

5<sup>th</sup> May, 2021

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

**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> 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 Thursday, 29<sup>th</sup> April, 2021.

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>.

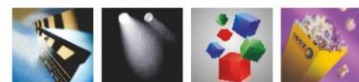
Kindly take the same on record.

Thanking you.

Yours faithfully,  
**For INOX Leisure Limited**

Parthasarathy Iyengar  
**Company Secretary**

**Encl.: As above.**





“INOX Leisure Limited  
Q4 FY2021 Earnings Conference Call”

April 29, 2021



**ANALYST: 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 Q4 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. Girish Pai from Nirmal Bang Equities. Thank you and over to you Sir!

**Girish Pai:** Thank you. A very good evening to you all, hope you and your family that keeping safe in these times of COVID. On behalf of the Nirmal Bang Institutional Equities, I would like to welcome you all to the Q4 FY2021 Analyst Call of INOX Leisure. Thank you all for taking time out to attend this interaction with the management. We have with us Mr. Alok Tandon, CEO; and Mr. Kailash Gupta, CFO representing INOX Leisure. We will start with opening comments on the quarter from the management and then we will open up for Q&A. Over to you Mr. Tandon!

**Alok Tandon:** Thank you a lot Girish. A very good evening to all of you. I am Alok Tandon and with me on this call and I have got my colleague, Mr. Kailash Gupta and on behalf of the management of INOX Leisure Limited, we welcome you to this call which is taking place after the board has approved the results for Q4 FY2021 and the full financial year FY2021. The results have been uploaded on the website of the stock exchanges and also on the company's website.

An extremely eventful and uncharacteristic financial year 2021 has ended and I would like to say that this year would remain hitched in our hearts and minds for a very long time to come. If you set aside the financial performance and look at the positive side, the year has brought out our resilience and our determination and strengthened our belief in our business and the passion that is prevailing in India for cinemas. I would continue to fuel our growth as and when the situation normalizes.

We know the journey from here on would be tough for a limited period of time, but we also know that it will bring along new learnings and would shape us to emerge as a stronger and more resilient organization sharply focused on profitability from successful innovation.

I want to take this opportunity to tell you that our teams feel the same energy, they felt one year back, and every single person is rearing to go and put the best foot forward for the organization. As evident from the numbers, Q4 delivered a lot of hope and proofs and proved us right in many ways. Fresh and new content has always been crucial to our business. There was some phenomenal turnout, and I can name almost dozen movies that

brought in crowd, more importantly, their just behavior in the new normal gave us a lot of confidence as they came to terms with a new SOT, smoothly and comfortably.

Let me take you through the presentation, and the key highlights are as follows: post lockdown once we have opened up somewhere on October 15, 2020, last year, INOX has received 3.8 million resilient footfalls even during these tough times, we have added 17 screens which is between October 2020 and March 2021. As of March 31, 2020, INOX is a national chain with the lowest net equity ratio of 0.02x. I would also like to highlight that we have a strong liquidity position and which going forward in this presentation, I will discuss in detail. Also, during the pandemic, we formulated and implemented the best-in-class COVID-19 SOPs..

Let us look at some of the financial highlights of Q4 FY2021 and for the full year FY2021. As you all know, cinemas were permitted to open from mid-October 2020 onwards in a staggered way. Additionally, there weren't any consistent and notable movie releases, as a result of which our financial and operating performances were impacted. So Q4 FY2021 the revenue was only ₹119 Crores as compared to ₹376 Crores in Q4 FY2020, EBITDA was at ₹-60 Crores as compared to ₹40 Crores in Q4 FY2020. PAT is at ₹-74 Crores as compared to ₹-2 Crores in Q4 FY2020. For full year FY2021 revenue was only ₹148 Crores as compared to ₹1915 Crores in FY2020. EBITDA is at ₹-204 Crores as compared to ₹347 Crores in FY2020. For FY2021, our PAT is at ₹-257 Crores as compared to ₹141 Crores in FY2020..

Performance in key operational metrics was as follows: in Q4 FY2021 the footfall is only 34 lakhs as compared to 128 lakhs in Q4 FY2020. Occupancy is at 10% as compared to 24% in the same quarter last year. ATP is at ₹172 compared to ₹202 for Q4 FY2020. SPH has remained the same at ₹78 on a year-on-year basis. For the full year FY2021 footfalls is only 38 lakhs as compared to 660 lakhs in FY2020. Occupancy was at 8% as compared to 28% in FY2020. ATP we closed this year at ₹170 as compared to ₹200 in FY2020 and SPH is at ₹77 compared to ₹80 last year.

As there was an impact on revenues during Q4 FY2021 due to staggered permission provided by states for 100% capacity utilisation and the absence of any notable and consistent movie releases, we have tried our best to keep our fixed cost under control. On a year-to-year basis our employee benefits expense, including agency manpower have gone down from \$67.5 Crores to ₹37 Crores in this quarter.

On a year-on-year basis, our employee benefit expense including agency manpower has gone down from ₹67.5 Crores to ₹ 37 Crores in this quarter. Power and fuel, and R&M expenses have decreased from ₹ 32.3 Crores in Q4 FY2020 to ₹24.1 Crore in this quarter.

Our expense towards Rent and CAM during Q4 FY2020 was ₹82.7 Crores and in this quarter we have incurred ₹67.2 Crores. We have also reduced our other overheads in this quarter from ₹35.6 Crores in Q4 FY2020 to ₹20.5 Crores in Q4 FY2021.

In terms of shareholding structure, as on Apr 23rd, 2021 FIIs owned about 15.86% of the company, the DIIs owned 20.00%, promoter and promoter group hold 47.38% and the public and others own 16.76%. The share price as on Apr 23rd, 2021 was about ₹ 270.5, which gives the company a market capitalization of roughly ₹3047 crores.

In FY2021 we opened five properties with 17 screens and 2335 seats. In FY2022 we already opened a property in Bengaluru with five screens. Additionally, we are confident of opening five more properties with 19 states wherein 90% of work has already been completed. We have another 25 screens, the opening of which depends on the circumstances, getting normal.

At present, we are operational 18 states and one Union Territory, present in 69 cities with 153 properties and 648 screens. There has also been a lot of conversation around the availability of fresh content and if I talk about the movie release in Q4 FY2021, we had *Krack*, *Master*, *Uppena*, *Pogaru*, *Roohi*, *Mumbai Saga*, *Godzilla versus Kong*, and they all did very well.

Post normalcy from the second wave, multiplexes do have a healthy lineup of movies. Whether it is Hindi, English, or other Indian languages.

Due to the second wave of COVID19, there were several States which have shut down cinemas. Current Status of INOX Multiplexes are as follows, Due to State orders INOX has shut down 97 properties with 424 screens. Due to non-availability of content INOX has shut down 33 properties with 116 screens. Currently, INOX is operating 23 properties with 108 screens

The second wave of COVID-19 has severely affected Multiplexes. As a result, we have approached the landlords to re-negotiate Rent & CAM

Another important set of stakeholders for us are the content partners, and we have been in constant dialogue with them. Due to the second wave, producers and distributors have deferred their releases scheduled in Q1FY22, and majority of the producers and distributors are in favour of releasing their movies on the big screen and therefore, would postpone their releases until normalcy.

As far as our CAPEX is concerned, we have 19 screens wherein 90% of the work has been completed; hence would require an additional CAPEX of ₹8 to ₹10 Crs and remaining 25

screens would be opened once things normalise.. I would also reiterate the liquidity position is very strong. As on April 25, 2021 we have liquidity of more than ₹130 Crores which includes undrawn limits of ₹87 Crores. Additionally, INOX has passed an enabling resolution to raise upto ₹300 Crores. Alternatively, INOX owns six cinema properties and a head office and as per the current market valuation, if required, we can raise ₹350 Crores by doing a sale leaseback. As on April 25, 2021, our gross debt was ₹103 Crores and net debt was only ₹55 Crores.

Well friends, that was the brief about the year which is won by and now I would like to open this program for question and answer session.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mr. Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:** Thanks for the opportunity. My first question is the screens where you have closed on your own because content is not available, but the state is allowing it. In that scenario what happens to the rentals, does it still gets waived off, because it is a voluntary closure not a closer by the government?

**Alok Tandon:** To answer that question, I would say that we have written to the landlords. We have told that they are hardly anybody coming in, there is no content to show and hence it will be prudent for us to shut down the property. We will not be able to pay rent during these times, and let me tell you Abneesh, that in lots of places we have got a positive answer and even though the state has not allowed it, but we have shut it down because of no content, so we have got a positive response on our landlords..

**Abneesh Roy:** Follow on to this, the screens which are still open what is the content you are showing, which states are these?

**Alok Tandon:** States like West Bengal Andhra Pradesh, Telangana and there are one or two more states, Goa as of now, but Goa will shut down from 6 o'clock this evening, so these are about four or five states where we are operational. In one or two states, they are still 100% capacity allowed. Still, in a few, it is only 50% and the content we are showing is Hindi movie, which is from the past week or a few English movies that have been released this week itself, so there is content Abneesh. However, we do not have hoards of people coming in, this is mainly because mainly of the fear psychosis.

**Abneesh Roy:** And second question was on the real estate which you own ₹350 Crores you said only if required we will do this, we do have enabling resolution for another fund raise. So what is the thought process because the wave II do you again re-focus a bit more on the sale and

lease back or it is something it can be done only in even more extreme situation, because your liquidity is fine and debt-equity is very little?

**Alok Tandon:**

No, that Abneesh we have been talking about in our past investor presentation, when we say that 'if required' we also have that cushion in the balance sheet, but on the other hand, the board has allowed us or given us an enabling resolution to raise ₹300 Crores..

**Abneesh Roy:**

Last question, we are hearing joint release movies now in this current many situation wherein it will release on theaters also and it will be released on OTT and maybe some other media also, so any comment on that or do you think that this is just as stock gap arrangement and a related question is Hindi movie release were quite delayed when things were going fine versus the regional, now again then wave two comes down in the next few months, do you see this time Hindi movie releases setting up faster because the overseas market COVID cases are dying down, so that was the key reason why Hindi movies are not releasing, so any thoughts on that?

**Alok Tandon:**

If I answer the second question first, you are right earlier Hindi movies are not released quickly. We had English movies, or movies in other Indian languages being released very quickly, and on every weekend, there were at least four or five big movies being released. With international markets opening up, Hindi producers could release their movies, but at the same time when the state governments gives the okay to open up our screens hindi movies would require three to four weeks of marketing campaign before they come out with the films, so instead of eight or nine weeks being taken earlier, it could be four or five weeks now. International is already opening up, so they will not have any issue over there. When you talked about some movies releasing on other platforms, well we still believe in the age-old and world-over practice of theatrical window. We feel that the movie should first come on theaters and then after a lag of few weeks it should come on any other platform. I still standby that Abneesh, because that helps everyone in the value chain. After all, as per the performance of the movie, it can garner the amount which the producer wants on any OTT platform or through any other channel, so we believe that the theatrical window should be followed and number two, movies could come out in the four to five weeks after various state governments lifted the lockdown.

**Abneesh Roy:**

Okay Sir, 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. I just needed on clarification. Our revenue includes sum of ₹24 Crores pertaining to an old claim which got settled, so can you highlight what this is about?

Secondly, if I look at our film distributor share that was it 47% in this quarter and typically this figure used to be in the region of 44% to 45%, so is there any change here which you would like to highlight?

**Alok Tandon:** Talking about ₹23.75 Crores, yes that is a claim of ours which we have got recently, so that is now reflected in the books and about the film distributor share going up, well let me tell you that we encouraged as a one time gesture towards the producers and the distributors, we increased the revenue share by few percentage points, so that is the reason why you see a higher distributor share and number two, what also happened was that the movies ran for a very short period of time, so week on week, the higher distributor share was kicking in, so that is the reason why you see our higher distributor share in Q4 FY2020 and marginally higher one across the entire financial year, so those are the reasons for that.

**Jinesh Joshi:** Yes Sir, but the claim I wanted to know what was that pertaining to, I have the figure which is ₹24 Crores which is stated in the presentation, what was it pertaining to?

**Kailash Gupta:** This is one of the insurance claims pertaining to FY2020 which is settled now, so this was in dispute for almost a year, so which is now settled by the insurance company.

**Jinesh Joshi:** One last question, we have also stated in our press release that we have chalked out some plans with online food aggregator so can you mention I mean which on aggregator do you have the tie up currently and what kind of revenue potential, does these tie ups can have?

**Alok Tandon:** We have signed with Zomato and Swiggy, wherein we sell our cinema food on those platforms. We have got a good uptake as of now [i.e. before the cinemas are shutdown], so this is the beginning, we are very hopeful over a period of time all this will increase. There will be separate stream of food and beverage revenues by going out to the people's house and delivering it over there through the aggregators. We have looked at different menu, we have looked at different packaging, so that it is easy to spend, and it can reach a customer within 20 to 25 minutes.

**Jinesh Joshi:** Got it Sir. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor:** Good evening. I just had two questions. My first question was on the operating cost, so if you look at your operating cost structure, you have done about ₹150 Crores of operating cost in Q4 around ₹95 Crores odd in Q3 and about ₹35 Crores to ₹40 Crores in Q2 I think started to open up obviously your operating cost structure have been normalized. Now as you look at the next quarter or two for the next six months where there will be certain



challenges, so where do you believe this operating cost structure will kind of lined up, will it be closer to your fourth quarter levels that screens are open now let be closure to may be third quarter because just about opening up, because somewhere in the middle there, how do you see that kind of panning out if you could just help us understand a little bit?

**Kailash Gupta:**

It is difficult to predict our cost right now because one area, which is rental and CAM, is right now open for us, and it is very difficult to predict right now because the closing or shutdown is happening. Second is a lot of negotiations that happened in the last financial year, and we are trying to replicate the same. However, we are not sure what would be the real outflow, but you need to assume that the cost structure would be similar to Q4 only, and it is not right to go back to the Q1, Q2s of last year.

**Harit Kapoor:**

In fact just on this, if you could help us understand what is qualitatively 400 Crores odd screens that have been shut down by authority of 100 odd shutdown, what is the response from malls, landlords who you are discussing with, are they more understanding on your calls or given that they have given a one-year leeway, other conversations are much more difficult now?

**Alok Tandon:**

I do not think they are difficult, because they know what is the situation across the country is, because even the malls are shut and in places we voluntarily shutdown, it is a just matter of time, we feel, those states also would have a closure coming in sooner than later. But wherever we have voluntarily shut down, the developers and the mall owners have understood our pain. They know that nobody is coming in, 1) because there is no movie, and 2) there is fear psychosis, and we also see the same in the footfalls. We are seeing footfalls dwindling in the malls also. So, as I earlier said, our developers have been supportive..

**Harit Kapoor:**

My second question was on we have discussions with the producers so, what is the stance the multiplex industry is trying to take like the recent one they announced where there is going to be kind of simultaneous release, is there a stance being taken on those , how are you weighing that. I know your thoughts that in the medium term or even in the near term once things open up, we expect everything to release in the theatres but in the interim that films are planning, some one or two films might plan a simultaneous release, how does this cinema or multiplex, you guys at a larger two or three players look at it?

**Alok Tandon:**

So, I cannot comment on others. I do not know what is happening to the entire industry and how will they look at it, but INOX for sure, as I said earlier, we want movies to respect that window of eight weeks theatrical window after it hits the screens and comes under an OTT platform and we will stick to that. We have talked to the various producers and distributors who want simultaneous releases, but that is their choice. It is their product. They can do

whatever they want, but as I earlier said, we will respect that eight-week window or whatever it is decided between us and the producer/distributor and not have a same day release in INOX theatres..

**Harit Kapoor:** Got it. One last question if I may be that given, we have already spoken about 19-odd screens that are almost 90% completed. Is the assumption that with balance screens that you are planning for the year, which are about 25-odd, those you could probably defer indefinitely for now or will be taken up spend that money only when you really meet when you really see things kind of picking up. Is that a safe assumption?

**Alok Tandon:** That is a safe assumption; 19 screens will open for sure because 90% of the work is over. So, for the remaining 25 screens, we will wait and watch, and once things improve, we will start putting monies over there, and then we will open that up, but its only deferred. Our expansion plans have only been deferred and not been canceled. We are very optimistic about this entire industry. We are very bullish about the Indian film industry and we are very bullish that we will grow and just to add to your question post FY2022 we have another nearly ~950 screens which are signed. So we are in this game for a long period of time, and it is a matter of time before all the other things improve, and then we will be back to a normal expansion of screens.

**Harit Kapoor:** Good to hear Alok. Wish you all the best.

**Moderator:** Thank you. The next question is from the line of Pritesh Cheddha from Lucky Investment Management. Please go ahead.

**Pritesh Cheddha:** Sir, one clarification, do we have any more Treasury shares left or we have exhausted by encashing it last year?

**Alok Tandon:** Treasury shares are over. We do not have any left.

**Pritesh Cheddha:** My second question is on the operations last year what would have been the cash burn? Is it closer to ₹200 Crores that I can understand from the presentation the cash flow, pure operational cash burn without the capex?

**Kailash Gupta:** ₹220 Crores. Effectively ₹204 Crores is the EBITDA and around ₹16 Crores has been the finance cost. I am talking about operational, ₹220 Crores.

**Pritesh Cheddha:** On that ₹220 Crores we incurred another ₹50 Crores, ₹60 Crores of capex?

**Kailash Gupta:** Around ₹50 Crores.

- Pritesh Cheddha:** Now from the initial comments you mentioned that 20 screens is what you will open this year because would it some amount of ₹8 Crores, ₹10 Crores of capex is left there? That is how it is?
- Alok Tandon:** You are absolutely right.
- Pritesh Cheddha:** So that takes you from 648 to about 670-odd roughly screens?
- Alok Tandon:** Yes.
- Pritesh Cheddha:** And the balance 20, 30 screens which you are planning they all need capex, right? There is no money which is being spent there?
- Alok Tandon:** Very, very little, which we cannot even talk about it. So it is miniscule, but we will only put in remaining capex once things improve.
- Pritesh Cheddha:** What is the capex per screen now?
- Alok Tandon:** Very, very from where we are, so anything between ₹2 Crores and ₹2.5 Crores per screen. If it is a high-end property it goes up.
- Pritesh Cheddha:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.
- Sanjesh Jain:** Thank you. Sir I just wanted to understand what was the percentage of the total screens on the industry level which opened between say January to March and how much was it multiplexes and how much of it was single screen?
- Alok Tandon:** It is difficult to say because there is no count and whatever we are seeing, and again do not hold me to it, but out of about 8700 screens nationally, about 6000 would have opened. That is, again, my guess. I would say where multiplexes are concerned, out of 3000 multiplexes, I think about 2300 to 2400 screens would have opened. But again, that is my assumption..
- Sanjesh Jain:** That is fair. Do you think we will go back to the 9500 odd screens we had pre-COVID, or it is a fair assumption for us to believe that when we will start doing 7500 to 8000 and from there on again industry will build and this time the majority of screens will be owned by multiplexes?

**Alok Tandon:** Well unfortunately, yes. Some cinemas will shut down. We will not have 9000 or 9500 screen opening because some will shut down for sure, and my guess is about 9% to 10% of screens may not open, but again I am saying, I am nobody to talk about it. It is what I sense around me, and what I gather around me I am saying. Going forward, yes, it will only be multiplexes that will open because they make a lot of financial sense, there is ease of programming. For example, if one movie does not do well, the other movies to take care of that entire property. If you have a multiplex you will have 10 to 12 movies releasing every Friday. So that is another advantage you get. You get advantage of having staggered show timing. So a new picture is starting after every 15 to 20 minutes, so leaving a few key markets whatever screens will open will be multiplex screens.

**Sanjesh Jain:** Got it. From the demand perspective, we got the single screen the average ticket size is much lower whereas multiplexes will be much higher, is there any win here if you can tap that footfall as well. Is there any strategy there or different pricing for the daytime and the evening time, any other things which is really required to do in terms of the way you are running this business?

**Alok Tandon:** Could you just repeat that question please and could you be a bit louder. What I heard was, I only heard about you talking about the ticket price, ticket price is more in multiplexes. If you can just repeat that question?

**Sanjesh Jain:** Sir basically from the footfall perspective, not that there are lot many footfalls which may be available for multiplexes going forward because industry incentives are lower in numbers. Do we plan to have inward structure in terms of pricing? Have we tried anything during this small opening that happened to attract new footfalls?

**Alok Tandon:** If I hear your question right, we tried with pricing, and what we saw is that for a new movie we were able to command ticket prices at pre-COVID levels. But for library content, naturally we lowered the prices but still there were no footfalls to watch library content. So, it is not that we have not tried with different pricing, and we at INOX always keep on changing the prices depending on the cost structure of the property, the paying propensity of the people, and which type of movie it is. So, the price experiments which we have done during this period from October 2020 till now is not new to us. We have been doing so on a regular basis, and we have seen that, and we have never overcharged where our customers are concerned. It depends on which time of the day, the day of the week, and that is how we do our pricing..

**Sanjesh Jain:** That is very encouraging. Sir now question more on the new releases and not on the library releases. If we have to increase the footfall in the daytime or in the morning shows I mean and now that we have larger audience, say the average paying customer has come down in

terms of average income level that we want to take and the price he is going to have a new pricing strategy.

**Alok Tandon:**

But let me tell whatever I heard. We have tried these different strategies. So, it is not now, I answered that question earlier, we always have been doing it. So, we have got different pricing strategy during the weekdays, the evening shows on weekdays, the morning shows of weekends and evening shows on weekend. So we have had always different pricing strategies for time of the day and day of the week. So that is not new to us. At this time also we did the same. We did not change our strategy at all and as I said we were able to command a pre-COVID rates for new movies. So that did not change at all. We always find that sweet spot between a ticket price and footfall, because there is no point of having more footfalls at a less average ticket price or a higher ticket price and having anybody coming in. So we always find that sweet spot between a ticket price and footfalls and we always do that and this time also we did it from October 15, 2020 till March 31, 2021.

**Moderator:**

Thank you. The next question is from the line of Nihar Shah from New Mark Capital. Please go ahead.

**Nihar Shah:**

Thank you. My questions have just been answered. I just wanted to make a comment. It seems and may be get your views over here a little bit, you know it seems that some of the things that are going on with the producers one you mentioned that the exclusive window for theatre seems to be narrowing down from about three to nine weeks to four, five weeks. The revenue share which might be temporary is sort of also gone up a little bit this quarter and the fact that you know the stance this time on simultaneous release on digital versus theatrical release against what it was last year, you categorically stated that anything that releases on digital will not be released in your theatre. It seems to be sort of softening. Are you seeing this pandemic changed your bargaining power with the producers or is there something that we can see this temporary in nature? It is just an open ended comment up to you guys to sort of answer.

**Alok Tandon:**

I will surely talk about it Nihar. It is not softening. You are right that the revenue share increased slightly but that was to encourage people who would have released their movies for 10 to 11 months and a few percentage points up or down, does not mean that INOX is softening its stand. That is number one. Number two, we stick with the theatrical window and again when it comes down for a few movies, it is just to help the industry so that people release their movies and after then about four or five weeks they go to OTT. So, again where INOX is concerned, I do not think that softening the stand. That is only helping the industry to stand on its feet and we are part of the industry so whether it is producer, distributor, or we as exhibitor everybody has to help each other and that is what exactly everybody has been doing in the last 10 to 11 months. The way you talked about

simultaneous release, yes it happened for this movie. I do not know whether this will happen in future or not, but I am very sure that all these things are happening because cinemas are not opening. It is not because cinemas cannot pull in crowd, it is because the state government have told us not to open and a person who is invested hundreds of Crores in this product naturally would like to monetize that. So, where INOX is concerned, I do not say softening as stance. I will just say that it is helping everybody as producers helped us by releasing the movies in the screen, we help them by increasing their distributor share by a few percentage point. So, it is like people who worked together earlier are doing it just to ensure that every vertical of this film industry stands and bounces back when things will get normal..

**Nihar Shah:**

That is fair. Thank you so much.

**Moderator:**

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

**Arun Prasad:**

Thank you. Sir, my first question is on basically we saw the last QIP the promoter stake went below 50%. Now we have one more fund raise. The question is basically till what level of dilution that promoters are comfortable with. Are promoters comfortable with say less than 40% stake or they would like to keep at their present level?

**Alok Tandon:**

Arun, I do not think either Kailash or I are qualified to answer that question. That only the promoters can, but they came down to 47.38% after the last QIP, so it means that they must be comfortable with that, but to what level they will go down, I am sorry, I will not be able to answer, neither can Kailash.

**Kailash Gupta:**

I think this is more based on the situation actually, based on that only the action will trigger. As of now it is difficult to predict.

**Arun Prasad:**

Sure. Second question I have is that just your view of course I am going to hold your views, just want to understand how the weaker unlisted national chains are managing especially with some huge balance sheet as they already had even during the pre-COVID levels. Any opinion on how they have sustained?

**Alok Tandon:**

Nothing at all. Again we cannot talk on their balance sheet, we cannot talk whether they have the money or not, but I know, it must be tough for them. I empathize with them. It must be really tough to run a chain the way it is. We have got one of the strongest balance sheet and still we have pressure. So I can imagine what they would be going through.

- Arun Prasad:** Sir, my question is slightly different. I am asking and you have got any indication from the developers that they have vacated some of the properties. Are they open for re-lease or probably something like that?
- Alok Tandon:** Nothing as of now.
- Arun Prasad:** My final question is, is there any still disputes open with the developers on rent payment or nonpayment during FY2021 especially with some stronger developers you have?
- Alok Tandon:** FY2021 is totally closed.
- Arun Prasad:** So you will be opening fresh with FY2022 without any disputes?
- Alok Tandon:** Correct, so there is no dispute for FY2022 we have again written to the developers that we will have issues paying you rent till we are shut. And as I said some of them have been very helpful and we are yet to hear from others
- Arun Prasad:** Thank you Sir. One bookkeeping question, what is the reason for other expenses to double with QOQ? 16 Crores shooting up to 32 Crores, any one off or anything like that?
- Alok Tandon:** Well that could be various rates and taxes, CSRs, there could be hoards of other things that is why it went up the other overheads went up. So, nothing else.
- Arun Prasad:** In particular?
- Alok Tandon:** No, one of them.
- Kailash Gupta:** And you know the operation level has also kicked in the last three months.
- Arun Prasad:** Sir, this will sustain, the other expense will sustain?
- Kailash Gupta:** That is what I am saying. There are two components; majorly two components one is the CSR contribution, which is quite a big number, and second part is the taxation. What happens in our case you need to understand one thing that the food is not subject to any input credit. So, you have to also pro-rata to disallow all the expense proportionately and that amount comes and sits in the other overheads and that amount would be doubled than what it was in the previous quarters, I would say. It was around ₹5 Crores number.
- Arun Prasad:** Thank you very much.
- Moderator:** Thank you. The next question is from Girish Pai from Nirmal Bang. Please go ahead.

- Girish Pai:** Thank you for the opportunity. I just had a few questions; Prior to the second wave there had been a slotting of lot of the movies actually the Hindi movies through the rest of 2020-2021 now with pandemic surging back, how you think you can slot once you open up again and how do you keep these slots of **sooryavanshi** , 83 and other movies that were kind of started earlier. Do you think you will find many slots?
- Alok Tandon:** Well absolutely. There is no issue at all. I know that we are quite excited about the upcoming release. If I am not mistaken, there are about 24 movies in Hindi, which are ready about 19 in English and about 23, 24 in other Indian languages. So, it will be exciting Fridays for us and more than merrier. So it will be easy to slot. I do not think there should be a challenge and also what is happening is people are just itching to come out and watch a good movie, which have not seen in the last couple of months. So, il would say, fun on Fridays for us and also for the programming team especially and it would not be a challenge at all. It will be a good challenge to have. It will be a nice, exciting challenge to have..
- Girish Pai:** The second question is on advertising. What are the kinds of conversations you are having on the advertiser side and what are they telling you in terms of when they could go back to spending the same amount on advertisement on the film exhibition side?
- Alok Tandon:** Well, they are waiting for footfalls to come in and it is anybody's guess. Once we have people coming in, once we have new movies releasing, great footfalls, then the advertisers will come. It is not that they will not advertise in this medium, it is still important to them. They will not ignore this medium. Cinema is still important to them for the people who are advertising in that medium, but yes like any other businessmen we are waiting for footfalls so that only will happen once the new movies come in and one or two blockbusters and the people will be back to advertising in cinema theatres.
- Girish Pai:** Last question is on management properties. How does it represent the P&L for these I think few management properties that you have?
- Alok Tandon:** So, the footfall and revenues do not come into our books. It is only the fee which we take that is reflected otherwise neither the footfall nor the topline or their expenses. Nothing comes in our books.
- Girish Pai:** Thank you.
- Moderator:** Thank you. The next question is from the line of Urmil Shah from IDBI Capital Markets and Services. Please go ahead.
- Urmil Shah:** Good evening. Thank you for the opportunity. Hope your team and you are safe. Sir, my first question is **of** capital deployment, in hindsight you are having a strong balance sheet



and also a quantum of equity raise which you did was quite appropriate, but this time, just wanted to understand incase of the need for taking more capital what will be the priority because it includes monetisation of properties and as well as raising debt?

**Alok Tandon:** Well, still to decide as well, again your voice cracked. So, for example, Sale and lease back of the properties as of now is totally out of the question. Raising debt, we will see if the time is right because we have hardly any debt in our books. I think we still have not decided on that. We have just taken an enabling resolution of ₹300 Crores; that is the only thing we have done, it will take us some more time to decide which route to follow to raise more capital.

**Urmil Shah:** Sure and once the things realize as regards vaccination and then the reopening, how should we look at the costs. Earlier you had said that it is about 10% to 15% of the fixed cost might structurally decline, if we compare on a normal year, so does that continue or any change in the rates?

**Alok Tandon:** No that continues. We will as soon as things normalize go to a cost structure which is much more linear than pre-COVID days and yes you will see the reduction of 10% to 15% which you have mentioned as we discussed in the last call.

**Urmil Shah:** Thank you so much. All the best.

**Moderator:** Thank you. The next question is from the line of Riken Gopani from Capri Global Advisory Services. Please go ahead.

**Riken Gopani:** Thank you for the opportunity. I had two questions; firstly on the capital raise quantum that you have taken a resolution for. Is this going to be something only keeping in mind if potential cash burn or is there any bunched up capex also that this particular capital amount is determined based on or any acquisition which you keep in mind while deciding upon the 300 Crores amount?

**Kailash Gupta:** This ₹300 Crores amount is based on the current year, basically the burn rate. So, we have assumed in a worst-case scenario I am saying that we have assumed around ₹300 Crores of cash burn in the current financial year, and the last financial year we burned around ₹220 Crores and around ₹45 Crores on capex. In a worst-case scenario, maybe the ₹300 Crores is the cash burn for FY2022, I mean assuming if we do not function for the full year, but at the same time, we are confident that H2 numbers will return back to the normalcy and if that happens then probably the balance will be utilized on capex..

- Riken Gopani:** So, basically you are saying that if we are to see an unfortunate shut down for the full year, we will have a monthly cash burn of ₹25 Crores, ₹30 Crores is that what we should assume?
- Kailash Gupta:** Correct. Sort of full year average, not initial one or two months.
- Riken Gopani:** So, basically it may take some time to get approvals for rent waivers in the initial one or two months is what you are basically envisaging, is that correct?
- Kailash Gupta:** Of course. It is a negotiation. So right now I am not in a position to predict how long this pandemic would be.
- Riken Gopani:** Just one last point, in terms of whenever opening up happens given that quite a few of the screens would have been shut for almost like the last one year and some more time to go ahead will there be any bunched up capex for the existing properties that would be required before opening up?
- Kailash Gupta:** You have to take the same last years example where couple of properties were shut for almost 10 months or 11 months, barring one property we could offer all the properties before March 31. So, effectively all those when we open up of course there would be some kind of repair maintenance and all those things have happened and similar things will happen. Probably when we reopen may be a shorter lockdown, the expense would be lower but if it is a longer shutdown of six months plus then it requires more maintenances not capex.
- Alok Tandon:** And also a lot of learning from the last shutdown where how do we prevent batteries from draing out, how do we ensure things do not go bad, so all those learning have incorporated now. So, the expenses like Kailash said will be much, much lower than it was after that major shutdown of seven to eight months.
- Riken Gopani:** But the absolute amount here would not be something meaningful, right, it should not be more than ₹20 Crores or ₹30 Crores, what could be the range like, if we want to understand?
- Kailash Gupta:** Very difficult to predict right now. It will all depend on whether it is a two-month shutdown, or it is a six-month shutdown or nine-month shutdown nobody has an answer for it now. The amount is not going to be very substantial.
- Riken Gopani:** Thank you.

**Moderator:** Thank you. The next question is from the line of Mayank Babla from Dalal & Broacha. Please go ahead.

**Mayank Babla:** Thank you for taking my question. A very broad strategic question for example as far as COVID is concerned we are not agitated whether or how long the shutdown happen or whether I will reach the pace or not so, I wanted to ask you that you have a very good brand value in the movie distribution business, we have good network and have you ever considered any alternative business strategy like entering the movies in OTT space, you have going to have HBOs under the HBO Max or something like that.

**Alok Tandon:** No I think. our core competency is to show movies on giant screens with crystal clear projection and undistorted sound and we will continue doing that. So, we will just focus on the exhibition of movies on large screens to ensure a great experience for everyone.

**Mayank Babla:** That was the only question. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Abhisar Jain from Monarch AIF. Please go ahead.

**Abhisar Jain:** Thank you for the opportunity. Just coming back to the question about n fund raise, Sir, I just wanted to understand management view on the strong balance sheet that we have been carrying and you think that this is the time wherein we can take advantage of the strong balance sheet and at least wait for a quarter or so more, have a little bit of debt on the books and then take as the situation demands that whether we should go for further dilution, because I feel that doing dilution in a very quick time, right away, may make us little comfortable on liquidity but would also delay our ROE recoveries and other footfalls and the business returns. So, please give me your views on this on the guidance?

**Alok Tandon:** Well, as we said, it is too early for us to decide. It is only the enabling resolution we have got and the board will decide what and how we have to do , it is too early for us to decide which route are we are taking for the ₹300 Crores.

**Abhisar Jain:** Sure. Sir, if I were to understand correctly, it may so happen that we may not do any dilution right away though we have taken a resolution, but we have not taken the call that we are going to do it for sure?

**Alok Tandon:** Yes. That will be decided by the Board and we are looking at various pro and cons, various options we are looking at that.

- Abhisar Jain:** Understood. Thank you. Sir, just last bit of maybe a suggestion, you must be taking a lot of feedback on this from the investors at large, but in my humble opinion, I would suggest that we can be delay this decision a bit and do with a little bit of debt on the books.
- Alok Tandon:** Thanks.
- Abhisar Jain:** Thank you so much Sir.
- Moderator:** Thank you. That was the last question. I would now like to hand the conference over to Mr. Girish Pai.
- Girish Pai:** Thanks everyone for joining this call. I also thank the INOX management for giving us this opportunity to host this call. Wishing you all a good day.
- Alok Tandon:** Thank you for taking interest in INOX and our company and the only thing I could say these days is please stay safe and stay at home, take care of your families and I wish you all of you great health. Thank you.
- Kailash Gupta:** Thank you. Thanks a lot everyone.
- Moderator:** Thank you very much. On behalf of Nirmal Bang Equities that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.