

9th February, 2021

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 Thursday, 4th February, 2021.

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
Q3 FY2021 Earnings Conference Call”

February 04, 2021



**MODERATOR: MR. RAHUL ARORA – CHIEF EXECUTIVE OFFICER,
NIRMAL BANG EQUITIES LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the INOX Leisure Limited Q3 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. Thank you and over to you, Sir!

Rahul Arora: Thank you, Aisha. A very good afternoon to everyone involved in this call on behalf of INOX Leisure at Nirmal Bang Institutional Equities. I welcome you all to the earnings call of Q3FY21. The management is represented by Mr. Alok Tandon, CEO, and Mr. Kailash Gupta, the CFO. I request the management to make certain opening comments and how they seek the business environment at this point, and after their opening comments, we can then open up the floor for question and answer. So thanks once again, Alok and Kailash Ji and over to you guys.

Alok Tandon: Thank you, Rahul. Hello everyone and good afternoon to all of you. I am Alok Tandon with my colleague, Mr. Kailash Gupta, over here, and on behalf of INOX Leisure Limited's management, I would like to welcome all the participants on this call. I am happy to inform you that the Board of Directors has approved the quarterly results of Q3 FY2021. The results have been uploaded on the website of the stock exchanges and the company's website. We have also uploaded the earnings presentation.

You all know that we have come through a period of aberration. We are currently in the middle of the revival path and still a fair distance from the usual buoyancy that the industry is known for. Still, we are incredibly excited about the future, both immediate as well as long-term. We are in a business where human emotions play a significant role, and as a film operator, it is a job to nurture those emotions.

Let me talk to you about numbers and then take you through the presentation. The key highlights are as follows: INOX has successfully raised about ₹250 crores in November 2020 through QIP, which was over-subscribed nearly 3.5 times. As a result, INOX has a strong liquidity position, making it the strongest national chain to emerge from the pandemic. We are also pleased to inform you that the Ministry of Information and Broadcasting on January 31st, 2021 has issued a circular allowing cinemas to operate at 100% seating capacity.

We would also like to highlight that INOX was able to add 15 screens in January of this year even during these tough times. There is also some relief in the Content front;

blockbuster like Master has already crossed ₹250+ Crores in the worldwide collection. Thus proving that, patrons are ready to come to the cinemas if there is good and new content.

Let us look at some of the financial highlights of Q3 and nine months FY2021. As you all know, cinemas were permitted to open from mid-October 2020 onwards in a staggered way, and also there weren't any substantial movie releases. As a result, our financial and operating performances were impacted.

For Q3 FY2021 the revenue is only ₹21 Crores as compared to ₹518 Crores in Q3 FY2020. EBITDA was at ₹ -79 Crores as compared to ₹108 Crores in Q3 FY2020. PAT is at ₹ -83 Crores as compared to ₹51 Crores in Q3 FY2020. For nine months FY2021 revenue was only ₹29 Crores during the nine months as compared to ₹1,538 Crores for the corresponding period in the last financial year.

EBITDA is ₹ -144 Crores as compared to ₹308 Crores for nine months FY2020. For this year nine months, PAT is ₹ -183 Crores as compared to ₹144 Crores in all nine months FY2020.

As there was an impact on revenues during Q3 FY2021 due to states staggered opening and absence in any notable movie releases, we have tried our best to keep our fixed cost under control.

I am happy to inform you all that our efforts of successfully bringing the total costs under control as we can see that from the numbers. On a year-on-year basis, our employee benefit expense including agency manpower has gone down from ₹72.2 Crores to ₹ 25.3 Crores in this quarter. Power and fuel, and R&M expenses have decreased from ₹ 38.6 Crores in Q3 FY2020 to ₹12.8 Crore in this quarter.

Our expense towards Rent and CAM during Q3 FY2020 was ₹97.1 Crores and in this quarter we have incurred ₹46.4 Crores. We have also reduced our other overheads quite significantly during this quarter. We have gone down from ₹35.8 Crores in Q3 FY2020 to ₹12.1 Crores in Q3 FY2021.

In terms of shareholding structure, as on January 29th, 2021 FIIs owned about 14.66% of the company, the DIIs owned 20.33%, promoter and promoter group hold 47.38% and the public and others own 17.63%. The share price as on January 29th, 2021 was about ₹ 320, which gives the company a market capitalization of roughly ₹3600 crores.

In terms of screen additions, we have opened 15 screens in January 2021. Regarding property openings for the next couple of months and especially in 2021, we plan to open four more properties that are 86% complete. We are confident of opening these properties

and by opening these properties we will be adding 14 more screens and 2,231 seats amongst them. Further, we have 12 more screens that are at an advanced stage of completion. However, we endeavor to open them in this financial year, if not, in early Q1 FY2022. Based on the agreements already signed, I feel proud to share that we have properties signed up to the extent of nearly 1000 screens, 143 properties and 1,84,000 seats, and once this entire pipeline is fully implemented, we will at 298 properties and 1645 screens.

At present, we are operational in 18 states and one Union Territory present in 69 cities with 151 properties and 641 screens. There has also being a lot of conversation around the availability of fresh content, and if I talk about movies release in Q3 FY2021, we had Dracula Sir, we had Suraj Pe Mangal Bhari, Biskoth, Irandam Kuththu, Tenet, Wonder Woman 1984, Solo Brathuke So Better, and Switzerland .

While seating guidelines got relaxed, I am very hopeful that the producers now will start announcing the movie release dates. We can see big Hindi and regional movies, getting to the screens as earlier as March or April. But we guess that it should happen in March, when we see big and marquee movies are getting released.

As of the entire FY2022 is concerned, we can call it the Cinema Entertainment year because when you have movies like Sooryavanshi, 83, Bell Bottom, Maidaan, RRR, Valimai, Pushpa, Cobra etc, we will have busy weekends going forward and which is the great sign.

Hollywood kept delivering record performances in FY19 and FY20, and if we leave FY21 out, we are sure that the pent up fondness for Hollywood movies will continue to rise. We have movies like No Time to Die, Black Widow, Top Gun Maverick, F9 and Suicide Squad 2, just to name a few. As per I&B Ministry notification 31st January 2021, cinemas have been allowed to operate at 100% capacity. Based on this we have received notices from Chhattisgarh, Delhi, Gujarat, Madhya Pradesh, Punjab, Tamil Nadu, and West Bengal and late last night we got a circular from Karnataka also, to operate at 100% capacity.

If I look at these eight states, we have 68 locations and 288 screens in them. We are also waiting for notification from other States, and there is only one state, which has not allowed us to open so far, which is Jharkhand, and in Jharkhand we have one location with four screens. So that is the only state, which has not permitted us even to open screens.

During the COVID-19 lockdown, multiplex cinemas were in shutdown, as a result, INOX decided to negotiate with their landlords for a complete waiver of rent for the lockdown period. We have successfully negotiated, zero rental with most of our landlords, and we have also negotiated lower CAM charges at a negligible level for the lockdown period. Post opening of the lockdown, up to March 31, 2021, we have negotiated revenue sharing or

discounted Rents and CAM with the landlords. There are very few landlords where the negotiations are pending, but let me tell you most of them are in an advanced stage and we should be able to close them in the next couple of weeks.

Another important set of stakeholders for us are the content partners, and we have been in constant dialogue with them. We have been engaging with them, and we have been meeting them. We have been talking to them how safe the cinemas are if they were to release the movies because we follow all safety protocols and SOPs and people are coming back to cinema halls. Let me also tell you that INOX has maintained world-class COVID-19 SOPs, which I spoke about last time, and we are very hopeful that looking at these our customers will be back when big moves come and hit the screens.

Currently, our average monthly cash burn is about ₹25 Crores to ₹30 Crores. As on January 31, 2021, our cash holding was more than ₹230 Crores, which includes undrawn limits of ₹93 Crores. As on January 31, 2021, we are a 'Net Debt-Free' company, and our gross debt stands at only ₹115 Crores. Overall, we see extremely encouraging signs of recovery from the market.

All I would like to say is that the core of the cinema exhibition industry is the passion and fondness for the giant screen experience, prevalent in the Indian masses. I can confidently say that the 7-8 month-long shutdown has surely not been able to challenge that passion and fondness. Therefore our priorities, our way of working, our fundamentals and our bonding with our beloved patrons would remain unchanged, or might even get stronger.

Thank you for giving me the time to speak and now Mr. Kailash and I would be happy to answer any questions you have.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi: Thanks for the opportunity. I have two questions. Sir, first is in Maharashtra, which is still at 50% capacity and there are quite a few state in this bucket, so do we have a timeline as to when the cap can be lifted, I mean, is it a five to ten day kind of process or it can take slightly longer than that?

Alok Tandon: Well, Jinesh it is anybody's guess. We are hopeful that the other states, which have not allowed 100% capacity, should do it soon, but then it for the state governments to decide, we can only persuade them, and we can tell him that these are safe places to visit, cinema halls are absolutely safe, but the final decision is with the lawmakers and with the state

government. So let us wait and watch, but we are hopeful that it will allow us to operate at 100% capacity very soon.

Jinesh Joshi: Sure, and Sir in terms of pipeline in the opening remarks you mentioned that few big and marquee movies are lined up for release in March, so can you highlight which movies are these and have the dates been finalized depending upon the negotiation, which you might be doing with the producers and the distributor?

Alok Tandon: Well, I said the marquee movies are lined-up to be released and what our guess is that one or two big movies should come in March. Still, we are talking to various producers and distributors. We are hopeful that one or two should be named, and the producers are the one will decide the dates for those movies, but we as an exhibitor are hopeful that in March there would be least one or two big releases.

Jinesh Joshi: Would you like to name them?

Alok Tandon: Well. I do not know, it depends, though we are in touch with each and every producer, but it is for them to announce. I cannot announce for them, but yes we will have some big Hindi movies, which should hit the screens in March.

Jinesh Joshi: One last question on the F&B side I just want to know whether we are offering our entire bouquet or are the offerings still restricted in terms of options and secondly by when should we expect the promotional F&B discounts to be withdrawn?

Alok Tandon: Well, let me tell you we do not have anything as a promotional F&B discount. We usually have discounts, which are there on combos, you buy a combo you have to pay less. We also have combos, which we make around the movie's name. There is no particular discount which is there in F&B, but we are still having curtailed menu and this curtailed menu I think be there for the next couple of weeks before we roll out the entire menu, which we have. So I would say that in the next couple of weeks we should be back to normal the F&B.

Jinesh Joshi: Thank you so much.

Moderator: Thank you. The next question is from the line of Karan Surana from Monarch Network Capital Limited. Please go ahead.

Karan Surana: Thanks for the opportunity. Sir does the management expect that the occupancy might come back to pre-COVID levels in the quarter or later half of the year and whether the average ticket price is going to remain stable or you guys going to do any discounts or stuff like that?

- Alok Tandon:** Okay, we are hopeful that later part of FY2022 the occupancy level will come back to normal. We feel this based on the line of movies like Atrangi Re, Maidaan, Shamsheera etc. So we are very hopeful that occupancies will come back to normal in H2 FY2022 and we have talked about ATP. We gave discounts on tickets for library content. So when we showed movies in Q3, we had discounts on movies which were already shown on the screen, but then for new movies we went back to pre-COVID levels, and wherever we are in the country we will price tickets based on the property and the paying propensity of the patrons. So a discount will be there only if we see that it is a library content, but we will go back to pre-COVID levels for the new movies.
- Karan Surana:** Thank you Sir. One more question I would like to ask on regards to the strategy because of the pandemic a lot of single-screen players, it might be difficult for them to run their operations. Has management had any stance on whether they have been acquiring these single screens and consolidate their market share?
- Alok Tandon:** As a company will always wish that every cinema screen should be operated in this country and nobody should shutdown. If we talk about the single screens and the issue with single screens and why we shy away from them, we just have 3 single screens out of 641 screens because there is no programming flexibility. So, why single screens do not do well for example a movie does do well then in a single screen for the entire seven days you have to run that content only, which is not the case for multiplexes. Also, acquiring the single screen and converting into a multiplex well all the new rules and regulation will have to come into place. So it is difficult in today's scenario to convert most of the single screens into a multiplex, but as of today we are not looking at acquiring any single screen.
- Karan Surana:** That it is from my end. Thank you. Best of luck.
- Moderator:** Thank you. The next question is from the line of Urmil Shah from IDBI Capital Markets & Services. Please go ahead.
- Urmil Shah:** Yes, I wanted your thoughts on for getting the footfalls, you and even the distributors might have to do 'out-of-the-box' marketing. I mean the P&A might take more time. There can be different strategies also in place. So, any thoughts on what you guys would want to do for getting the footfalls for larger movies?
- Alok Tandon:** Urmil, when movies are good like Master, Krack, Wonder Woman II, Tenet etc. people, come to watch it. So that is very important and in the last couple of months, people did not shy away from visiting multiplexes. They are not afraid of coming out, but the content must be new, and content has to be good. We talked about more monies being spent for marketing, I think that will not be the case because today we hold digital marketing, we

have a loyal base of customers we can target directly. Marketing will change in a way, rather than supporting a movie for the next couple of months, we might be promoting how safe it is to visit cinema halls. The strategy where there is an exhibitor or the producer, or the distributor will slightly change for some time and that I think is a good sign because as I always say that the main thing for us, is to, win back the confidence of guests who come to us. So I do not think that there will be a significant increase in the P&A cost. People will come out, and it is a matter of time when new movies are announced, and people are back to cinema halls.

Urmil Shah: Sir you know the lineup for Hollywood movies, which you would have shared is impressive. However, given that you know there, are still if it can be termed as a second wave globally. Could it be safe to assume that the Hollywood content might actually come only in the second half?

Alok Tandon: Well, when you talk about second wave, I doubt if it ever happens, and we keep our fingers crossed it should not happen in India at all, but abroad were part of US & UK is shut. It is just a matter of time before they open up, and there are some movies, which have already announced the dates, well I would say four or five movies are announced their dates, I am talking about Hollywood movies. So I am hopeful that as soon as the restrictions in those countries are lifted, these Hollywood movies will be released and we will get to see them in India also.

Urmil Shah: Sir and just last part on the key cost when we are talking about 100% occupancy or we being ready for that kind of level what should be the lower cost we should factoring versus the normal operations in FY2020?

Alok Tandon: Well, let me say that if I look at pre-COVID monthly expense that was about ₹82 to ₹85 Crores every month that was pre-COVID levels, we have looked at every line item where P&L is concerned where manpower is concerned, where the new ways of saving electricity expenditure is concerned, I think we will see some reduction in our cost even when we go back to 100% capacity utilization. So too early, too premature to talk about it, but I think Urmil, we will see some cost reduction in the next couple of quarters as we speak.

Urmil Shah: Sure. Thank you so much Sir and all the best.

Moderator: Thank you. The next question is from the line of Depesh Kashyap from Equirus Securities. Please go ahead.

Depesh Kashyap: Sir based on the experience of movie Master can you get some color on how are the occupancies, ticket price and spend per head for these shows and what in your opinion about break even occupancy level now given cost cuts?

Alok Tandon: Well Master broke all possible records. We had for 10 days nearly 100% occupancy, when I talk about 100% it means every alternate seat occupied. There were cities down south where as soon as the advances opened, all the tickets got sold. So that is something which is very heartening sign as for couple of days shows were housefull. In Tamil Nadu we have got a restriction on ticket pricing. So the price was capped, but in other states like Karnataka or Andhra Pradesh our pricing was at pre-COVID levels. We had great footfalls and it is a matter of time that we see the same thing when Hindi movie releases.

Depesh Kashyap: How was the SPH there, was there any reduction in that?

Alok Tandon: Well in SPH there was no reduction. I can say it was pre-COVID level wherever Master ran in that particular cinema hall. That was another positive sign that people did not shy away from buying food, the strike rate went up. There were family crowd who had come to watch this movie.

Depesh Kashyap: Sir the producer and distributors of the movie Master clearly seemed to have broken their 8 week theatrical window understanding with the exhibitors. So I just want to ask was there any reduction in the distributor share of the net box office collections for this movie because clearly they had a win-win for the box office collection and OTT release the collection rate and other upcoming movies also negotiating this window with you?

Alok Tandon: Well, let me talk about Master first, yes it hit the OTT and so we have had a discussion on the terms and it will not be good for me to talk about the terms, but yes there has been a reduction. I can talk about INOX, we paid lower terms for that. For upcoming movies there has been no such discussion for movies hitting the OTT screen in a couple of weeks after it hits the big screen.

Depesh Kashyap: Sir can you just quantify how much the distribution share went down in that movie?

Alok Tandon: No, I just said I cannot talk about that number, but yes it was a substantial reduction.

Depesh Kashyap: Thank you Sir. All the best Sir.

Moderator: Thank you. The next question is from the line of Divyansh Kalra from Perpetuity Ventures. Please go ahead.

Divyansh Kalra: Sir my question is, I wanted to understand what are the strategies you have made to attract the customers, because they are very much clear on the supply side, but I wanted to understand the demand side, how are we strategizing to attract customers?

Alok Tandon: The main thing to attract customers is that we have got a loyalty card base and that loyalty base is increasing by every week as we speak today. So we have special offers for a loyalty customer who come and watch movie with us. Number two is doing a lot of private screening where people can take entire hall at a substantially low rate and enjoy with the family and friends and take food also. We are tying up with various sports channels to ensure that we show matches on the screen, which everyone can view or you can even hire the auditorium to enjoy with the family. So we are doing various steps where the marketing is concerned. We are celebrating birthdays, we are celebrating anniversaries, we are celebrating get-togethers and also looking at alternate content. I know that schools are not open, but our endeavor is, that we have got a library of national geographic movies and IMAX documentaries, which in the pre-COVID era we used to go to schools to encourage school children to come and watch those movies and we will be doing that soon once the schools open. So we are doing a lot of stuff where marketing is concerned. We are sending mailers. We are sending regular guests promotional and marketing messages (after their consent). We are using Instagram, our Twitter handle, and our Facebook page to advertise about various movies and advertise through various banks and credit cards to come and utilize those things. So a lot of marketing initiatives have been taken to ensure that people come back.

Divyansh Kalra: Sir all these strategies are very helpful for the company in the shorter-term but let me give you an example, like people coming and booking an entire screen and walking with the family, Sir about the longer term, I was trying to understand the strategy?

Alok Tandon: Loyalty is a longer-term, it is not a short-term initiative. Engaging with your customers on social media is a long-term strategy. Having people take auditorium is a long-term strategy, we could continue for that post COVID. So it is a new form. It is a new way of getting in people and that we will continue, Divyansh I do not think that this will ever go away.

Divyansh Kalra: So if you were to see the entrainment industry specifically the movie industry compared to the 2015 five years back, so there have been disruptions emerging, but what kind of changes that you foresee over the next five years so it was very much better five years back than now. I just wanted your thoughts.

Alok Tandon: Sorry it was better five years back.??

Divyansh Kalra: Yes in terms of competition from the supply side. The OTT platform is a newer technology.

Alok Tandon: Well let me correct you. I do not think you are right in saying it was better five years back. It is better now. Look at the formats we have. Look at how we pamper our guests. Look at the number of the megaplex, which we have made at INOX, which includes all possible format under one roof be it IMAX, be it Insignia, be it kiddles, be it MX4D, LED projectors, Screen X. We are the first chain to have Screen X where you can watch a movie on the sidewalls also. So I do not agree with your statement that cinema viewing was better, or the industry was better five years back.

Divyansh Kalra: Yes I was talking in terms of OTT.

Alok Tandon: But let me tell you about OTT also. Let us not compare cinema halls and OTT. It is not 'either-or' it's 'and'.

I would say that it is a different content we consume in OTT. What we consume on OTT is like a drama or documentary or an old movie. It is not that with the advent of OTT, people have stopped going to the cinema halls. Yes, for the last eight months, due to covid19, cinemas were shutdown, but thats an aberration that people continued to watch OTTs, but once new movies come, people will come back to watch movies. A content creator makes movies for the larger screen; I think actors would also like themselves to be appreciated on a larger screen than a small 6 inch mobile or iPad. Hence, things are different and what I feel also is that once pandemic subsides, once vaccines become available, and content flow gets back to normal, we believe Divyansh that the movie ecosystem would get itself back to the age-old windowing system and people would release the movies first on the large screen and then only it will go to OTT or satellite. I am quite sure about that. Let me also tell you, as the fundamental aspect of the cinema value chain; the windowing pattern has always done wonders in terms of revenues for the content creator and other stakeholders as it offers the creator an opportunity to extract the best from all forms whether it is cinema, OTT or satellite. What has also happened is that todays content has become very edgier. We have got a new breed of directors, actors, and cinematographers, and I would say that the quality of content has improved. Both cinema hall and OTT platforms will coexist.

Divyansh Kalra: Co-exist? Yes okay. Sir last thing Sir can you share the percentage of the loyal customers who are buying premium contents, the way they have designed the products, so what is that proportion?

Alok Tandon: You want to know the percentage of loyal customers in the last couple of months?

Divyansh Kalra: Yes. Sir the customer having long-term purchase.

- Alok Tandon:** Well let me tell you that today it is mandatory for every member of our team to request that patrons to share their telephone number. Also as I would say 99.99% of our ticket transaction is digital because we are encouraging digital transactions whether at the box-office or the F&B counter. We have telephone numbers of our guests, and we ask them whether they would like to be enrolled in the loyalty program and most of them have said yes to it. So I will not be able to give you exact numbers about the number of people we have, but we can surely say that is increasing.
- Divyansh Kalra:** Proportion will be fine in terms of percentages.
- Alok Tandon:** In terms of percentage, let me tell you that nearly 95% to 98% of people have enrolled in the loyalty program after we started operations from lockdown.
- Divyansh Kalra:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Sougat Chatterjee from BNP Paribas Mutual Fund. Please go ahead.
- Sougat Chatterjee:** Just one quick question on the private screening and the screening which you mentioned. Sir what kind of margin do you take away from this business and what kind of demand have you seen as screening capacities gradually increases?
- Alok Tandon:** Sougat, let me tell you the demand is enormous. We have had lots of shows till now, which had been taken by families, whether it is two people or 20 people, demand is considerable. I think this is something which was a discovery during the COVID period that how do we get in more people and this is something, which we discussed in the internal team meetings, and we said that let us try it out, and that has been a success. So, when you talk about margins, there are hardly any footfalls today, and no hall is going full. Everything that comes, adds to the topline and the EBITDA, and will have to keep this going as private screening will stay and how do we make it more better for the guests is something we are working on. Today, we have got special menu curated for block bookings and private screenings. Today whatever they ask us to make, we do it, and we ensure that any requirement comes about 24 hours before the scheduled screening. We go out of the way to ensure that it is there for our guests. Any decoration they want in side, birthday party celebration and anniversary celebration we do all that, whether it is in inside the cinema hall or in the lobby. Overall, the experience is fantastic, and people are coming back to us asking for what else we can do. They are trying to visit together with family then decide how it should be done in an auditorium to celebrate their special occasion. Sougat, this is not going anywhere, and a lot of demand for private screenings and bulk bookings would be seen going forward.

- Sougat Chatterjee:** Okay. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Anurag Dayal from HSBC. Please go ahead.
- Anurag Dayal:** Thanks for taking my question. Sir my question is little on the medium to long term perspective. There is a clear adoption of digital we have seen across the consumer segments, which has further got pushed because of COVID-19. What I see there is definitely some cannibalization of content, as well as some consumers because of that. So in the future, how do you perceive, how it will be addressing this issue. Are there any plans how do you address the digital customers may be going getting more digital content? I am not sure how to do it but is there anything in the back of your mind?
- Alok Tandon:** Well as I said that our job is to de-couch our guests and to ensure that he views movie in different format, whether it is IMAX, LEDs projections or whether it is Insignia, Kiddle, Screen X, whatever it is. Also, he can watch the same movie in two different formats, which we have seen in a megaplex that people come on different days to watch the same movie in different formats and that is the real beauty of us investing in those screens because the return is there. When you talk about the cannibalization of content, I just said that the content is different for an OTT and different for a theater. You have documentaries, web series you have various other format, or things you want to see in OTT or catch up with the movie which you have missed in a cinema hall. So I do not think there is cannibalization and where watching the movie is concerned or watching various web series is concerned on OTT, he will take a time for that and also with big stars and big directors, big producers. I think they would like their movies first to hit the giant screen rather than the OTT platform and that is my view and that I think will stay and nothing will change that. So there would not be any cannibalization.
- Anurag Dayal:** Sir my question was more in terms of that do you think that in future you know the multiplexes also will have their own content similar to something like OTT kind of platform?
- Alok Tandon:** Well I am not a content creator and I do not want to buy content. Why should I go to a small screen when I have got a giant screen? I can talk about INOX. I cannot talk about other chains, we will stay in the business of pampering our guests, of having luxury technology and service as the pillar of our overall experience and ensuring that patrons watch the movie on a big screen.
- Anurag Dayal:** Thank you so much.

Moderator: Thank you. The next question is from the line of Ashish Kumar from Infinity Alternatives. Please go ahead.

Ashish Kumar: Thanks and thanks for taking my question and congratulations for navigating through a perfect storm. I just wanted to understand your perspective around the industry's consolidation, especially some of the smaller multiplex chain. Do you think that INOX wants to play on it, would it be more aggressive given the fact that it has always had the best balance sheet in the multiplex space? How do you see that kind of play out?

Alok Tandon: Ashish, I have always said that we have never shied away from acquiring another company or consolidating. We were the first cinema chain to acquire another company, which was CCPL of West Bengal way back in 2006-2007 followed by Fame India Limited in 2010 and Satyam Cineplexes in 2014. So as of today, yes it is tough time for everybody. Consolidation, if it comes at the right price, and I know you will ask me what the right price is, but I cannot answer that. We will surely look at it, but as of today, there is nothing on the cards at all. But as I said, we will never shy away from acquisition or inorganic expansion.

Ashish Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Prasanna Surpuriya from Validus Wealth. Please go ahead.

Prasanna Surpuriya: Questions maybe just little bit more on the OTTs from the previous participant question. We understand that we should not enter their space, but is there a way where both of us or both of you rather can mutually sort of benefit from the content that has been created that by then can be showcased at your screens and may be that can also pull in for a longer period of time. Is that something that can be in sort of looked into over a period of time?

Alok Tandon: Well, let me tell you that what we show on our screen has to be certified by the censor board. I cannot show anything which has not been censored. But the content is totally different. The content of the OTT, they also buy content from somebody else unless it is a web series made internally by that particular OTT chain, but otherwise they have to buy it and if the person had to show the movie on a giant screen, he would have not gone to OTT, he would have gone to the cinema hall straightaway. That is the one thing which I would like to say. Showing web series, if you are talking about a web series on a big screen, we will have to see how it is. If it is censored, we will take a call. If it is not censored, then there is no way that we can show it.

Prasanna Surpuriya: A lot of OTT people are actually creating these newer content just to sort of on-board people right and we understand that it is a cash burn and it is no and they want to write

more and more people on boarded and that is what they are doing, may be a lot of content which cannot be shown without censoring and that is what we want to advertise, but I see over a period of time and they are also creating a lot of movies, which has been not just web series, but a lot of movies, which can actually over a period of time could be shown at your theatres as well. So that's what I think my understanding and the other one was in the presentation you have said that there is a pipeline of close to 1000 properties post FY2021. What is the timeline that we are looking at? That means how many sort of years is that timeline going to be achieved to have that 1000 screens?

Alok Tandon:

Our focus is of pan India. So, it is everywhere, north, east, south, west, central, expansion is everywhere as we always say that we are a pan India player, we are not a region-centric player and if we get a good location we are more than willing to set up a cinema. How many years it will take? Well it will take a few more years. The reason being that our best year has been opening 85 screens in one financial year, but then going forward we are ready to open 120 and 130 screens also. Because what we have to do is just ramp up our projects team and a design team and we are ready to deliver, but the question is whether we will get so many properties from the developer or not. But I would say in the next 6-7 years or if not earlier we should do another 1000 screens in future.

Prasanna Surpuriya:

That is helpful, may be a followup on that. So that is over a period of 6 to 7 years and we are seeing, and we have read reports in the media saying that a lot of single screen theatres has sort of shut shop because of lack of business in the last one year rather 10 months. Is there any opportunity in that space and are there any regulatory sort of limits as to we can go ahead, and sort of... my question is more like if you have a theatre and the plot of land? Can we actually go and buy the plot of land and build multiple screens in that space rather than waiting for a developer to develop a mall and then has a presence in that mall?

Alok Tandon:

Right I think you were not there in the call when I answered that question. In single-screen, what prohibits them from doing well is the way the programming is done. Because you cannot program more than one or two titles, you cannot have shows starting of every 30 or 40 minutes. So let us say that one movie does not do well you do not have footfalls coming in. So what kills single screen is the flexibility of programming, which unfortunately nothing can be done and as you do say that if we buy a plot of land and construct, please remember the single screens are today in areas, which are very, very congested and today if we have to make a new cinema hall we have to follow all the local state and municipal rules and regulations and all the bylaws. So hence it becomes very difficult for a single screen area complex to be converted to a multiplex, not that they have not been done, but there are very few and handful single screen properties, which have been converted into a multiplex, but otherwise it is very difficult, that single screen can be converted into multiplexes.

- Prasanna Surpuriya:** So there are no chances of any changes and the regulations that the programing and all can be sort of?
- Alok Tandon:** Again I cannot talk about changes in regulations because regulations are only becoming stringent and stricter rather than more lenient, which is good also. So we have to follow those if we look at doing something with the single screen.
- Prasanna Surpuriya:** Okay, got it. If I have any questions I will come back. Thanks.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rahul Arora for closing comments.
- Rahul Arora:** Thanks, Ayesha. Thank you so much Alok Ji and Kailash Ji for giving us this opportunity to host the call and for your valuable insights of the results and that all the participants will all have been and actively participated as well. Thank you so much for taking time on to be on this call.
- Alok Tandon:** Thanks a lot. Thanks to everyone.
- Rahul Arora:** Thank you thanks a lot.
- Moderator:** Thank you. On behalf of Nirmal Bang Institutional Equities that concludes this conference. Thank you for joining us and you may now disconnect your lines.