockdown saw a few movies taking the digital distribution route, but the lineup looks fascinating and exciting and I am very sure that soon we will have new movies in a cinema hall. The Ministry of Home Affairs had issued guidelines for reopening on September 30, 2020, which allowed cinema to operate with 50% seating capacity. Subsequently the Ministry of Information and Broadcasting issued standard operating procedures on October 6, 2020 detailing the way cinemas must be operated.

INOX has been permitted to open cinemas in Delhi, Uttar Pradesh, Haryana, Punjab, Gujarat, Madhya Pradesh, West Bengal, Andhra Pradesh, Karnataka, Assam, Goa, Maharashtra and Tamil Nadu. The company is yet to receive notification to resume operations in Odisha, Jharkhand, Chhattisgarh, Kerala, Telangana and Rajasthan. Based on this as of now we are permitted to open our properties in our 123 locations with 528 screens.

Another important set of stakeholders I feel in our business are producers and content owners and we have been engaging with them and reiterating the importance of the theatrical run in the overall cinematic value chain. The entire ecosystem of the Indian film industry understands the strong fundamentals of the global cinema consumption chain,

which begins with theatrical which turns out to be one of the most value generating media. As I said earlier some movies, they have taken the digital route but now with cinema's opening and with so many states operational we should see that the value chain setting into its routine which is in the best interest of the industry.

We are thankful to the Honorable I&B Minister for announcing the SOPs. The SOPs are simple and audience friendly and we will ensure that the overall cinema viewing experience is safe and reliable. As expected, the SOPs take care of all the possible touch points as envisaged tie-up. All our guests must mandatorily wear masks and there will be temperature checks happening at the entrance. We will also keep PPE kits available for purchase, which will include a mask, a pair of gloves and a sanitizer. There will be several official trustees, hand sanitizers placed at important locations across the cinema.

Our shows will be programmed in such a manner that there are no simultaneous entries intermissions and exists and there will be extensive sanitization drills, disinfection processes at the right places and at the right moment. There will be a lot of focus on technology driven initiatives. Various surveys have commissioned during the lockdown by various agencies to understand the prevailing consumer sentiment. The outcome of these surveys reflects that the passion and the fondness of the cinematic experience and entertainment is still intact.

We have given a few case studies and we have indicated also that how people are missing the movies and what percentage want to come up in a presentation. Currently, as I said that we have got 41 screens, which you will open, and these screens are more than 85% complete. We would require an additional capex of Rs.28 Crores to Rs.30 Crores to complete these screens. As on October 31, 2020 our cash holding is Rs.94 Crores, which includes undrawn limits. As on October 31, 2020 our gross debt less cash is Rs.127 Crores. As on October 31, 2020 our gross debt less cash to equity is 0.12x.

Overall, we have seen extremely encouraging signs of recovery from markets though it is still a long way for us to get back to normal occupancies, which have been attracted by COVID-19. This is what I wanted to share with you in my opening statement. We are more than willing to answer any questions you should 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. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy:

Thanks, and congrats to management on the Maharashtra opening and to the industry. So my first question is on that only so Maharashtra now that it has opened now do you have

more clarity on the timetable of the movies, it was a key thing missing and in our slide #12 and #13 you have given the name of the movies in a particular order, is it your expectation that movies will come in that order with slight variation here and there and Q4 could it be a very high bunching up because seven and eight months nothing has happened so suddenly could there be a flurry of moving in Q4?

Alok Tandon:

Well Abneesh . I would say that yes Maharashtra announced the decision to open yesterday and now all the producers who are holding back the releases will announce the dates of the release. It is too early as of now because we all know it happened only yesterday. So maybe in the next couple of days, we hear which movie is coming when but having said this, we have been told that Suraj Pe Mangal Bhari is being released during Diwali so that is a very positive sign. When you say that we have given a list of movies in our presentation and whether they will be coming in that order. Well I do not think these are just names of movies we have given, and we are hopeful that dates will be announced very soon by these respective producers and content creators. We will say that there will be a bunching of movies in Q4 I doubt because as it is, we show about 1100 titles every year in INOX, which has about 20 titles every week. So, I doubt they will be bunching up of movies. We will be giving ample show time and ample screen space to these movies when they come and at least for the next couple of months I do not think that they will be a bunching up or they will be a pressure on us to give or to accommodate every movie because we ourselves will be accommodating all these movies, which are awaited to be released by giving them good streams and when I say good season is more show timing and more number of screens so that is how I look at it.

Abneesh Roy:

Similarly, on Hollywood movies like Tenet is there any thought process which is there because these movies obviously global launch has happened so do you think there will be enough interest in such movies because maybe some piracy would have happened etc.?

Alok Tandon:

Well, there is a lot of interest for Tenet and everybody is just waiting to see it including me and yes hopefully we should also see that Tenet coming and hitting the big screen. We have talked about piracy when piracy has been a bane throughout. It happens in every possible country but still the experience of watching a movie on the large screen cannot be taken away Abneesh so yes there is a lot of interest and I am very hopeful that they will be great footfalls when this movie is released.

Abneesh Roy:

So one final follow-up on this is you mentioned Q4 you do not expect bunching up to happen so is that because currently there is no clarity on when 50% of the cap will be lifted and movies will be viable more when that 50% is lifted so there will always be that kind of waiting any clarity when you expect a 50% cap to be withdrawn?

- Alok Tandon:** I cannot even comment on when the 50% cap will be withdrawn. That depends on the Central Government and various State Government but when I said that there will be no bunching of movies, Abneesh because there are no carry forward movies. Normally what happens is that we had old movies which we carry forward and show them in enough properties in the successive weeks so here there will be no carry forward of any movie. Only the new movie we will be showing and hence I said that there will not be a bunching up people can release content creators can release their movies every Friday and we have ample screen to show all of them.
- Abneesh Roy:** My second question is this was a goodtime to evaluate which property is working, not working you had a lot of time so your competitor has closed some of their screen so any similar thought process for the coming quarters any closure you will evaluate?
- Alok Tandon:** We have not evaluated any closure Abneesh because what we feel is that the properties which we have are performing as per our expectations and there is no thought process even going forward to shut any screens.
- Abneesh Roy:** Last question, you were saying that TV ad volumes are at a multi-year high so in your case obviously it is much, much more uncertain but how are you dealing with this, when do you see advertisers really taking INOX in their media plan, will it be linked to ATP kind of movie so which means not before December end for example so what is the strategy you are deploying here?
- Alok Tandon:** Well Abneesh, the advertisement depends on footfalls and today we know that there are no footfalls. Yes, advertising will take time. I cannot give a timeline that is how soon advertisers will come back to us but yes, it is in a blockbuster movie we will have people coming to us so that we can show their ads on the screen. I cannot give you a definite timeline for big movies, and you said right that there are some marquee movies waiting to be released and that is the time when I feel that advertisers will come back to us.
- Abneesh Roy:** That is all from me. Thanks a lot, and all the best.
- Moderator:** Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.
- Jinesh Joshi:** Thanks for the opportunity. Sir I have two questions, first is that in the presentation we have stated that we have got permission for 528 screens so out of that how many screens have opened and what are the initial trends in terms of occupancy and ATP if you can just highlight?

Alok Tandon: Well 528 screens yes in the presentation and we have added 129 screens of Maharashtra in this because of that we got a go-ahead only yesterday so earlier if the math is right, we had about 399 screens operational. We are not operating all screens. The reason being is we said this is the right time to do some repair and maintenance of those screens so that when big movies come in we would not have to shut them out again so that is the reason and number two, they are all library content, which is being played except one or two new movies otherwise it is all library content and hence we are running less number of shows with less number of screens across all the INOX properties so that is where we are where the screen count is concerned.

Jinesh Joshi: Occupancy in the ATP part trend?

Alok Tandon: Again in a library content we are happy that we are getting a mid single digit occupancy percentages. I think we should be happy with that that these movies came about eight months back, nine months back even a year back and we are still showing them and people are coming. So occupancy will only increase when there will be new movies and ATP let me tell you is that we are selling tickets between let us say Rs.79 to Rs.110-Rs.120 that is where we are, these are for regular seats and for recliners yes it is definitely more. Our overall ATP is about Rs.140 and Rs.145 and that trend will continue until we get new movies but just to tell you in Bengal we had six new releases, our ticket prices were free were at the pre-COVID levels so your ticket pricing also is a function of whether new movies are being released or not.

Jinesh Joshi: Sir what kind of F&B discounts are we giving currently to patrons I mean any promotional discounts have you rolled out?

Alok Tandon: Yes, for F&B, we are doing a lot of work. We have got some low-price special combos. We have got vocation-based and movie-based combos for example we made a special combo for the BTS. We are doing a lot of pre-booking with our guests and we are targeting customized food offerings for them so there is a lot of work we are doing as far as F&B is concerned so that people come, they eat and they enjoy their food in and our cinemas so well I would like to comment on that in the strike rate is quite healthy that we have these days where F&B is concerned and offers have been rolled out quite a few of them have been rolled out.

Jinesh Joshi: Sir one last question I mean you mentioned that currently a lot of library content is getting played so are we attracting any kind of ad volumes for that content or is it a complete blackout kind of a situation?

- Alok Tandon:** Well, I would not call it a blackout. There are a very few advertisers who want to show their products in library content, but the word blackout is not right because we still have some advertisers with us. But as I said in my previous answer that it is just a matter of time before new movies start releasing and that is the time, we will be having ads on the giant screen.
- Jinesh Joshi:** See earlier if it was 10 minutes per show, I mean can you give out a rough approximation whether it is two minutes, three minutes, I mean where are we on that front?
- Alok Tandon:** It is too early to say, maybe not more than two or three minutes for sure.
- Jinesh Joshi:** Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Urmil Shah from IDBI Capital Markets and Services. Please go ahead.
- Urmil Shah:** Congrats on strong cost optimization so my first question was if you could throw more light on the engagement we are having with our developer partner as to what proportion of our properties, we would have already got complete waiver also that is complete favors for the shutdown period and discounts or rev shares model for the rest of the year?
- Alok Tandon:** Urmil, we have had negotiations with most of our builders and we have got a complete waiver during lockdown so I can see approximately 60% to 70% of the properties have already been documented where we have got a complete waiver during the lockdown and so these are the numbers and let me also add that going forward most of them have been helpful and they realize that a mall and a multiplex have to coexist and hence we have got in most of our properties revenue share till March 31, 2021. We are in active discussions with everyone and the ones which are remaining should be signed and documented soon.
- Urmil Shah:** It would be helpful for at least a range of the kind of blended discount or that could be possible in the second half if it could be shared, while the discount might vary between Q3 and Q4 but there is a good chance that would be approved substantial discounts?
- Alok Tandon:** I would not like to talk about the percentage, but I would say that these are from substantial discount from our developer friends and that I think is a very positive sign but actual numbers I would not like to discuss.
- Urmil Shah:** Sure as regards the cost apart from SG&A, employee cost has been the key parameter for limiting our cash burn so as we reopen the operation so what is the level of employed base comparison to the pre-COVID level that we are looking at operating on/

- Alok Tandon:** So let me tell you that the manpower and the employee level will be much lesser than pre-COVID levels even when we resume normal operations I would say that there will be a substantial reduction in a manpower cost as well as the number of people we occupy and that is because of a couple of reasons. We took the advantage of the lockdown to do multitasking, to train a lot of people, every employee in the company today knows how to operate a POS. We also did a lot of work in terms of teaching people about the other aspects of another department for example an IT guy was taught about engineering and usher was told how to sell a popcorn, a salesperson was taught how to sell tickets so everything was done so that today when we open, it is a company where everybody can do anything and everything so that is something which we have done and instead of giving you actual numbers I would say that you will see a substantial reduction in a manpower account as well as a manpower wages.
- Urmil Shah:** Sure, just last thing so keeping this into account and the restriction of up to 50% of occupancy, what should be the range of utilization which should enable you to break even maybe not in Q3 but Q4 onwards?
- Alok Tandon:** Well I think this 50% only for a short period of time maybe for the next couple of months and after that we leave back to normal 100% capacity utilization so working on numbers that we have a break-even point it depends on which movies are coming, how many shows we are running so there are quite a lot of variables in it and there will be no particular answer to it. As I always say that this has been an aberration of the COVID issues. In a long history of 100 years in the cinema if it happens for a year it is just a small blip. So we should be back to normal very soon and as I said that there are a lot of permutation combinations of variables required for us to give you that one number and hopefully in the next couple of months maybe at the end of FY2021 when we speak we should be talking about 100% numbers that is how I look at it.
- Urmil Shah:** Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Vikram Ramalingam from May Bank. Please go ahead.
- Vikram Ramalingam:** Congratulations on getting the approval to reopen the screens. My question was regarding your whole experience in West Bengal and Assam where the fresh content was released I mean can you give some color or share some insights or conclusions that you have had so accordingly I will ask some pertinent questions?
- Alok Tandon:** Vikram, in West Bengal we had six new movies which were released. We had some good occupancies and the most heartening thing was that families were coming, and it was nice

to see families coming and watching movies. We had a few household shows when I say household means yes it is at 50% capacity but that is again a very promising sign so it all depends on which movie it is, how do people perceive it to be because if you see that people are tired of sitting at home. There is a lot of pent-up demand and as we saw great footfalls in Bengal for new movies. We anticipate the same for new movies and other Indian languages as and when the producer, the content creator announces the release so it was a very positive sign, we had some nice numbers, our ticket prices were back to pre-COVID levels for these new movies, and also we saw quite a healthy off-take of F&B in that period.

Vikram Ramalingam: Actually what I wanted to even asking that context is now that in West Bengal you had a more or closer to normal situation, did you see any change in trend like earlier in pre-COVID time weekend and weekday there used to be a marked difference in the occupancies by any chance has that gap narrowed like did you get a sense of that now that a lot of more people are working from whom people are even coming in let us say the morning shows during weekdays, what is there such a trend?

Alok Tandon: Well, I do not think that is the right way of putting it for West Bengal because all five to six cycle days holiday over there so like even a week there was a weekend because there were 6 to 7 days of holidays so we had people coming in from morning to evening whether it was a Thursday or Monday morning so that is how it was. The acid test will come now. If there is a new release in a non-festive season so that will be the acid test but yes I feel there will be a slight shift of viewing pattern from weekend to weekday as you rightly said that lots of people are working from home today so I feel that if a new content comes and still people work from home we could see higher occupancies on weekdays and especially early evening shows maybe a 5:30 or 6 o'clock show but that only time will tell.

Vikram Ramalingam: Okay my final question is on the rent agreement so you have shared a revenue, you have forged a revenue sharing agreement with your developers till March 31, 2020 but generally do developers prefer a fixed rent model because of historic reasons or they like it that their revenue from cinemas are fixed I mean do they prefer that by any chance like do you have, you get a sense that they would even in long-term prefer revenue share after March 31, 2021?

Alok Tandon: Vikram, this is very developer-specific so some may prefer fixed trends some may prefer only revenue share because they know that we have great footfalls and great revenues and hence they would like to take a larger percentage so that all depends it is very developer-specific. Going forward is anybody's guess so I cannot comment on behalf of a developer.

Vikram Ramalingam: Alright thank you so much.

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

Arun Prasath: I have two questions, first on the amount of capital raise that is being proposed does it mean that you are expecting a very high monthly cash burn in the next three to four months or a normalized cash burn over a longer number of months, I am not able to figure out exactly, what is the thought process for and how you arrived at this amount any light on this?

Alok Tandon: Will let me tell you the board has given an enabling resolution for the company to raise Rs.250 Crores but that does not mean that we will be raising the money it depends, yes we have got a resolution from the board and then we will decide when we have to raise that money so as of now there is nothing at all. Should we require it we go to the market to raise it but nothing else as of now.

Kailash Gupta: In addition to what Alok is saying of course the cash burn is going to be higher than what it used to be in the shutdown position because of the operating costs which will kick in like housekeeping and sanitization to manpower cost which we have to pay to the people on the ground and electricity. So of course the burn rate will be much higher than what it used to be earlier?

Arun Prasath: So just if I had to share my thought process so if today you are burning some amount so if let us say it becomes 3X so the kind of capital raise that you are looking for somewhere around seven to eight months of burn rate so do you expect seven to eight months the situation to be like this?

Alok Tandon: I do not even know when we go for an issue raise or whatever it is for raising money because till now, we just have an enabling resolution from the board. That is, it. Today I think our books are strong enough we have got enough money with us to run for the next couple of months and yes we have an expense of Rs.10 Crores to Rs.12 Crores a month but as Kailash just now said it is increased a little bit. We only come to know in the next couple of months that what our costs will be going forward but as of today we are quite comfortable with our cash position we have.

Arun Prasath: Fair enough. My second question is on trade receivables I see the substantial direction in the trade receivables compared to March to September does it mean that lot of small and medium enterprises or regional advertisers had paid you back or is it only national brands, can you see some light on the mix and proportion on how it has happened because this looks quite positive or a very large positive surprises as compared to say your competitor whose reduction is not that high as compared to this.

Kailash Gupta: So let me tell you that we had a very special drive in terms of the recovery we were after everybody virtually on a day out on our sales team and finance team work together and in and we recovered 85% of the pre-COVID outstanding. We are left with very small amount out of that also a substantial amount has been recovered in the month of October and we expect that the entire amount will be completed by November December latest so we do not see any challenge in terms of the recovery, of course, we had to add a special drive and focus to recover and fortunately, we are successful what we have recovered is the mix of everything and it is right from everybody whether a small or a big so we have recovered money virtually from everybody.

Alok Tandon: So just to add together what Kailash is saying you are right we had laser focus collection they were keen set up, they were given targets, they were monitoring or the team was monitoring every day how much money that hit the bank so there was a relentless focus and laser sharp focus on our sales team to collect money we said that everybody is at home during lockdown you cannot travel but yes that cannot or should not prevent us from picking up the phone and speaking with people and our advertisers and other people also whoever had to owe us money helped us and released money then gave it to us and last said it is now a very small amount of money which is left and we are very hopeful that by end of November early December. We should be having these also.

Arun Prasath: That was helpful, but my question was a little different was for the proportion of the national brands was higher that is why your collection is also higher from the national players or regional players have also started paying?

Alok Tandon: So let me tell you the number of the customers from whom we were supposed to recover the money was more than 200 just for your information and we have closed almost maybe around 160 and 170 as overall number I mean number of customers so we are left with only 35 customers and this includes everything so I mean the national vendors were only few which you can count on your fingers so it is a mix of everything so national or regional as well as local vendors so everybody paid whatever they had to and hence only a small amount is left.

Arun Prasath: Thank you very much.

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

Yogesh Kirve: Thanks for the opportunity. Sir just I wanted to ask so our film producers or distributors engaging with us or looking for any concession at least from the next few months

perspective in terms of the revenue sharing arrangements of the exclusive window or is it that the pre-COVID rules apply even now?

Alok Tandon:

Well the ratio it is getting touch with the distributors and producers. We are just talking about that when the movie will be released. What is the right time for discussion today is happening on those terms? What is happening in various parts of the country how many footfalls are there, it is not being discussed or let us share our exclusivity, it is not being discussed at all so today I think the first thing we all need as the cinema exhibition industry is to release movies and get people in that is the most important challenge for us and that I think is even their priority of the producers that people should come and watch their movies so as we speak yes we are discussing on when a movie should be released rather than what terms exclusivity or any other commercial aspect.

Yogesh Kirve:

Thanks for that. Secondly regarding the F&B experienced in West Bengal so in terms of convergence in terms of a number of footfalls that normally happens and how many of those usually buy can be so had that conversions been similar to pre-COVID levels or being lower or any light differentiate?

Alok Tandon:

Well F&B in Bengal was just like pre-COVID level and I would say in some cases even better than pre-COVID because we were only looking at the festive season where people come and buy more food and they come out with their families to enjoy so whether it was the strike rate whether it was our SPHs, whether it was the amount of items a person purchases all those were higher than what they were in pre-COVID but that is just a small period that was the Durga Pooja period and now even after the Durga Pooja period when people come to see new movies so we have seen yes they spend a lot of F&B but anybody coming to see a library content may not spend that amount of money the F&B is concerned but answering the question in Bengal during Durga Pooja, we were at pre-COVID levels if not better where F&B was concerned.

Yogesh Kirve:

Finally, so the central government allows sale of F&B but have any states put on any restrictions on the sale of F&B as a part of their state specific guideline?

Alok Tandon:

No not to my knowledge Yogesh. There is no one which is saying that I do not think any state has come out with SOP, which is stricter than that of the central government. It is all in line with the central government SOPs.

Yogesh Kirve:

Thanks a lot for the responses and wish you all the best.

Moderator:

Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

- Sarvesh Gupta:** Sir on F&B just a clarification I think my understanding was that F&B sale is not allowed as of now in the multiplexes at least in Maharashtra, can you please clarify?
- Alok Tandon:** Well Maharashtra has opened yesterday what we know is you cannot sell food inside the auditorium but there is no restriction in selling food in the lobby or from the concession counter.
- Sarvesh Gupta:** No but can the patrons eat the food inside the multiplex is the question?
- Alok Tandon:** Well people have been meeting in other parts of the country and you refer to Maharashtra specifically as I said that order has only come out yesterday. We have not opened any screens in Maharashtra so I am not able to comment on that but in other parts of the country people can buy food and consume it inside the auditorium.
- Sarvesh Gupta:** Understood Sir and the other question you alluded to the increase in the cash burn because of the opening of the multiplexes so can you quantify let us say with respect to September what was the number and going forward for the next one to two months, what is the sort of ballpark expectation on the cash burn?
- Kailash Gupta:** Sarvesh is difficult to predict but the challenge is that the screens are opening in a steady manner, so it is not that we have all the screens across the nation open. The real challenge is still seven states almost 98 screens are to open. Even Maharashtra announced yesterday and the Tamil Nadu is opening from November 10, 2020 so it is very difficult to predict the number right now, they are also trying to contemplate the number but clearly speaking very difficult to give you any kind of prediction right now but of course it is going to be higher than what we are doing currently.
- Sarvesh Gupta:** But let us see what was the cash burn in the month of October for you?
- Kailash Gupta:** Cash burn for October it is still we do not have full numbers with us because we have been busy with this board meeting, but to give you the sense Rs.10 Crores to Rs.12 Crores was average cash burn in the shutdown situation which is, of course, is going up but really speaking it is difficult to give you the number right now. It is too early to talk about it.
- Sarvesh Gupta:** And the plan fundraising of course I understand that this is the enabling resolution, but will this be in the form of the pref allotment to promoters or will be in the form of QIP?
- Alok Tandon:** I think you will have to wait Sarvesh for the right time to predict about it or talk about it. This is not the right time to discuss on this issue.

Kailash Gupta: As of now as I said it is only being enabling resolution from how we must raise it we will decide later.

Sarvesh Gupta: All the best for the coming quarters.

Moderator: Thank you. The next question is from the line of Shanti Patel from Shanti Patel Investment Advisors. Please go ahead.

Shanti Patel: I hope Sir, you must have noticed that there is a lot of negativity against the film industry in the social media at least in Bombay I have seen I do not know about the other parts which we will not affect our revenue in the future and consequently the profits?

Alok Tandon: The people like me I do not know about you but we are just trying to go to the cinema and watch a movie and I think that is with most of the Indians so the negativity which you are talking about I do not think that will ever reflect in footfalls people may say whatever they want to I would not like to comment on that but let me tell you that for us Indians watching a movie has been in a DNA, is in DNA and will be in DNA so let me assure you that come one big movie and people will back to the cinema hall with this and they will be the same hustle and bustle in the lobbies. Well let me tell you even when there is no new content and there is only library content still we are seeing people in our halls and as I just said that even showing old movies in a hall is getting in people so I want to see those days when there is new movie and we have the same hustle and bustle of the world which I use just now back in a lobby so I doubt that will ever, ever make a difference.

Shanti Patel: Thank you.

Moderator: Thank you. The next question is from the line of Anurag Dayal from HSBC Asset Management. Please go ahead.

Anurag Dayal: Thank you for taking a question Sir. Sir I have question regarding this rent negotiation part so in the release it is written that of about I think Rs.150 Crores to Rs.160 Crores which has been recognized around Rs.106 Crores, yes to be settled so is this in reference to the actual letter received because you mentioned 60% agreement has been reached?

Kailash Gupta: Correct so you are right so wherever we have said that the number of deals has been settled and settled with some sign of may be the consent developers.

Anurag Dayal: Another thing about the cam charges you understand from their arrival they said that they are paying, they must pay some cam charges so what are your negotiations with the developers on that?

- Alok Tandon:** Whatever deal we have closed is closed along with the cam for me the outflow is one whether it is in the name of the rent or cam or conducting charges or something else if I am paying to developer I am paying for a property so the negotiation was in a toto not of individual amounts unfortunately we are able to settle with everybody till now with the zero rental for the rent of cam charges for the period so I cannot comment about the other one but that is our deal.
- Anurag Dayal:** Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Depesh Kashyap from Equirus Securities. Please go ahead.
- Depesh Kashyap:** Sir I have just one question that movies like 83, Sooryavanshi which were to be released this Christmas they seem to have been further postponed right and then there are bigger movies like Lakshmi, Big Bull, etc., which are ready and will be releasing on OTT over the next week or the next couple of weeks. So, my question is are we in talks with these producers to do a parallel theoretical release or we are very strict that will not allow those movies to be released in theaters?
- Alok Tandon:** Any movie which is in common OTT will not be shown in INOX screens and that is for sure but yes we are in talks with the people who will release their movies on the giant screen whether it is 83, Sooryavanshi or even other content creators and we are talking to them about the releasing of the movies as to when they would like to release it what help we require together how we can work on it so all those stocks are taking place.
- Depesh Kashyap:** Okay so there is the only INOX stand on the entire multiplex chain has taken a stand?
- Alok Tandon:** I have no clue I can only talk about my company that is something which I can comment on.
- Depesh Kashyap:** Sure, thank you.
- Moderator:** Thank you. The next question is from the line of Rakesh Sharma, an Individual Investor. Please go ahead.
- Rakesh Sharma:** So the promoter and promoter group stake is around 52% so I wanted to understand your thinking around what is the minimum stake you would like to maintain for the promoter stake for example would you like to see the promoter stake go down below 40%, would you be comfortable with that?

- Alok Tandon:** Sir that is not for me to answer that is for the promoters to answer that what the stake they are comfortable with so I may not be the right person to answer this question of yours.
- Rakesh Sharma:** Thank you.
- Moderator:** Thank you. The next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.
- Yogesh Kirve:** Just a clarification so the rent concessions that we have booked in the first half of roughly about Rs.140 Crores so this pertains to the waiver for the first shut period itself or does it also include the concessions for the second half as well that we would have tied up?
- Alok Tandon:** Yogesh, we cannot account for any futuristic amounts, so it pertains only the shutdown period.
- Yogesh Kirve:** This amount really works out to like 50% of what would have been normalized charges so just trying to reconcile with the other statement that you make at 60%, 70% of mall developers have already agreed on the waiver so if you can just reconcile this page?
- Kailash Gupta:** I think you are confusing with two things, one is the amount so second is the number of properties and I think there is something, if you need more detail, maybe we can discuss one on one Yogesh but I mean really what you are saying is to tell me the reconciliation of the property versus amount it is something difficult to give the detail at this point in time.
- Yogesh Kirve:** No problem thanks a lot for this.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Girish Pai from Nirmal Bang Equities for closing comments.
- Girish Pai:** Thank you to the INOX management to giving us this opportunity to host this call I would like to thank everyone for taking part in this. Wish you all a good day.
- Alok Tandon:** Thank you and I would like to thank everybody on this call for taking interest in our company and let me assure you that we are coming back stronger, faster and more agile than we are coming out much more stronger.
- Moderator:** Thank you. On behalf of Nirmal Bang Equities that concludes this conference. Thank you for joining us. You may now disconnect your lines.