

August 4, 2021

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Sub: Compliance under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

In continuation to our letter dated 29th July, 2021 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the officials of the Company have participated in the Q1 FY2022 Earnings Conference Call” on July 30, 2021.

Enclosed is the transcript in this regard.

This is for your information and records.

Thanking You.

Yours faithfully,

For **PVR Limited**

Mukesh Kumar
SVP - Company Secretary
& Compliance Officer

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“PVR Limited
Q1 FY2022 Earnings Conference Call”

July 30, 2021



ANALYST: MR. ANKUR PERIWAL – AXIS CAPITAL LIMITED

MANAGEMENT:

MR. AJAY BIJLI – PROMOTER & CHAIRMAN – PVR LIMITED

MR. SANJEEV KUMAR, JOINT MANAGING DIRECTOR – PVR LIMITED

MR. GAUTAM DUTTA – CHIEF EXECUTIVE OFFICER – PVR LIMITED

MR. KAMAL GIANCHANDANI – CHIEF OF BUSINESS PLANNING & STRATEGY & CHIEF EXECUTIVE OFFICER – PVR PICTURES

MR. PRAMOD ARORA - CHIEF GROWTH AND STRATEGY OFFICER

MR. NITIN SOOD – CHIEF FINANCIAL OFFICER – PVR LIMITED

MR. RAHUL GAUTAM – SVP AND HEAD OF CORPORATE FINANCE – PVR LIMITED

Moderator: Good evening ladies and gentlemen. I am Moumita, moderator for the conference call. Welcome to Q1FY22 earnings conference call of PVR Limited hosted by Axis Capital 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 touchstone telephones. Please note that this conference is being recorded. I would now like to handover the floor to Mr. Ankur Periwal. Thank you and over to you sir.

Ankur Periwal: Thank you Moumita. Good evening friends and welcome to PVR Limited's Q1FY22 earnings call. The call as usual will be initiated with a brief management discussion on the quarter performance followed by an interactive Q&A session. Management team will be represented by Mr. Ajay Bijli, Chairman and Managing Director; Mr. Sanjeev Kumar, Joint Managing Director; Mr. Gautam Dutta; CEO PVR Limited, Mr. Kamal Gianchandani, Chief of Business Planning and Strategy and CEO PVR Pictures; Mr. Pramod Arora, Chief Growth and Strategy Officer PVR Limited; and Mr. Nitin Sood, CFO PVR Limited. Over to you Mr. Ajay for the initial remarks.

Ajay Bijli: Yeah thank you very much. Good evening everyone. I would like to welcome you all to the earnings call to discuss the unaudited results for Q1FY22. I hope you have had an opportunity to review our presentation & results uploaded on our website and the stock exchanges. I want to start this call by expressing my sincere wishes for the well-being of all of you and your families in these extremely challenging times. At PVR our focus during the quarter gone by was the vaccination of all our employees. I am proud to announce that we have achieved 100% vaccination for all our employees who have taken at least one dose of the vaccine as of date and are now ready to welcome back our patrons to enjoy the cinemas in a safe environment. As of date 15 states and 3 UTs in India and also Colombo in Sri Lanka which represents about 526 screens or 63% of our total portfolio have been permitted to open with varying restrictions around capacity and timing by varying state governments. Major markets however like Tamil Nadu and Kerala continue to remain shut, but we are hopeful these markets will also open very soon.

Today marks the reopening of cinemas post the second wave. We have reopened about 200 odd screens today and this number will only increase over the next few weeks. Given the box office response as seen by tentpoles globally we are excited and optimistic about the Bollywood and Hollywood releases; which are lined up. Global studios have already announced the release dates of movies like Mortal Kombat...which is today 30th July, then Suicide Squad 2 on the 5th August and The Conjuring which is on the 13th of August. The film slate for Bollywood and regional content also looks quite promising. As soon as the key markets of Maharashtra and Tamil Nadu are permitted to reopen,

although newspaper articles have already announced Maharashtra's part re-opening we expect even the Hindi films to be released very shortly.

On the results please note that the numbers we will be sharing are after removing the impact of IND AS 116 relating to lease accounting and are different from the reported numbers we submitted to the stock exchanges yesterday. So a little bit about the results for the quarter ended 30th June 2021. Our total revenues was 71 crores and the EBITDA loss was 110 crores and PAT loss was 142 crores as compared to a revenue of 13 crores an EBITDA loss of 116 crores and a PAT loss of 141 crores in the same quarter, same period last year. As you can see the business's financial performance got impacted due to the lockdown announced by the state governments to tackle the aggressive second wave of COVID-19 in the first quarter.

During this challenging period the company continued aggressively controlling costs and maintaining sufficient liquidity. The company is in active discussions with various landlords to seek waivers and discounts during the period cinemas were shut and we are confident that a positive outcome will be achieved once business re-starts. During the current financial year, the company also availed additional borrowing of 200 crores under the ECLGS scheme of the government of India. This is to further strengthen the liquidity position of the company. As of 30th June 2021, we have a total liquidity of 850 crores including the undrawn sanctioned credit lines. In conclusion I would like to thank all the stake holders, including employees, developers, the film fraternity, bankers, investors for their continued belief in the business and the company. I am confident the company will bounce back strongly as soon as the re-opening is complete and when the content flow becomes normalized. With these opening remarks we are open now for any Q&A. Thank you very much.

Moderator:

Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question, may please press* and 1 on your telephone keypad. Ladies and gentlemen we will wait for a moment while the question queue assembles. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad.

Our first question is from Amrit Sai from Edelweiss. Please go ahead sir.

Abneesh:

Thanks, this is Abneesh here from Edelweiss. My first question is on scheduling of movies. Now a lot of Hollywood movies I understand are already there and a lot of Hindi and Indian regional movies are also all ready, of course there will a lead time of marketing required. But when I see Q1...the phase one of the pandemic, we did see that in the Q4, the release of movies was well below initial expectation. So one is how things will be different this time given no one can rule out wave three. We have already seen in US one lakh cases almost, in Japan 10,000 cases for example. So could you take me

through the confidence of the Hindi producers specially who launched because wave three again remains a risk and second, the problem of plenty. So you have so many Hollywood movies are ready. Taking all these things into account, how will the scheduling work in your view? No one can predict but how will it work? Next three months if you could take us through.

Ajay Bijli:

Kamal would you like to answer that because you know mostly about the flow of movies.

Kamal Gianchandani:

Abneesh thanks for your question. We were in touch with almost all producer partners on the Hindi films side as well as the regional films side. Hollywood films you are right a lot of films have been released and a lot of films are releasing in the US and other western market. Those will release on Day & Date basis in India as well. In terms of releases while no one can predict the third wave and how severe would the third wave be is a matter of conjecture and a lot of people although are predicting the third wave but no one is absolutely sure as to which month and if at all it comes, then how severe will it be and will it lead to localized, or city wise or statewide lockdowns. It is all up in the air. So producers have been very forth coming and they have assured us that the lag that we saw after the first lockdown when we reopened; there was a big gap in terms of Hindi films. We opened in October and Hindi films started flowing in February 2021 whereas we had opened in October 2020. This time around Hindi producers are very clear that they want to start releasing even if there is a 50% capacity cap as long as the major states have permitted to be open. Major states being Maharashtra, Delhi, Uttar Pradesh, state of Punjab, state of Haryana, essentially the Hindi belt since Hindi films tend to do well. As long as these major states are operational, and restrictions are not below 50% capacity cap, they are comfortable to go out and start releasing their films. This is the assurance that we have got from Hindi producers. As far as regional producers are concerned, even after the first lockdown they were very quick to start releasing their films. This time it would be no different. Telangana in any case we have permission to operate at 100% level so there is no such constraint there. In any case they will start releasing films quickly in August. Tamil Nadu also as soon as we get the permission, it suffices to say that producers will be open to release even if there is a 50% capacity cap. So in short to answer your question, I think there will be a steady supply of films and you are right, there could also be a problem of plenty as we get into Q3 but producers are wanting to release films quickly and wave three is not playing on people's mind. Even if it is playing on people's mind, they have decided to go ahead and release the films.

Ajay Bijli:

I just wanted to add Kamal to your point about....and Abneesh what you said about the US and China and Japan. The results are very, very strong over there. Those markets are still pretty....US, UK specially are very Hollywood dependent. The difference between India and these markets is that in India the local content is very strong. Those markets have only Hollywood content. There is some level of lack of content but yet with the content which has got released, the movies have done exceedingly well. It is only one or

two movies that got released simultaneously on OTT which got impacted, Black Widow being one. Other than that the movies which have released only theatrically have done exceedingly well.

Abneesh: Yes. One quick follow up on what you said, one or two states where 100% occupancy is allowed. I wanted to understand currently there is no such need because number of movies and people are not really rushing to go there. So what is driving this 100% allowance by the government? Do you see this time other states also do this so quickly because on day one we saw 50% limit remain for a very long time. So what has changed this time?

Kamal Gianchandani: I think some of the state governments have been more progressive than the other state governments in that they have taken a conscious decision that economy / business will have to co-exist with the virus and has to be managed efficiently and that seems to be the thought behind permitting 100% capacity. Our sense is that most other states which have put in a restriction of 50% capacity cap with some other restrictions also in some other state would like to do away with these restrictions as soon as the virus situation permits them to do that. Also states are following a very calibrated approach to reopening. So in any case, cases count is fairly down, they want to open with 50% but very soon they want to calibrate and remove these restrictions as you move forward towards October, November, the Diwali and Dussherah period. That's the sense that we are getting from states.

Abneesh: Sir the last question, when do you see big Hindi movies and big south Indian movies launch again? This is based on your view because I understand unless Mumbai opens, no one is going to commit. But will it be one month down the line....two months down the line? Big movies. I am not asking about those small 5-crore, 10-crore movies but the big one.

Kamal Gianchandani: Bell Bottom is a big film with Akshay Kumar in the lead, is produced by Vashu Bhagnani who is a prolific producer, that's coming out on 19th of August. In that sense the big films have already started planning their releases. Some other big releases we expect will start coming towards the end of September. You will have films throughout September but like you said the big films is something which we are expecting end of September and once we get into the festival season Dussherah Diwali, for sure we will have sales for blockbuster potential films coming out like RRR, Rajinikanth's next film, Sanjay Leela Bhansali's next film for sure in the festival period we will have blockbuster potential films releasing.

Abneesh: Okay, that's all from my side. Thanks a lot.

Moderator: Thank you sir. The next question comes from Mr. Shantanu Basu from Smif's Limited. Please go ahead sir.

Shantanu Basu: Hi thanks for the opportunity. My question is, I want to understand the shooting scenario in India across regional and Hindi movies. What's the shooting scenario like? Is it back to normal pre-COVID times or is it happening? As well as shootings abroad, how is it shaping up?

Kamal Gianchandani: It is almost back to near normal. Producers are permitted to shoot across the country anywhere. Producers are taking a lot of safety COVID-related protocols. They are following these protocols. But apart from that, shootings are in progress. Almost every big actor whether it is Hindi films or regional films they are all at their shoot and they are all shooting their forth coming films.

Shantanu Basu: Okay, thank you.

Moderator: Thank you sir. Participants are expected to limit to two questions per person during the initial round, thank you. The third question comes from Mr. Urmil Shah from IDDA Capital. Please go ahead sir.

Urmil Shah: This is Urmil from Haitong Securities. Mr. Bijli the question was for you and it was more a structural... We have seen that, we have watched movies which went to OTT versus the planned theater release, the content was really bad. I am referring to the likes of Lakshmi Bomb and if I could also put Gulabo Sitabo into it. We have in the past said that from 2000 movies, we might have to deal with 1000, 1200 or basically lower number. That would mean that the success rate will have to be even better. So based on your discussions with the producers, is there a change in the mindset towards focusing on a much better content than it has been earlier?

Ajay Bijli: To be honest with you, there are only 52 weeks in a year and even as somebody earlier said problem of plenty, I think 1200 films are also more than enough. But definitely if you look at...India has always had so much variety and there is such a disparate market that movies are made to cater to everybody's needs and taste. So I feel that even 1200 movies and all are very good and no producer sets out to make a movie which is not good. But having said that what we have seen in the past few years, pre-pandemic is that for every big movie if it does not connect with the customer, then it doesn't do well in the box office. There are smaller, medium sized ones, which make up for any occupancy loss. So what we call in our parlance sleeper hits. So we are all very happy with the quality of the content that are getting made and there are so many producers, film makers, actors who are there. I really don't think there is going to be any compromises in the quality and of course in all our interactions, with our film fraternity we are getting this sense that they are all pushing the envelope to make very high quality movies which

connect with the consumers because their money is also at stake. Nobody sets out to get bad returns on the money that they invest in content. So they are all very, very careful in making sure that the quality of the content is good and it connects with the consumers. So I think we are going to be seeing some great films coming, there are some great film makers and that does not worry me at all. Neither the quantity nor the quality.

Sanjeev Kumar:

I think what you said about these movies shifting to OTT has really been an anomaly because of the pandemic since the cinemas were shut. So to sort of announce a paradigm shift in a release strategy is a bit early. They didn't have a choice but to release them on the OTT platform and now since the cinemas have opened on day one itself Bell Bottom has announced its release in Hindi; a number of English movies have announced their releases, regional movies have announced their releases. So by and large producers, actors and all the stakeholders who are involved in making a film, want to watch their films on the big screen. So many movies have announced release status soon as the cinemas have opened. So there will be movies coming back to the cinemas in the coming months as and when more and more cinemas open up and more and more of confidence of consumers to come back to cinemas starts.

Shantanu Basu:

Sure thanks. That was helpful. So my second question was sir on the non-cinema F&B which we wanted to focus on. Maybe Q1 might not have seen a meaningful implementation of the same but if you could throw some light as to what is the plan for the rest of the year and how have the tie up etc with aggregators panned out?

Ajay Bijli:

I will request Gautam to answer that. It is an initiative taken by Gautam Dutta. Gautam you are on the call right?

Gautam Dutta:

Actually this delivery business will coincide with the cinema opening. We have already mapped out most of our cinemas in the north and in south. The west region will start in about a week, 10 days' time once the cinemas open and stabilize. In all we will have close to about 90 odd cinemas delivering food outside. We've also have a sealed document with Zomato on our contract on home delivery. So all that is shaped up. We believe that as soon as cinemas stabilize which is within the next three to four weeks, this business will also take off. But I must put in place that this is going to be our beta trial and it would take a couple of months for us to go back and forth and see how whether the food, pricing and consumer response how is that shaping up and then we begin to sort of scale that up.

Shantanu Basu:

Sure, thank you and all the best.

- Moderator:** Thank you sir. The next question comes from Swathi Gundu from Invest Yadani. Please go ahead.
- Swathi Gundu:** Hi thank you for the opportunity. Can you hear me sir?
- Ajay Bijli:** Yes.
- Swathi Gundu:** I wanted to know from last year the sales has been drastically improved but compared to last year it had not. I just wanted to know what are your expectations in the coming nine to 12 months regards the sales of movie tickets, food or other income thing?
- Rahul Gautam:** This is Rahul, last year was complete lockdown for us. We had no operations in Q1FY20 but in the month of April '21 we had some operations so revenue accordingly is higher. Obviously they are still significantly lower than our typical quarter. But yes because we had operations for a certain time frame in the month of April, our revenue is higher. We are not in a position to give any guidance for the future period....normally we don't give any guidance but given the uncertainty around pandemic, it is difficult to give any guidance for the quarter ahead.
- Swathi Gundu:** Yes, can you tell me approximate best case in case there is a lower impact of COVID third wave or something, best case or worst case scenario.
- Rahul Gautam:** No Swathi, sorry we don't give forward looking guidance as it is for any future time frame, so I won't be able to give you that number.
- Swathi Gundu:** Okay. Alright thank you.
- Moderator:** Thank you. The next question is from Sanjay Shir from ICICI Securities. Please go ahead sir.
- Sanjay Shir:** Yeah this is Sanjay Shir from ICICI. Thanks for taking my question. I have got two questions. First on the rental side. Can you take us where are we in terms of re-negotiating the rental for the quarter gone by which was almost a complete lockdown. What are the expectations and where is the discussion today and what is the expectation or what is the negotiation we are doing for the quarter two, where again it looks like it won't be a full....a complete normal operation in fact a lot of states have given only permission for a 50% occupancy. That's the first one. The second one again on the re-negotiation with the producers. In the initial period given there is an uncertainty on the movie ticket collection and limitation in terms of occupancy and there could be some urgency from the producers to release that movie. Are we re-negotiating our terms of eight week window to release on the OTT platform? Are we even looking at that? Are

we even there in terms of (not clear) number one, and number two, any change in the revenue share if there is?

Ajay Bijli:

Nitin you want to take this question because it covers everything?

Nitin Sood:

I will let Pramod answer the first part of the question; Pramod is sitting with me and then we will defer the second question to Kamal.

Ajay Bijli:

Okay.

Pramod Arora:

Hi Sanjay. In terms of the negotiations with the development partners, it is work in progress and we do see that during the lockdown period where there would be minimal expense towards the rent outgo. In terms of suggesting an outgo for 50% wherever the territory has 50% occupancy, we are in touch with the developers to see a short term reset on the minimum guarantee terms and we are very hopeful that we would be able to manage that. We are not taking any long-term usage. We are just seeking short-term reset till such time the governments have given restricted occupancies or restricted (not clear) in Hindi cinema. During the time we are speaking, some more waivers to come in from the developers and we are hopeful that we will get a substantial part of that. I hope that answers your query.

Sanjay Shir:

Just one follow up on the rental. I think it is pretty long they have been very supportive to us and they have compromised on their IRR. Are we orchestrated in the understanding that in the future when things normalize we will compensate that something in the future date? Is there any understanding or that's completely off the table?

Pramod Arora:

That is completely off the table. If you look at the the balance sheet it will be whatever is the waiver coming in that waiver is a waiver, it does not mean that there is an extended time line to pay this. This would remain a waiver. Any short-term reset does not mean to get repaid. This is a time we take a time which has gone by and whatever gets agreed gets finished this financial year and post there is no treatment to give it back or anything like that.

Sanjay Shir:

One more bit on this. Last year we hinted that some of the cinemas may shift to the revenue sharing model; that could be one of the way to re-compensate. Can you give us where are we with the re-negotiation or how many cinemas will be on this kind of sharing norms out of the total portfolio we have?

Pramod Arora:

Sanjay, how we basically are making the move is, there are leases which have been registered. These registered leases are something wherein we are not seeking any long-term reset. They remain as they were, except for the short-term reset when the pandemic hit us for the time there was lockdown or for the time there was restricted occupancy. So

these contracts otherwise remain valid all in all. For the new contracts or for the new signing, that has been done, we are working towards making it a more revenue share sort of arrangement and an asset light model wherein some sort of fit out cost is borne by the developer but that is work in progress and as we move forward, we will be able to see some movement on that

Sanjay Shir: (Inaudible) my second part, that would be helpful.

Nitin Sood: Kamal can you answer the second part?

Kamal Gianchandani: Sure Nitin. Sanjay, windows had been a long-standing mutually beneficial system in our business, not just in India but globally. We are big supporters of windows. Looking at the practical challenges that our producer partners have been facing because of delayed releases, uncertainty with respect to lockdown, we on a short-term basis decided to concede and agreed to a reduction in windows to (unclear). But I must clarify that this is a short-term agreement where we remain fully confident that soon we will go back to the erstwhile system of windows which was eight weeks for subscription and broadcasting platforms and six weeks for transaction VOD platforms. We are yet to revert back to the full system fairly quickly in the current financial year but latest by the beginning of the next financial year.

Sanjay Shir: Great and sir revenue sharing with the distributors that remains unchanged?

Kamal Gianchandani: Revenue sharing with the distributors, there could be minor fluctuations over the next two, three months but revenue sharing will revert to normal fairly quickly. It would definitely be back to normal within this financial year, as early as over the next four to five months. But there could be minor fluctuations, not very meaningful but some minor fluctuations over the next three to four months.

Sanjay Shir: Thank you sir. Thank you for answering all the questions so patiently and best of luck.

Moderator: Thank you sir. The next question is from Praful Kumar from Dymon Asia. Please go ahead sir.

Praful Kumar: Sir thanks for the opportunity. Just one question. (Inaudible)

Management: Praful we can't hear you.

Praful Kumar: Just one small question, would there be any capital raise that would be required

Nitin Sood: We have sufficient liquidity as we have stated in the beginning of the call. As on 30th of June we have 850 crores in liquidity in the form of cash in hand and undrawn credit lines. So we believe we have sufficient liquidity and we don't require any kind of capital raise.

Praful Kumar: Thank you sir.

Moderator: Thank you sir. The next question is from Vikram Ramalingam from Mayback Capital. Please go ahead sir.

Vikram Ramalingam: Thank you for the opportunity sir. My question is like that of the earlier participant, regarding the exclusive window between the OTT and cinemas. So I just read a report which said that globally exhibition industry has bounced back to normalcy to a large extent. But it also said that there is that clamor for increasing the exclusive windows. As in that cinema exhibitors want all window duration with them. How do I read this? Is it because of the COVID that the crowd is a little spread out because people don't want overcrowding or is it a case that this window has revealed too much and cinemas exhibitors are not able to fully milk the content? How do I read this?

Kamal Gianchandani: Can you repeat the question?

Praful Kumar: I said that I read a report which said that global exhibition markets is doing well given the spate of new releases. But the report also carried a bit saying that there is a clamor for increasing the window, the exclusive window like you said if it is four weeks then they are asking for a longer duration of exclusive window...which the cinema exhibitors are asking that. I am asking how do I read this? Is it because of COVID the crowd is being spread out more like earlier in the first two weeks most of the people used to watch the movies/ Should I read it that way or is it the case that the movies are doing well and people are coming come back and that's why they want to have a bigger share of the content? How do I read this?

Kamal Gianchandani: I think the best way to read this is that exhibitors feel and a lot of producers and studios also agree...and I am talking about the western markets at this point, that when you release a film on another platform, quickly after a theatrical release, the other platform tends to cannibalize the theatrical revenue. Sometimes the cannibalization is such that the revenue from the platform on which you release the film after theatrical release is not sufficient to meet or fill that deficit which has been created because of an early release. So there is cannibalization of revenue and most exhibitors are urging producers to go back to the erstwhile windows which used to be 2-1/2 to three months in US, which is the most matured market in the world. Currently, Disney and Warner are following a different practice where they have decided to release their films parallelly, simultaneously on their OTT platforms along with the theatrical release. So that is the other extreme in terms of experimentation with respect to windows which has been going on in the US

market. Disney, the film which released last Friday, a film called Jungle Cruise is a large film which Disney has released on their OTT platform along with the theatrical release. The subsequent films Shang-Chi and Eternals and Free Guy and a couple of other films they are releasing, they will follow a window of about 45 days. So exhibitors are urging, requesting producers to go back to a window because this quick release on other platforms is cannibalizing into their revenue and producers are also agreeing with the contention because they are finding the revenues from OTT platforms is not sufficient to meet the losses that the deficit in revenue has caused to the theatrical platform. So that's the way to read it. Ultimately producers and exhibitors want to maximize the revenue and shorter window is working at cross-purposes and theatrical platform is requesting producers to go back to the erstwhile windows. India is a different situation. All of this I share is meant for the US market. India is a very different market and we follow a very different window practice. I don't want to confuse the two but that's the way you should be reading this.

Vikram Ramalingam: Okay, I am actually done, that answers my question very well. My second question in this is just a thought. So now COVID is a reality and I am sure that in some of the coming years there will be some variant or the other as well. Is there a thought in any of the management discussions to start owning some of the properties because PVR does have the ability to raise that kind of capital whereas the mall owners we can't expect them to do anything about it. So is there a thought that you may own some properties giving your liquidity and your ability to raise capital?

Pramod Arora: No we are not really thinking about owning any of the properties. We will remain an asset like model. Some of the newer properties may come on our revenue share model. But we are not really looking or seeking making investment into the properties.

Vikram Ramalingam: My only reason was the idea of going back again and again to property office to re-negotiate rent might be difficult. Thanks for your answer. That's it from my side.

Pramod Arora: Noted.

Moderator: Thank you sir. The next question is from Jinesh Joshi from Prabhudas Lilladhar. Please go ahead sir.

Jinesh Joshi: Sir I have a book keeping question. If I look at our CAM charge this quarter, it was higher than the rent. Is it that we are not making waivers on the CAM front?

Nitin Sood: On the CAM front, CAM is an actual expense which is incurred by most of the real estate developers to keep and maintain the property is the cost of the staff that they deploy to manage the mall. So while we expect significant reduction in the CAM expenses because electricity, air-conditioning etc would be shut, but there is a minimum expense that is still

incurred to upkeep and maintain the property even during the timeframe that it is shut. Accordingly as we mentioned in our notes, while we are in discussion with landlords to seek discounts and wavers, but on a conservative basis we provided for this expense in our books. On the rent front, like we mentioned, we are reasonably confident of getting full rental waivers for the period the cinemas were shut. We have indicated that in the management commentary that while the discussions are on-going the current financials assume that we will be able to get rental waivers for the period the properties were shut.

Pramod Arora: So in the CAM scenario, whatever are the pass-on expenses, those are something which we would be paying. The pass on expenses are connected load charges or the monies being spent to keep the mall running in terms of safety, security or the housekeeping expenses during the time of lockdown. So those are pass-on expenses which we shall be incurring. Other than that the CAM maybe discounted by a substantial lot during the lockdown phase.

Jinesh Joshi: Okay. Another question on the book keeping front. Can I have the current debt and cash position? I know you mentioned that you have 850 crores of liquidity but that also includes the undrawn sanctioned lines. So I want to know the cash in position and debt if you can share?

Rahul Gautam: Yeah, Dinesh we have got a net debt of 750 crores as of 30th June.

Jinesh Joshi: Okay. Since our SPH seems to be holding off quite well and more or less comparable with the pre-COVID levels. Is it because of the outside F&B revenue which we are getting from food aggregators which is getting clubbed over here? Is that the reason why it appears to be higher or even on a like to like basis we are seeing an improvement on the SPH side?

Gautam Dutta: See we are very bullish on the food side. There are a lot of changes that we have been doing but largely speaking we believe that our SPH story is intact. But to your point the food that is being delivered out of the cinemas is being punched in the cinema sale but that is very small currently. So that has nothing to do with these numbers. So that's what it is.

Jinesh Joshi: Okay sir, very good. Thank you.

Moderator: Thank you sir. The next question is from Ankur Periwal from Axis Capital. Please go ahead sir.

Ankur Periwal: Yeah, hi sir, a couple of questions from my side. First if you can comment on the simultaneous release that we are seeing for example, Disney and Warner, as you mentioned what has been....if you can share some feedback, the collections on both

movies had it been meeting the expectations of the respective producers or probably it may not be as great an experiment.

Kamal Gianchandani: Simultaneous release is a concept which is prevalent only in the US and some other western markets but this is not applicable to India as a market for both Warner as well as for Disney. In fact Warner' HBO Max platform is not even available in India. Disney has Disney plus Hot Star in India but they have been refraining from doing a Day & Date release in theaters and OTT platforms...on their OTT platform in India.

Ankur Periwal: My question was more specific to the US. I understand in India it is not applicable.

Kamal Gianchandani: It is an experiment. While very limited information is available on public platforms, I think broadly most analysis are pointing out to cannibalizing of overall revenues to studios as in the sum of all parts would have been greater than what they are earning by doing a parallel release. So if they had followed a window between window and OTT platforms, the revenue would have been more than what they have earned. That seems to be overall analysis. But like I said not sufficient data is available on public platforms. But I think what one can infer from the fact that Disney has stopped this experiment with Jungle Cruise which seems to be the last film to have released on Disney plus in theaters annually. From the next film which is going to be Shang-Chi which will come out in September they will have a window of 45 days between theaters and their OTT platform and thereafter the films which will follow will also continue to have the same window. Warner is also publicly given a statement that this experiment of parallel release will continue till the end of 2021 calendar year and in 2022 from the beginning of the calendar year they will revert back to the window system. So I think that also signals the fact that studios are not entirely happy with the results they have got over the last one year and what has happened over the last one year should be seen as an aberration, an experiment. That's what we have to say.

Ankur Periwal: That's useful. Second question on the OTT screening here in India. Any feedback caused discussion you would have with the producers....how have been their feedback having these cost plus deals with the OTT players? Was this only a desperate move and people are very unhappy about it or they are happy that their interest outgo etc. burden has gone away and probably next time onwards obviously theatricals remain a preference? Any informal, formal discussions you would have here?

Kamal Gianchandani: Clearly a lot of producers sold their films, licensed their films to OTT platform for a direct release because of financial constraints and uncertainty with respect to COVID. In some cases OTT platforms also went out and bid for films in a very aggressive fashion. But I think the conclusion that one is getting also in India is that none of the stakeholders are happy. The talent is not happy. When I say talent, I mean the actors, directors, the creative force behind a film. They are not happy with these releases because they are

finding the experience is not the same. When a film releases in cinema, it is a different experience, even an average film people tend to enjoy more because of the overall experience. There is also a snob value to release a film in theaters to look at the numbers that you get; compare those numbers to the past films of the actor, past films of a director...So there is a lot of intangible value that producers get apart from commercial benefit when they do a release in theater. Creative talent is totally unhappy with what's going on. Infact you would have read Scarlett Johansson the main lead in Black Widow has infact filed a case against Disney objecting to the fact that the film was released simultaneously in theaters and Disney Plus which impacted her credentials and her standing as a credible talent within the industry. So talent is not really happy, producers are also finding the commercial benefits are capped when you release it on OTT platform versus when you take it out theatrically. Sky is the limit, if a film hits the bulls eye, it does well at the box office, you run it for six weeks, ten weeks you can make an enormous amount of return on your capital. Even the OTT platforms in a very counter intuitive fashion of finding that for a film to register with consumers, for a film to be well-marketed theatrical release is an important component of the entire value chain. Net-net I think everyone is moving towards the same conclusion that we need to have windows, theatrical needs to be the first platform to be where the film gets exposed and thereafter you need to follow it up with the other platforms. That seems to be the conclusion which seems to be falling in place.

Ankur Periwal:

Great sir, just one last question if I go back maybe by seven years, the movies that we were seeing were largely pretty concentrated among the big stars or big budget production houses. Over the last, let's say three to five years we had seen a lot of mid budget, small budget movies doing pretty good on the box office, largely...the concentration of revenues among the stop starrers got sort of slightly divided over the last three, five years which was a good news for us in terms of fresh content and variety of content available for the audience at large. With this pandemic being here, are you seeing any changes in that structure? Where I am coming from is, will we continue to see that diverse sort of content variation, a movie ranging from 10, 20 30 crore to as high as 100, 200 or even higher in terms of look and feel and the target audience over there or you haven't seen any changes happening here?

Kamal Gianchandani:

Big, small film...you are right there are films which comes with massive production budgets, big actors, typically they are expected to do well at the box office or at least perform at a certain minimum level. Smaller films come with lesser expectation but our experience has been that ultimately it is the box office which determines whether a film is big or small or medium. While it is difficult to predict future but our sense looking at what's happening in the US, China, Japan, Korea and the other markets where cinemas have been open for a while not much has changed. These small medium budget films if they are good and the content is compelling continue to do well at the box office. In fact

some are exceeding expectations. Our sense is India will not be any different. Also when we reopened cinemas after the first lockdown, when we looked at the numbers of the Telugu and Tamil films we got the same response whether it was medium or small budget, if the content is compelling, people like the material in terms of trailer, poster, they will come and watch it irrespective of it has got a big star or it doesn't have a big star, but definitely having a big star, bigger production value is definitely helpful. But we don't see this balance of small, medium films performing well at the box office if the content is compelling we don't see that change as you move forward.

Ankur Periwai: Sure sir, that's helpful thank you.

Moderator: Thank you sir. Ladies and gentlemen we will take the last question now and it is from Mr. Harit Kapoor from Investec. Please go ahead sir.

Harit Kapoor: Good evening thanks for taking my question. I had two questions. Firstly, just wanted to get slightly better colour on the 4 week near term window that you guys spoke about. Are we setting back the negotiations which we were doing with the producers to kind of incentivize them to come out or is it a tacit understanding with the producer's association that in the next four to five months we will assist you to...allow you to probably make better returns overall given the multiple platforms available. So just wanted to get your sense on that.

Kamal Gianchandani: All our negotiations are principals to principals. So we deal with producers directly. The commercial terms, all other aspects with respect to...which are commercial in nature are discussed with producers and not with any association. These agreements with respect to windows are short term in nature? They would be film to film depending on when the film is releasing because our stated goal in all our conversation with the producer is very clear. It is extremely clear that we want to revert to the erstwhile windows at the earliest possible. So that's what we are doing. We are negotiating with producers on film to film basis.

Harit Kapoor: Okay that is very clear. The second question was on the cost side. This quarter, you have done admirably well on the cost side by restricting EBITDA loss to about 110 odd crores. Assuming the things go as per plan over the next seven eight months we see reopening, the third wave impact is not as high and you do see a gradual pick up in occupancy etc. Is it safe to say that June quarter losses could probably be at a peak level and things should only improve from here? I am not asking for a guidance but directionally if things are better off from here we go as per what we are thinking as of date, could it just be a slightly better earning quarter going forward. That's it from me thanks.

Nitin Sood: Yeah, so you are right I think if things remain the way they are and we see more unlocking happening in cinemas beginning to reopen and film releases beginning to

happen, if we don't run into a third wave, clearly I think we should have the worst behind us and I think the subsequent quarter incrementally should look significantly better.

Harit Kapoor:

So when you say subsequent quarter, you mean quarter three or quarter two itself?

Nitin Sood:

Quarter two, I would say we are already in the beginning of August. So you see losses definitely coming down as we reopen and we restart but yes, but the real impact will be visible only in Q3.

Harit Kapoor:

I agree because there is an immediate impact when you open up as well.

Nitin Sood:

Yes correct. There will be a start up cost as we reopen and there will be some time lag between when we reopen and the films start releasing. So the real impact would only start getting visible in Q3.

Harit Kapoor:

Got it sir. That's it from me, thanks and all the best.

Moderator:

Thank you sir. I would now like to hand over the floor to Mr. Ankur Periwal for closing comments.

Ankur Periwal:

Thank you everyone for being on the conference and helping it to be more interactive. Gautam, Nitin would you like to add any closing comments.

Nitin Sood:

Yeah, just like to thank everyone for taking out time for the call and hopefully by the time we do this next call for the next quarter, I hope all of you would have had a chance to visit cinemas and catch the movies at the theater. Look forward to that. Thank you once again.

Ankur Periwal:

Sure, thank you.

Moderator:

Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may all disconnect your lines now. Thank you and have a pleasant evening everyone.