

6th May, 2022

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

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

Scrip Code: 532706

Symbol: INOXLEISUR

Dear Sir / Madam,

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

The Company had organized a conference call with the Investors/Analysts on Tuesday, 3rd May, 2022.

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

Kindly take the same on record.

Thanking you.

Yours faithfully,
For INOX Leisure Limited



Vishav Sethi
Company Secretary & Compliance Officer



Encl.: As above





“INOX Leisure Limited Q4 FY2022 Earnings Conference Call”

May 03, 2022



ANALYST: MR. SANJESH JAIN - ICICI SECURITIES LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to INOX Leisure Limited Q4 and full-year FY2022 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities. Thank you and over to you Sir!

Sanjesh Jain: Thanks Lizaan. Good afternoon everyone. Thank you for joining on INOX Leisure Limited Q4 and full-year FY2022 results conference call. We are joined on this call with INOX Leisure management represented by Mr. Alok Tandon – CEO, Mr. Kailash Gupta - CFO. I would like to invite Mr. Alok Tandon to initiate the proceeding with his opening remarks post which we will have a Q&A session. Alok Sir, can we start now?

Alok Tandon: Thank you, Sanjesh thanks a lot and good evening everyone. I am Alok Tandon and with me, is my colleague, Mr. Kailash Gupta, and we thank all the participants who are on this call listening to this presentation.

Well, our board has approved the quarterly results for Q4 FY2022 as well as the full year of FY2022 and the same has been uploaded on the website of the stock exchanges and the company's website. Well, we all know the last six to eight quarters have proved that difficulties and adversities can come in any form and we all know what we have all gone through and challenge your preparedness as a strong corporate.

The pandemic took its toll on the entire world and none of us were spared. What the pandemic could not do as I said earlier also was to shake our resilience and drive to stick to our vision and stay true to our business philosophies.

Our meticulous efforts combined with our will to survive and succeed and our team's determination to keep entertaining the country have helped us in staging a remarkable turnaround. Q4 and in particular the month of March saw a lot of lifetime records being broken and for team INOX setting new benchmarks in customer operations and other business matrix.

Movies like Valimai, Bheemla Nayak, Gangubai Kathiawadi, the Kashmir Files, Radhe Shyam, and RRR brought clouds to cinema and hordes and helped us rewrite history. The phenomenal end to the year has provided us with a marvelous launchpad to step into FY2023 with a strong belief in our country's passion for cinema.

I will begin the presentation now and talk about a few key highlights. In FY2022 we had the highest ever yearly ATP of Rs.217. In FY2022 we had the highest ever yearly SPH of Rs.91. We have a strong liquidity position and as of April 30, 2022, we have more than Rs. 260 Crores in cash and cash equivalents. INOX has added 32 screens in FY2022 which is the highest in the industry. We crossed the highest monthly GBOC and F&B revenues in the month of March 2022. We are the only national chain which is net debt-free. We also launched India's first cinema valet called INOX Instapay.

If I look at the Q4 numbers, in Q4 FY2022 the revenue was Rs.325 Crores as compared to Rs.119 Crores in Q4 FY2021. EBITDA is at Rs, 21 Crores as compared to a negative Rs.60 Crores in Q4 FY2021. PAT is at a negative Rs.12 Crores as compared to negative Rs.74 Crores in Q4 FY2021. For FY2022 revenue is at Rs.706 Crores as compared to only Rs.148 Crores in FY2021. EBITDA is at negative Rs.87 Crores as compared to negative 204 Crores in FY2021. PAT is at a negative Rs.164 Crores as compared to a negative Rs.257 Crores in FY2021.

Well if I talk about a few metrics in Q4 FY2022, the footfalls are at 110 lakhs as compared to only 34 lakhs in Q4 FY2021. In Q4 2022, occupancy was at 24% as compared to 10% in Q4 2021. ATP is at Rs.218 as compared to Rs.172 in the corresponding quarter. SPH is at Rs.86 as compared to Rs.78 in Q4 FY2021. Talking about the full year which is FY2022, the footfalls are at 230 lakhs as compared to 38 lakhs in FY2021. In FY2022, occupancy is at 19% as compared to only 8% in FY2021. ATP is at Rs.217 compared to Rs.170 in FY2021 SPH is at Rs.91 compared to Rs.77 in FY2021.

We are glad to announce that in Q4 FY2022, we have progressively narrowed the gap in NBOC and F&B revenues with pre-COVID levels, especially in March 2022 we have had the highest GBOC and F&B collections in our history. We have tried our best to keep our fixed costs under control. From March 2022 onwards business resumed normalcy, hence expenses have increased. All rent and CAM negotiations are closed and currently, we are paying rent and CAM as per the agreement.

We can see from the numbers that on a quarter-on-quarter basis our employee benefit expense including agency manpower has increased from Rs.41.9 Crores in Q3 FY2022 to Rs.47.2 Crores in this quarter. This is because business resumed normalcy from end of February 2022 onwards.

Power and fuel, and repair and maintenance expenses have increased marginally Rs.29.2 Crores in Q3 FY2022 to Rs.30 Crores in this quarter. Our expense towards rent and CAM during Q3 FY2022 was Rs.51.3 Crores as compared to Rs.89 Crores in Q4 FY2022. This is because we have started paying rent as per the agreement in majority of our properties. Our

other overheads have increased from Rs.21.7 Crores in Q3 FY2022 to Rs.26.4 Crores in Q4 FY2022.

In terms of shareholding structure, as on 29th April 2022, FIIs hold about 15.37% of the company, DIIs hold 24.88%, promoter and promoter group hold 44.04% and the public and others hold 15.71% of the company. The share price as on 29th April 2022 was Rs.502.25 which gives us a company a market capitalization of Rs.6,144 Crores. As mentioned earlier we have opened 8 properties, 32 screens with approximately 5400 seats in the full financial year.

In Q4 FY2022, we opened 8 screens, 3 screens in Selvan Square, Vellore and 5 screens in S Mall Tumakuru. Additionally, we have opened another 6 screens in AIPL Gurgaon, on 14th April 2022 which is in this financial year. At present, we are operational in 18 states and 1 Union Territory, present in 72 cities with 161 properties, 681 screens, and we have approximately 1.53 lakh seats.

Based on the agreements already signed, I would like to share that post FY23, we have signed up to the extent of nearly 117 properties, 840 screens with 1.53 lakh seats and once this entire pipeline is fully implemented we will have 293 properties with 1592 screens and 3.2 lakh seats. In Q4 FY2022 we have six blockbuster films namely Valimai, Bheemla Nayak, Gangubai Kathiawadi, The Kashmir Files, Radhe Shyam, and RRR and we are delighted to inform you that we have a healthy line up of movies already waiting to be released. We all know what fantastic numbers KGF Chapter 2 has done and it is only growing.

We had great footfalls for Acharya and we have a good booking for Dr. Strange in the Multiverse of Madness. We are having high hopes for Jayeshbhai Jordaar, Bhool Bhulaiyaa 2. Top Gun 2 Maverick, Prithviraj, and Jurassic World Dominion, just to name a few.

As far as our capex is concerned, in FY2022 we have planned to open 77 screens in FY23 and all of the upcoming screens would be funded through internal accruals. I would also like to reiterate that our liquidity position is very strong and as of 30th April 2022 we have more than Rs.380 Crores including undrawn limits of Rs.120 Crores with us.

Alternatively, as I always say INOX owns six cinema properties and a head office and as per the market valuation, if required, we can raise close to Rs.400 Crores by doing a sale leaseback of these properties. As of 30th April 2022, our gross debt was only Rs.85 Crores.

That was the brief about the quarter, which has gone by. Now we can open to any question and answers that you have.

Moderator: Thank you. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Thanks. My first question is on the advertising revenue. Earlier you had said that this stream will be the last to recover after the box office and F&B recovers and already we are seeing records consistently being broken in the box office, so in terms of advertising revenue how are things versus pre-COVID in terms of mix of sectors in terms of advertising and what are the advertisers saying in terms of say cost per thousand or the yield per screen etc versus pre-COVID and there is lot of pressure in terms of gross margins on most sectors in terms of advertising so that is a challenge so if I mix all this versus the first two points when do you see full normalcy coming back in the advertising revenue if no wave four is there?

Alok Tandon: Well obviously I hope there is no wave four so we do not want our cinema operations to be shut again but let me tell you that slowly advertisers have started coming back. March has been a decent month for us. I cannot say very good but decent. We had some great movies and people wanted to advertise for those movies if you see that we have done Rs.13 Crores in the quarter and let me tell you substantial of it comes from March because January things were just picking up. February things were just heating up because a few movies have started coming but then March was a blockbuster quarter for us. Even the advertisers wanted to wait and watch. They did not want to advertise from the first movie itself but looking at the footfalls of March and let me tell you that we are in April and things have only improved, I think that advertisers will be back to us sooner than later. Earlier in one of our calls, we had said that it could be a matter of three to four quarters but now I am confident that in about two quarters we should be back to normal where we were before the pandemic.

Abneesh Roy: Currently if I see two sectors which are doing extremely well are hotels and multiplexes. Coming to multiplexes what we gather is because of very good content pipeline, because of movies not releasing in the earlier years you have a very steady stream of movies available and second people are still not going for overseas vacation and even in domestic people are bit hesitant. They are not going for very distant domestic vacations also, so one year down the line when none of these two factors will be there, do you see pre-COVID consumption behavior coming back say in terms of occupancy or you see that this more of a structural shift because now South Indian movies are being consumed by North India so more steady supply more content is available so things may have improved a bit, it will normalize but it will not fully go back to the pre-COVID occupancy levels for example?

Alok Tandon: I think the content pipeline as you rightly said is great and if I look at all the movies which have released in Q4 have done extremely well and let us name six of seven of them. Going

forward whether it is the Beast in Tamil, whether it is KGF Chapter 2, whether it is Shershaah Shivaraj in Marathi, whether it is Runway 34 so we have got some traction which clearly goes to prove that people come out to see good content that is one and that has always been the case and this I think will continue so this is not because of backlog of movies it is because people are now coming up with different genres and different way of storytelling. The other advantage which you rightly said is that most of the movies are now dubbed in other Indian languages so hence what happens is that the audience naturally multiplies. You are able to show a movie across the length and breadth of the country in the language of choice of the people so that is another advantage or I will say tectonic shift which has taken place in the industry and then you mentioned that overseas travel and domestic travel is not taking place. Here Abneesh I would beg to defer because I know that all flights are going full whether domestic flights or international flights, the rates and the prices are haywire of the airlines so which goes to prove that people are still going out as well as now there is no comparison. I cannot say those people are coming to watch movies but yes because of the good content and good pipeline people are coming to watch movies on a giant screen. We all know that we were tired at sitting at home. We all know that we want to breathe differently and that is exactly what today's cinema goer is doing.

Abneesh Roy: Last quick question any update on the merger specifically on the CCI I understand on paper you do not require but any further insights you have that absolutely this is a done deal from CCI any issues you envisage?

Alok Tandon: Nothing has come to us till now Abneesh and where the other states have confirmed that we have already submitted our papers to the stock exchanges and we will take it forward once we get a reply from them.

Abneesh Roy: And timelines as of now, no change to what you had mentioned earlier right?

Alok Tandon: There is no change to that at all.

Abneesh Roy: That is all for me. Thanks a lot.

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

Arun Prasath: Thank you. Thanks for the opportunity. Alok my question is on similar lines of the participant. The question is we had a very similar quarter as compared to Q3 that is October and November was lackluster months, the December quarter. December was very good. Again this quarter January and February was again lackluster due to the lack of content again March is good so very similar patterns very similar kind of strong movie in the last

month and very similar footfall so why there should be a drop in the ad revenue on a per-screen basis? Again secondly why ATP also should be sequentially going down apart from seasonality is there anything that we are missing or any other phenomenon which you can explain on a sequential basis?

Alok Tandon: No Arun I do not think we are missing anything but you are right that December was great. Remember we just started opening up in October, November and hence people were slow to announce the release of movies and then we hit another roadblock where a few cities and a few states again were shutdown and slowly we started reopening this January and partly in February so again all the movies lined up towards mid-February and beyond so that is the only reason why December did well and March has done exceedingly well. Where ticket prices are concerned, SPH is concerned I always say that we price ourselves as per the cost structure of the property and the paying propensity of the people over there so there is no shift in that. It is only that these two-quarters Q3 and Q4 have done very well because the content has been good and people wanted to see and enjoys these movies on the large screen.

Arun Prasath: So what I can understand is basically Q3 is generally strong quarter and hence it is the numbers both in terms of ATP and add revenue and everything is better as compared to Q4 is it what you are trying to say?

Alok Tandon: Sorry could you repeat that, please?

Arun Prasath: Alok I am saying Q3 is probably seasonally will be a strong quarter in terms of spending pattern both from advertiser's side and also the consumer side so other than that I am not able to understand why given the similar content release pipeline why the Q4 should be lower as compared to Q3?

Alok Tandon: Q4 if you look at various other aspects, if you look at the advertising in Q3 if I remember right advertising was Rs. 20 Crores. Well let me tell you because things have started opening up and then again we were made to shut down after December and January so again the advertisers pulled back. It is not that cinemas were not commanding any footfalls and revenues. It is that people just pulled back and after we started releasing movies again beyond mid of February, people started advertising again and that is why we said that Q4 was lower than Q3, but not because of the quality of content it was because states had allowed cinemas to operate in bits and pieces with 50% capacity utilization. 75% capacity utilization so hence advertisers took time to come back.

Kailash Gupta: Arun this is Kailash. Just want to add further to what Alok is saying. You need to remember that November and December was a festive season and that a lot of utilization of inventory

in the advertisement especially and during the festive season of course the uptake on account of F&B and ticket prices were also added up which has been not the case in January, February, March especially because January, February was completely off and March was working and if you recollect the movie Spiderman was released in Q3 and that had lot of advantage because English content price is more actually because it works especially in the premium space and it has 3D charges also. The Q3 was better in terms of ATP and SPH and because of the festive season also added up the advertisement which was not the case for Q4.

Arun Prasath: So that means in the first few months of this quarter your rent payment whether it is full it was negotiated amount.

Alok Tandon: Well it was partly negotiated Arun but in March it was full.

Arun Prasath: So the March run rate should continue going forward?

Alok Tandon: Yes the March run rate.

Arun Prasath: My second question is I think we have added management property in this quarter Vellore property. Usually when do you add management property, is it a division based on the availability of the real estate or how do you defer on that.

Alok Tandon: Well when we feel that the property is good and we would like to take it but the owner says that he might as well run it, the P&L should be his. We do not shy away then from taking a management property so today if I am not mistaken we have about 9 properties in our kitty as management properties. These are properties that we feel will do good but the owner feels that the entire P&L should be his and we should give him the guidance and the expertise to run the property.

Arun Prasath: So here it is operated and what is the terms, revenue share, anything you can share further on that.

Alok Tandon: Arun I would not be able to tell the revenue share but it varies from property to property? But let me tell you it is beneficial for us also that is why we go ahead and sign these deal.

Arun Prasath: Thank you very much. That is it. Thanks Sir.

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

Jinesh Joshi: Yes thanks for the opportunity. Sir I have this question on Instapay wallet that we launched recently. Can you explain how do we make money?

Alok Tandon: Well Instapay was launched on 30th or 31st of March. It is a stickiness factor that we want to have with our guests. It is a wallet that they will keep on recharging and they keep on getting points that can be redeemed at INOX. So apart from making money, I would say primarily to get guests to come to our cinemas for them to earn points on why they load their wallet to be used either at box office or at the counter and every time they load money, some extra points are added to their entire wallet which can be redeemed again for more tickets and more F&B items. So it is a marketing tool we have to ensure that people come to us and keep on seeing movies with us and spending more on the F&B items.

Jinesh Joshi: So basically this is just one kind of loyalty program correct.

Alok Tandon: Well it is different from loyalty. Loyalty is when we have a lot of data about the customer, where we ensure that people come and watch a movie of their choice. They come and eat what they want. We publicize that whatever activities we are doing. We have special shows for our loyalty members. If we have a premier we invite our loyalty customers but in this case it is loop wallet where they keep on adding and it is more value for them to have more items purchased from us and more tickets. There is value for money for this.

Jinesh Joshi: Okay Sir and secondly if I look at our movie exhibition cost it was approximately 45.6% in this quarter so is it fair to assume that we are back to pre-COVID terms as far as distributor share is concerned?

Alok Tandon: You are right Jinesh. More or less yes we are back to normal.

Jinesh Joshi: Sir one last question. In this financial year we have recorded highest ever ATP and SPH obviously backed by some blockbuster content. Now going ahead FY2023 considering there is no fourth wave we will have some movies which may not be priced at the level at which they were in FY2022 so do you believe that from these levels we are going to see a rise in ATP and SPH in FY2023.

Alok Tandon: So Jinesh we always say that these are the rate of inflation and SPH we have already looked at anything between 8 to 10% increase so I think that this will only go up and we all know it is a very cyclic thing. It is dependent on the movie. It is dependent how popular it is dependent on the newness. It depends on the cost structure of the property in the paying propensity which I said earlier so there are a lot of factors for us to ensure and which make us govern the rationale behind the ticket price so that is something which we keep on doing but I am hopeful not from here.

- Jinesh Joshi:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.
- Sanjesh Jain:** Good afternoon Sir. Thanks for taking my question. First on the screening of movie per day. In this quarter close to 3.3 is what I can work out the number and historically we were at 4.5 to 4.7. Are we hitting that number as we got into April and all the COVID restrictions are behind.
- Alok Tandon:** So all that is behind. So the night curfews have been removed. Starting cinemas late in the morning that is no longer there, so now in April we are back to what we were pre-COVID for number of shows per day per screen.
- Sanjesh Jain:** So that inventory of 65, 70 million seats which were having earlier we are hitting that run rate now as we speak in April right.
- Alok Tandon:** You are right Sanjesh.
- Sanjesh Jain:** Got it and second one is on the number of movies now. How are we saving the pipeline. One is big budget movies and one is total number of movies, how does it look like for say FY2023 are we going back to 900, 1000 movie releases assuming there is no fresh wave of COVID and it is completely normal. Do we have that kind of inventory right now, the visibility to show 900 to 1000 movies a year?
- Alok Tandon:** Yes we have and let me tell you that this Friday only. This coming Friday we will be having about 20 unique titles so that will be the content flow which we have so apart from the mega-blockbusters we have a great pipeline and I think the patrons are spoilt for choice that which movie to watch during the weekend.
- Sanjesh Jain:** So we have enough pipeline and the visibility in terms of reaching the pre-COVID level of footfalls right?
- Alok Tandon:** Absolutely, right, so visibility is there, content is there, on paper they are great movies. The advantage is that now various movies are dubbed in different Indian languages so the market increases so all the things are very positive.
- Sanjesh Jain:** One question probably a repetition from the earlier but still not clear why our ATP is down quarter on quarter. I understand we had a Hollywood movie and 3D. We also had RRR which was in 3D probably doing much higher box office collection than the Spiderman one and the footfalls were again 11 million and help us understand what was the occupancy for

the Q3 in the premium end of the format versus what it was for this quarter probably that may help us understand the fall in the ATP and SPH.

Alok Tandon:

So Sanjesh here the thing is that Q3 was a very festive quarter we had Dussehra, we had Diwali, we had Christmas and hence we were able to price the tickets very high and that was the reason why Q3 and as Kailash said with few 3D movies also we were able to command a higher ticket price so whether it was Pushpa. Spiderman No Way Home, Sooryavanshi. Anatha, 83 all did exceeding well in Q3 there was a superior content and also there were lot of movies which could pull in the crowd. Where Q4 was concerned we had block busters also but then there was movies like Kashmir Files, Radhe Shyam and others which was not in 3D maybe RRR was but I would say that pulled down the ATP in Q4 was that movies started coming only after mid February and some of the movies did very well down south and in a few states down south there is a price cap and that came into play so whether it was KGF 2 or RRR where it was Andhra Pradesh or Tamil Nadu we had some price caps, Valimai I can think of doing very well in this quarter Bheemla Nayak in Telugu doing very well in this quarter, Radhe Shyam again a movie which was primarily in Telguu and Tamil doing well but all of these movies had a price restriction and hence that is the reason why the ATP of Q4 was lower than Q3.

Sanjesh Jain:

On the south based dubbed movies look like there is a broader acceptance now on the dubbed movies even in the Hindi, how are the ATPs for these movies are they equivalent to the Hindi movies or they are still at discount and there is headroom to increase the ATP for these movies in the Hindi belt?

Alok Tandon:

See again I always say that it is nothing to do with language. ATP is to do with the newness of the movie with a demand of picture and how well we think it will run at a certain price amount so for RRR and KGF we had a blockbuster pricing of what we would have for a Hindi movie. I think they were higher than blockbuster so that is a ticket prize these movies commanded so it is nothing to do with language, it is only to do with the pull and the excitement or the buzz which is there on the movie that we do pricing on and they were such great RRR and KGF that people did not mind paying higher than a blockbuster pricing also.

Sanjesh Jain:

Just to add on to it then how to look at ATP and that makes ATP side it depends on the kind of movie which gets released and how it is priced then how to look at ATP when we talked about inflation led growth in ATP. This is also significantly dependent on how the content release is happened for that year right?

Alok Tandon:

See it depends there will be some blockbuster movies. There will be mega blockbuster movies. There will be regular movie and ATP I will always say increases, we will always

increase it at the rate of inflation. I was talking about blockbuster rates in your earlier question when I named a few movies like RRR and KGF. Let me tell you Kashmir Files did amazing footfalls but then the ticket prize was average ticket price. It was not a mega blockbuster we did so it all depends on the movie Sanjesh but confidently I can say and which we keep on saying quarter and quarter and year on year that ticket prices will rise at the rate of inflation and there are some great Fridays and there are some very average Fridays and there are some bad Fridays but that does not mean that our ticket prices will go down at the end of the year. I think they will only head north.

Sanjesh Jain: Just one clarification on the eight-week window on OTT you said that the window which we shrunk for the COVID was supposed to end at March 2022 that stands there right. From April onwards all the releases will have the eight-week window for OTT releases right.

Alok Tandon: Well, may or may not because see we all know that again I am saying January and February were wash out. People could not release picture in January and February so that has been extended by a bit but let me tell you maybe in a month or two or beyond that all films will have a 8-week window.

Sanjesh Jain: Okay for the movies which got released in April this eight-week window is still not applicable right. Is my understanding right?

Alok Tandon: See again remember one thing. When cinemas do well we do well and here it is not only exhibition we are talking about the entire film industry. We all have to grow together Sanjesh we all have to make money together. Especially INOX I know that we deferred it. We said that we discussed this in a month or two and then we will request our partner that it should then go back to 8-week window.

Sanjesh Jain: One question on the bookkeeping can you just help you understand what was our March total cost versus March of normal year so that will help us understand how much cost saving we had achieved with all the efficiency drive in the COVID which we have done?

Kailash Gupta: So Sanjesh the March fixed cost which used to be Rs. 82 Crores per month pre-COVID. We are close to now Rs.76- Rs.77 Crores in the month of March but this will again go higher in the month of April onwards because all the cinemas are running with a full capacity so electricity and man power are going up and we are building it slowly and gradually and consciously because all these things were not built in the month of March fortunately because we had a bad January and February we decided to gradually build it and now we are reaching to the stage where all the man power and electricity cost are coming to the present scale.

- Sanjesh Jain:** So you will be hitting the same cost run rate of Rs.82 Crores?
- Kailash Gupta:** If you ask me the fixed cost structure the answer is yes, we will reach to the same cost number because the number of screens on the property is also gone up during the COVID.
- Sanjesh Jain:** So we have maintained the cost while the screen count has gone up to that extent. That is it from side. Thank you and best of luck.
- Moderator:** Thank you. The next question is from the line of Kapil Jagasia from Edelweiss Financial Services. Please go ahead.
- Kapil Jagasia:** My first question is like most of F&C players that we are witnessing this quarter and probably in the last quarter they are cutting down on the media spends citing this commodity inflation and like most of the advertisers on multiplexes are these F&C players so with your confidence of advertising revenue reviving in the next two quarters, is not that to optimistic your take on this?
- Alok Tandon:** Kapil, I do not think. That is why I said that January, February people did not and March they started coming back, April they have so looking at the trend I think that in two quarters we should be back to pre-COVID level. If you see automobiles various other sector who advertise with us we have got annual clients. We have got some regional clients also so now again this is all assumption but I am very hopeful that after two quarters we will be back to normal.
- Kapil Jagasia:** Okay thanks and my next question is earlier I believe there used to be around 4 to 5% increase in footfalls in annual basis but now with this emergence of OTT and some small budget being shifted over there or directly being released on OTT platform like what should be the growth in footfalls going forward and we should be taking in for our models.
- Alok Tandon:** Kapil very difficult today. You are right that OTT is there and I always said that it compliments each other. They will be there. It is not that we can wish away that OTT is not there but it all depends on there. We have seen what happens with RRR and KGF 2. These names I must have said six or seven times in this call. They have brought people back to the cinemas. People want to see full action movie on the cinema. We are seeing some great traction and great booking for Dr. Strange which is coming this Friday so these are movies which cannot be enjoyed in the confines of your house however large television you may have so cinema watching is not going anywhere, footfalls will keep on increasing as they have increased over a period of time and again let me also tell you which I talked about is that we are pampering our guest so today I know that if it is normal or a bond movie or any other movie people like to watch it in two or three different formats so that is why we got

Imax with us, we have got MX4D, we have got LED, we have got Insignia. You name a format, Screen X where you see the movie on the side walls etc so it is to get more footfalls and to encourage our guest to come out and watch a movie with great projection and sound and that will continue happening Kapil quarter on quarter and year on year.

Kapil Jagasia: Thank you for such a insightful answer and just one related question kind of related question, so of late these regional movies are working quite well. This quarter we have seen and earlier also. Like on the OTT platform some of the Korean movies or rather Korean web series have run well so are you sensing some Korean movies which are really popular being offered in multiplexes here in future.

Alok Tandon: I do not know. I will have to ask our programming team, but yes when you talk about Korean, it rings a bell that we showed on our K-POP BTS on our screens we have shown a few concert again on our screen and we have had houseful shows. Two weeks back we showed something called Seventeen and I think I am too old for that but all youngsters went and saw it and it was a houseful show. But the way you are talking about Koreans films let me get back to you after I speak with my programming team but yes I remember there was a Korean movie which did very, very well ages back, Parasite and we all loved watching it so maybe there are few more of that genre so let me get back to you on this after we discuss with our programming team.

Kapil Jagasia: Thank you for all the answers. Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Pathanjali Srinivasan from Mirabilis. Please go ahead.

Pathanjali Srinivasan: I was just trying to understand about our distributors and our agreement with respect to the new movie because I believe during this quarter like we had a very big budget movie getting released and how does it limit us with respect to giving more shows to a particular movie or reducing the show to a movie that is not doing that well.

Alok Tandon: So Srinivasan it is not in this quarter. This is the job of our programming team where they discuss the terms with various producers and they discuss the number of shows we will give them so this is nothing to do with the Q4 which you are talking about that I think is the bread and butter of the programming team that how they negotiate and how many shows for the movie they give so that is a standard thing which they keep on doing quarter on quarter year on year.

Pathanjali Srinivasan: I just want to understand what is our flexibility with respect to these agreements?

Alok Tandon: Again not one agreement is standard and we have various agreements with various distributors so they all vary week on week. It is not that one thing fits all so what the programming team ties up with one distributor may not be the same thing with the other distributor, so there is a lot of flexibility from both side. There are some which are rigid so it depends on which agreement we are talking about and I can talk about my chains that all decision are taken together with a distributor and then we decide on a movie, where it is playing, what is happening, number of shows all that.

Pathanjali Srinivasan: With respect to the occupancy I believe March and April would have been much better compared to the previous month can you give us some rough numbers on what were the occupancy level for April.

Alok Tandon: Well I cannot give you for April because that is the current quarter which is running and is not on public domain but let me tell you that the footfalls are good and KGF chapter 2 has done amazingly well. We all know what the gross box office collection this movie has garnered.

Moderator: Ladies and gentlemen that was the last question. I now hand over the conference over to the management for your closing comments.

Alok Tandon: Well thank you all for taking interest in our company and be rest assured that with the pipeline that we had just talked about I think that FY2023 will be a great of Indian cinema. Thanks a lot and thank you.

Moderator: Ladies and gentlemen on behalf of ICICI Securities that concludes this conference. We thank you for joining us and you may now disconnect your lines.