PVR Inox

Operator: Ladies and gentlemen, good day, and welcome to the PVR Inox Ltd. Q2 FY27 earnings conference call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Nirand Dhumal from ICICI Securities. Thank you, and over to you, Mr. Nirand.

Nirand Dhumal – ICICI Securities: Good afternoon, everyone, and welcome to PVR Inox Ltd.'s Q2 FY27 post-results earnings call. The call will start with brief management remarks on the earnings performance, followed by a Q&A session. PVR Inox Ltd.'s management will be represented by Mr. Ajay Bijli, Managing Director; Mr. Sanjeev Kumar, Executive Director; Mr. Gaurav Sharma, Chief Financial Officer; and other senior management personnel. Over to you, sir.

Ajay Bijli – Managing Director: Good evening, everyone. Can you hear me?

Operator: Yes, sir, please go ahead.

Ajay Bijli – Managing Director: Good evening, everyone. This is Ajay Bijli. I would like to welcome you to our call to discuss PVR Inox Ltd.'s unaudited results for the quarter and half year ended September 30, 2026. The earnings presentation and results were uploaded to our website and the stock exchanges earlier today.

Box office growth momentum continued in Q2 FY27, which was a landmark quarter for Indian cinema. Industry gross box office collections reached 4,433 crores, the highest quarterly collection on record and the first time the industry crossed 4,000 crores in a single quarter. Industry box office grew 23% year-on-year, following 20% growth in Q1. Building on a record FY26, industry collections grew 22% to INR 7,618 crores in the first half of this fiscal year, underscoring sustained momentum in theatrical moviegoing.

What is especially encouraging is the range of content behind the growth. English-language cinema had a standout quarter, with collections growing 87% to 1,024 crores, crossing 1,000 crores in a quarter for the first time. Spider-Man: Brand New Day became India's highest-grossing English movie ever at 608 crores of box office. Christopher Nolan's Odyssey grossed 233 crores, with exceptional demand in premium immersive formats such as IMAX. Together, they show the strong appeal of both franchise and non-franchise Hollywood content in India. Even a re-release, Avengers: Endgame – Encore, grossed 45 crores over a four-week theatrical run, indicating strong consumer demand for premium cinematic experiences.

In Hindi, the quarter was led by the exceptional performance of Hanu-Man, which grossed 351 crores. Mirzapur: The Movie deserves a special mention. A hit streaming series was taken to the big screen as a feature film for the first time, and it went on to collect 267 crores at the box office. We see this as the beginning of a new trend. It reinforces what we have said on earlier calls: a theatrical release is where the biggest stories become events, and streaming can widen the audience that comes to the cinema. Sequels such as Awarapan 2 and Dhamaal 4 were the other successful hits. Regional cinema also witnessed strong box office growth, with star-led spectacles such as Jananayagan in Tamil and Toxic in Kannada grossing 200 crores and 296 crores, respectively.

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Irumudi in Telugu and Bethlehem Kudumba Unit in Malayalam were other authentic regional blockbusters during the quarter. Growth is now coming from a wide range of films across languages, genres, and budgets, from rooted word-of-mouth successes to star-led spectacles.

We welcomed 46.3 million guests during the quarter, up 4% year-on-year, as occupancy rose to 30.4%. Average ticket price and food and beverage spend per head each grew 14% year-on-year, reaching 298 rupees and 153 rupees, respectively. This is also our best-ever quarter for revenue, EBITDA, and PAT. On an Ind AS 116-adjusted basis, total income grew 17% to 2,133 crores. EBITDA rose 44% to 475 crores, and EBITDA margin expanded by around 420 basis points to 22.3%, driven by strong operating leverage. PAT more than doubled to 273 crores. This marked our sixth consecutive quarter of year-on-year revenue growth.

For the first half, we reported total income of 3,775 crores, up 15% year-on-year; EBITDA of 705 crores, up 56% year-on-year; and PAT of 344 crores, up 233% year-on-year. These numbers show how the business has changed since the merger. Our EBITDA margin was 22.3% this quarter and 18.7% for the first half, against 17% to 18% before COVID at higher occupancy levels. Merger synergies, cost discipline, and capital efficiencies have made PVR Inox Ltd. a structurally stronger business. It is also showing in our returns. Our return on capital employed has improved from 10.2% in FY26 to 16.5% on a trailing 12-month basis, above the pre-COVID benchmark of around 13%.

During H1, we generated 604 crores of free cash flow and repaid 259 crores of debt. As our balance sheet strengthened, we returned part of the surplus capital to shareholders in September through our maiden share buyback of 300 crores while retaining sufficient capital for growth. Even after this payout, we ended September with net cash of 141 crores, up from 81 crores in June. With the company turning net cash positive in Q1, the board has also approved a capital allocation and dividend distribution policy. While our earlier policy was limited to dividends, the new policy provides a broader framework for capital allocation. The framework sets out three priorities. First, we will continue to invest for growth in new screens, premium formats, and technology while maintaining the quality of our circuit. Second, we will keep the balance sheet strong, with net debt to EBITDA remaining within 0.5 times after any distribution. Third, from the surplus that remains, we expect to return around 30% of our annual surplus cash flow to shareholders through dividends, buybacks, or a combination of the two, with the timing and quantum at the board's discretion. The policy is available on our website now.

On expansion, we opened 24 new screens across six new cinemas in the first half, predominantly under asset-light models. Our network now spans 1,797 screens across 114 cities in India and Sri Lanka. During the half, we also exited 25 screens, the majority of which were loss-making. We remain on track to open around 90 to 100 new screens in FY27, with the bulk of the openings in the second half, mainly under capital-light formats. Our first Smart Cinema opened in Muzaffarpur, Bihar, in September, introducing an affordable capital-light format designed for Tier 3 and Tier 4 markets. We expect to open two or three more Smart Cinemas this fiscal.

Looking ahead, the film slate is promising across languages. In Hindi, we have Ramayana: Part 1 in November, Shah Rukh Khan's King in December, and Love & War and Golmaal 5 in Q4. Pan-India regional titles include Chiranjeevi's Kaaka and Prabhas' Spirit. Hollywood has an especially exciting lineup, with The Hunger Games: Sunrise on the Reaping, Avengers: Doomsday, Dune: Part Three,

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and Jumanji: Open World. Beyond the films, we are giving audiences more reason to visit and more ways to engage with our brand. Value offers such as weekday morning shows at 99, Friday first shows at 149, and front-row seats from 79 are bringing in more price-sensitive moviegoers. In food, we are taking our brand beyond the cinema through home delivery, grab-and-go counters, outdoor catering, and our in-house food brands. Through live events and sporting telecasts, we are making better use of our screens outside peak movie hours.

We enter the second half of FY27 with record earnings, a structurally stronger margin profile, a net cash balance sheet, and an exciting content calendar ahead. We are confident we can build on this momentum while further improving the quality of our earnings, cash generation, and returns. With that, I open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Avnish Roy from Nuvama. Please go ahead.

Avnish Roy – Nuvama: Congratulations, and great set of numbers. My first question is on the Smart Cinema that you opened in Muzaffarpur. Could you tell us how the pricing and capex compare, why you are calling it Smart, and what the plan would be for this capital-light model in lower-tier cities over the next 2 years? What is the broad plan you have? How many openings?

Ajay Bijli – Managing Director: Well, Avnish, the first project—sorry, do you want to ask another question, or should I answer this?

Avnish Roy – Nuvama: Please go ahead.

Ajay Bijli – Managing Director: This was a pilot that we conducted, but we were quite confident about the way we approached it. The capex is about 25% to 30% lower than for our normal screen because we wanted to read the market, and according to the demographics and the propensity for people to pay and make a certain number of visits to the cinema, we wanted to make sure that we got the right offering. This includes seat quality, legroom, seat width, the big-screen experience, AV and audiovisual facilities, the food offerings, and even the square footage per seat that we have used in Smart Cinemas. The opex cost is about 25% [cut off]

Mr. Bijli: lower than our normal cinemas in bigger cities such as Delhi, Bombay, Bangalore, and others. That was one aspect, but it was always a pilot, and we have not stopped signing projects because we were fairly confident that this should work for us in Tier 3 and Tier 4 markets. Two are already under fit-out in Rampur and Barrackpore. We also have a pipeline of about another 100-odd projects that we have signed, which should come up in the next 12 to 18 months. This will be a big growth engine, in addition to the 100 screens that we are opening in the normal format.

Avnish Roy – Nuvama: I have one or two follow-ups. Is the reason for calling it Smart the limited SKUs in F&B and tighter pricing? Second, the Tier 3 and Tier 4 market in India is obviously

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extremely large, and now that the box office is firing on all cylinders, would we see very sharp expansion at some stage, or would you like to continue with the moderate, well-thought-out, and more calibrated expansion of the last 2 years? My question is that we are now net debt-free and will return 30% of cash to investors, but are you going to miss out on growth at some stage because of this strategy?

Mr. Bijli: No. In fact, now that the volatile period is behind us and all the stakeholders in the film industry are aligned to come to the big screen, including the film fraternity and the consumer, developers are still allocating space for multiplexes. Growth is only going to accelerate from here. Three hundred cities have been identified for Smart Cinemas.

There is no question of compromising on growth because the country is still very underscreened and has huge potential. Still, 50% of the screens in the country are single screens. You can imagine that there are so many cities where a good experience can be introduced. In fact, this is only encouraging us to grow faster.

You are absolutely right that after COVID we wanted to be careful and cautious. That will continue to be the case. Unit-level economics will not be compromised even if we open 200 screens a year. We still want to work on margins and paybacks of a maximum of 3 to 4 years for any unit that we open.

There are plenty of opportunities out there now. A lot of demand and inquiries have come after we opened this one screen, one cinema, in Muzaffarpur. Last year also, we closed down a lot of cinemas that were in dilapidated malls, or malls that had finished their life cycle. Therefore, the net screen addition was muted. Now, the net screen addition will be much faster than what you have seen in previous years.

Avnish Roy – Nuvama: Thank you for that. My second question is on Hanu-Man, a sleeper hit with substantial eventual revenues and a 2 crore budget. How does it change the situation for the slightly struggling Hindi movie business? When I say slightly struggling, that is based on the data. If I see 1,400 crores of incremental revenue in H1 this year versus last year, only 110 crores has come from incremental Hindi revenue out of the 1,400 crores, and 150 crores has come from dubbed Hindi. This means around 1,300 to 1,400 crores has come from regional and English films. Does that mean that Hindi, which is the main language and the number one language, is hardly adding much? How does Hanu-Man change this, and why is Hindi struggling?

Mr. Bijli: First of all, it depends on how you look at the data. I think Kamal is best suited to answer this because it is based on a very large base. An incremental 100 crores of box office collections on a very large base was built last year. But Kamal, over to you. You are better equipped to answer this question.

Kamal: I think Mr. Bijli has touched on the core point. Because you are looking at the incremental number, there is a high base. Q2 last year was extremely strong for Hindi films. However, Hollywood films and regional films had their own struggles. Hollywood was still coming out of a period of experimentation, strikes, and all sorts of issues. There was a lot of uncertainty.

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This year in Q2, all of that has been put to rest, and Hollywood is now firing on all cylinders. However, Hindi was already firing in Q2 of last year. Therefore, because of the high-base effect in Hindi, you are seeing less incremental growth. But wait until Q3 and Q4. Without making any forward-looking statement for PVR Inox Ltd., at the industry level we are confident that in Q3 and Q4 you will see a big jump in incremental numbers even for the Hindi box office.

To emphasize the point that we are trying to make, Hindi is not struggling. Hindi has been doing well since last year.

Gaurav: Avnish, this is Gaurav here. I want to add one point to what Kamal and Mr. Bijli said, and also to the data that you pointed out on Hindi. The way reporting happens is that dubbed versions of English films are reported as part of English collections. That has been the industry norm.

This quarter, Spider-Man, which did nearly 600 crores, generated 35% of its collections, or close to 200 crores, from the dubbed version of Spider-Man in Hindi. If you add that as part of Hindi collections, then the growth in Hindi is not low. It is very strong, over and above the 11% to 12% that you see. The dubbed version of Spider-Man is also part of the Hindi box office.

Kamal: That is a good point, and I would make one last point on what you said. Hanu-Man was made on a 2 to 2.5 crore budget and achieved the kind of box office it did, generating an enormous amount of profitability for every stakeholder in the value chain. This is fantastic for the Hindi film business and for the Indian film industry because it encourages a lot of producers who have been sitting on the fence, thinking about whether they should greenlight a project or wait for an actor to allot dates.

This gives them a lot of encouragement to go ahead with their projects, especially if they have conviction in the subject. If they have good content and have applied rigor to that content, Hanu-Man's success will encourage a lot of people to go ahead and make those films, which is fantastic for the exhibition business.

We will have a more consistent supply of all types of films, including bigger films as well as smaller films. Back to you.

Avnish Roy – Nuvama: Thank you for the detailed answer, and congratulations again on the great performance. Thank you.

Kamal: Thank you.

Operator: Thank you. Our next question comes from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna – Kotak Mahindra Asset Management: Thank you for taking my question, and congratulations on a great set of numbers. I think the change that was planned seems to have come through well.

My first question is one that you also addressed in the previous discussion. If we look at it from the merger, when we declared screens of almost 1,890 in Q4 FY23, we are currently close to 1,800 in Q2 FY27. In about 3.5 years, we have added 100-odd screens on a net basis. Thinking about the

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next 3 to 3.5 years, how do you envisage this number moving? I would assume that most of these underperforming screens would have been dealt with. Would that be a correct understanding?

Mr. Bijli: Yes. Because the multiplex business and our company have been around since 1997, a lot of the first-generation malls that had come up became obsolete and were overshadowed by bigger malls coming up in the same vicinity. These older malls also lost tenants, and their escalators, elevators, and many other facilities were not working. These screens were underperforming and were not in a condition to be continued. The leases had come to an end, and therefore we wanted to clean up the circuit by not having any underperforming screens.

All of that is behind us now, and you will see net screen addition growth becoming much faster and much larger. As I mentioned in response to the previous question, we have identified 300 new cities in Tier 3 and Tier 4 markets. With this format, which was not in our portfolio earlier, we have a solution for providing a clean, high-quality cinema experience at every price point.

We were still not comfortable with the one-cinema solution for Tier 3 and Tier 4, but we are now comfortable and happy with it, and we have cracked it with the first opening in Muzaffarpur. That suddenly paves the way for us to increase our expansion. I think 150 to 175 screens is a number that we could achieve every year from the next fiscal year. It could be even more.

Arjun Khanna – Kotak Mahindra Asset Management: For the next 3 years, would roughly 500 screens be a fair expectation?

Mr. Bijli: Yes.

Arjun Khanna – Kotak Mahindra Asset Management: The second question is that we have broken up our new screens into asset-light, FOCO, and lease models. I wanted to understand how the revenues and expenses would be accounted for in these models.

Gaurav: Arjun, Gaurav here. In the asset-light model, we account for the entire P&L in our books, including the revenue and the operating cost of the cinema. In the franchise model, we account only for the management fee, which is a share of the property's revenue, as management fee income in our revenues. The operating cost sits with the franchise owner and is not accounted for in our P&L.

Arjun Khanna – Kotak Mahindra Asset Management: To understand this, in terms of the top line, we would record this under movie exhibition, or rather our net sales, and the expenses for food and so on would all be at the operator level?

Gaurav: Correct, at the franchisee level.

Arjun Khanna – Kotak Mahindra Asset Management: On the lease model, would it be similar to the asset-light model?

Gaurav: Sorry, can you repeat your question?

Arjun Khanna – Kotak Mahindra Asset Management: We had said we would also be taking some cinemas on lease. Would that be similar to our asset-light model?

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Gaurav: Yes. Lease-accounted cinemas are normal traditional leases.

Arjun Khanna – Kotak Mahindra Asset Management: Okay, perfect. That is our normal model. Just the last question is on advertising. Are there any innovations you are planning in this area? This is one line item where we have not seen too much positivity or incremental change that could potentially come through from the larger network. Could you help us with some possibilities on this front?

Gaurav: Arjun, largely because we were fully aware that H1 did not have such large blockbuster tentpole films, the films that were slated were technically easier to market. In Q3 and Q4, we now have four big films coming in, starting with Ramayana, King, Avengers, and Love & War. We believe that substantial and healthy revenue income will be recorded from these four films, and we will end the year at a fairly healthy growth number.

On your question about the major initiatives being planned, we are planning to create a digital version of a pay-per-eyeball plan. This will help us monetize sleeper hits, including films such as Hanu-Man, Mahaavatar Narsimha, and Saiyaara, which generated a lot of footfalls but not enough advertising. We are trying to build a digital platform.

However, this is about 8 to 10 months away. The work on the digital platform is currently happening. This is the major step forward into the digital world, where advertising will be sold per eyeball along with the traditional method of selling. This would help us capitalize on the footfalls generated by many films that perform brilliantly at the box office but are not initially touted as blockbusters.

Arjun Khanna – Kotak Mahindra Asset Management: Thank you for the response, and I wish you all the best.

Gaurav: Thank you.

Operator: Thank you. Our next question comes from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta – Kotak Securities: Hi, sir. Thank you for the opportunity, and congratulations on a strong quarter. My first question is just a clarification on the Smart Cinemas [cut off]

Umang Mehta – Kotak Securities: This year you mentioned two more properties, and next year I think you have raised the screen-opening guidance from 100 to 160-175. Is it fair to assume that almost 60 of next year's screens would be Smart Cinemas? My second question is whether the bulk of these screens would be in the FOCO model, or whether it would be a mix between developer partnerships and FOCO.

Gautam: I think it will be a mix because we do not want to compromise on our screen growth by adhering to any one type of agreement with developers. The response so far in smaller towns is that developers are ready to contribute, and if they are ready to contribute, we have no problem, provided the commercials are workable for both us and the developer.

There is no restriction that it has to be an asset-light or FOCO model. If we have to invest, we can invest as well.

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Umang Mehta – Kotak Securities: Understood, sir. Is the conclusion that 60 to 70 of next year's screens could be Smart Cinemas correct, based on the numbers you shared?

Gautam: It is difficult to put a number on it, but as I said, the bulk of the Smart Cinemas will open next year. It could be this number.

Umang Mehta – Kotak Securities: Sure. The second question was for Gaurav. In terms of the current pipeline of screens and the change in depreciation, do you have any guidance on this year's capex and depreciation, and similarly for next year? Are there any numbers that you can share?

Umang Mehta – Kotak Securities: There was some element of variable rental in this quarter. Could you tell us how many screens we currently have on the variable rental model and what the current revenue-sharing terms are on that side?

Gaurav: The majority of our legacy screens are on a model involving minimum-guarantee fixed rental and revenue share, whichever is higher. Depending on how revenues perform over a period, either the minimum guarantee is paid or the revenue share is paid.

Second, the revenue sharing is based on ticket and F&B sales. The numbers differ from property to property. There is no fixed percentage sharing of revenue on rentals. That is how it works.

In quarters or periods when revenue is high and occupancy levels are stronger, an element of revenue share comes into effect. However, the way we look at it is rent as a percentage of revenue, and that number as a percentage of revenue declined in Q2.

Umang Mehta – Kotak Securities: I have one last question. I think other income was high in this quarter because there was some reversal of certain old provisions. Could you quantify that and explain what those provisions pertained to?

Given how the balance sheet has strengthened over the last 6 to 12 months, we also had an asset-recycling plan that we had highlighted some time ago. Would that now be put on hold? Could you clarify that as well?

Gaurav: The other income that you see in our quarterly P&L includes about 7 crores of one-off reversals of certain old provisions relating to collections from filmmakers on the distribution side of the business, which we had provided for according to our provisioning policy. Fortunately, those collections were recovered during the quarter, and we had to account for them as other income.

There is also a small element of interest income on certain tax refunds that were received during the quarter for a past assessment year. Overall, 7 crores was recorded as a one-off in the other income line in Q2.

I am not sure about the asset recycling that you are referring to. Could you clarify that?

Umang Mehta – Kotak Securities: Certain real estate that we owned was planned to be sold so that the proceeds could be used to repay debt, if I am not mistaken. Given the current balance sheet position, I wanted to check whether that plan is on hold.

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Gaurav: Yes, we have a few cinema properties with operating cinemas, and those are owned cinemas in owned properties. We do not pay rent there. Given, as you rightly pointed out, that there is no requirement because the debt has now been repaid and the balance sheet is net cash positive, there is no rationale for us to sell those assets because these are operating cinemas and they contribute to the company's revenue and earnings.

Umang Mehta – Kotak Securities: Understood. Congratulations once again, and all the best for Q3.

Operator: Thank you. Our next question comes from the line of Kavish Parekh from 360 ONE Capital. Please go ahead.

Kavish Parekh – 360 ONE Capital: Hi, team. Thank you for the opportunity, and congratulations on another solid quarter. If I look at your gross margins in the F&B segment, we have seen a consistent improvement from around 74% to 77%–78% now. It is also important to note that margins have expanded despite offering F&B at discounted rates. I wanted to understand what has driven this expansion and how much further headroom you see for improvement here.

Gautam: There is fairly good headroom for growth. If you look at our F&B, I do not think we have shared this information, but 40% of this growth has actually come through volume increases, and about 60% of the SPH growth has come through value increases.

Given the fact that we deal with a captive audience and with a high-end, discerning audience that comes to cinemas for a good, complete experience, we believe there is huge headroom for growth. If you look at some Western countries, food sales or SPH is equal to ATP in these mature markets. While we are at about 60% of ATP, we believe there is sufficient headroom to grow.

Indians love to eat. The kind of food we offer is far more extensive than that of any other cinema chain in the world. We are also now looking at avenues beyond cinemas. Although it is still very small, we are catering outside. We are trying food delivery, and we are subleasing spaces where a counter could cater to audiences inside the cinema as well as to mall audiences. All of these small initiatives are adding to the growth factor. We believe that this trajectory will continue to rise.

Kavish Parekh – 360 ONE Capital: I understand the SPH point, but my question was about the margin front, specifically the gross margin for the segment.

Gaurav: On the margin side, as Gautam mentioned, both value and volume are growing. Some of the hero products, such as popcorn and Pepsi, are high-gross-margin products.

Gautam: Of our total sales, 60% comes from popcorn and Pepsi. Technically, those products operate at a very good margin. As long as that growth continues, it shows that we are able to innovate and introduce new packages to maintain the 60% contribution from these low-COGS items and preserve their image as the hero food products at the cinema.

Gaurav: In addition to that, we continue to renegotiate our supply terms with vendors. We are now migrating to 4PL, and our logistics and cinema supply chain will become more streamlined. Through automation, we are able to utilize products that are close to expiry before they expire. As a result, wastage and pilferage are reducing, contributing to cost savings and an improvement in gross margins.

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Kavish Parekh – 360 ONE Capital: Understood. To get a clear picture on the popcorn and Pepsi contribution, you said that they currently contribute about 60% of the revenue pool. Has this seen a sharp improvement after the introduction of discounted F&B offerings? Was this number significantly lower, at around 40%, 45%, or 50%, or has it been in this range for some time?

Gaurav: Discounted F&B is mainly offered on weekends, when we provide free refills of large Pepsi and popcorn categories, and that has been a very successful initiative. We have continued it for the last 2 years. It helps consumers upgrade from small or medium packs to larger packs. There are also Tuesday and other F&B-targeted promotional initiatives that are driving offtake across weekdays as well.

Gautam: To Gaurav's point, if you remember, I also said that volume has increased, and the volume is coming from people who were not eating earlier. How do you get them to eat? We now have very targeted promotions for people because we have the database for practically all the footfalls coming into the cinema. We track their consumption completely: when they come, what they consume in terms of the movies, the type of seat, the type of experience, and what they eat. Therefore, we are able to make very personalized offers to increase consumption.

My starting point on F&B was that we have managed to maintain the balance between volume and value fairly well. Today, we have a scenario where close to 85% of the people who walk in eat something or the other at the cinema, and that is a fairly healthy number.

Kavish Parekh – 360 ONE Capital: This 85% is a very high and healthy strike rate. Thank you for the explanation. Gaurav, I wanted to reconfirm something you mentioned earlier. If I heard you correctly, I think you said depreciation going forward will be about 35–40 crores lower because of the change in our useful-life policy. Is that correct?

Gaurav: That is right.

Kavish Parekh – 360 ONE Capital: Understood. Thank you very much. All the very best.

Operator: Thank you. Our next question comes from the line of Saurabh Bairia with Sameeksha Capital. Please go ahead.

Saurabh Bairia – Sameeksha Capital: Thank you for the opportunity.

Operator: Saurabh, your line has been unmuted.

Saurabh Bairia – Sameeksha Capital: Hello? Am I audible?

Operator: Mr. Saurabh, we are not able to hear you. Could you use your handset, please?

Saurabh Bairia – Sameeksha Capital: Am I audible? [inaudible]

Operator: Hello, sir?

Saurabh Bairia – Sameeksha Capital: Am I audible?

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Operator: Yes, sir, you are slightly audible. I would request you to use your handset while asking the question.

Saurabh Bairia – Sameeksha Capital: I think I am clear now, loud and clear, right?

Operator: Yes, sir, please go ahead.

Saurabh Bairia – Sameeksha Capital: My first question is around the industry, which grew by around 23%, whereas our growth stands at 18%. What could be the reason for our slower growth in such a strong quarter?

Gaurav: [pause] As you saw in the mix of box office collections, there were many films such as Hanu-Man, Munjya, Mirzapur, and regional films that performed very well in mass markets in Tier 2, Tier 3, and Tier 4 towns, where single-screen penetration is higher than multiplex presence.

As a result, the overall box office was distributed across a larger number of screens, including both single screens and multiplex screens. That is the primary reason for the difference between the growth in PVR Inox Ltd.'s box office and the industry box office. It is a function of the mix of content rather than anything else.

Saurabh Bairia – Sameeksha Capital: My next question is about footfall growth. Footfall growth this year is around 4%, while ATP rose by around 14%. Was this primarily due to a higher share of Hollywood movies, or is this trend going to continue? Are we confident that we expect ATP to remain constant from current levels?

Gautam: Yes, ATP will remain at those levels because, as we just mentioned, four big blockbusters are lined up: Ramayana, King, Avengers, and Love & War. There will also be a few other IMAX films. We are more than confident that our ATP will be at the expected levels. There is no change in that.

Saurabh Bairia – Sameeksha Capital: If I can ask one last question, is there any update on the ticket price caps that have been discussed in the southern states of India? [cut off]

Management: No such conversation at all.

Management: Nothing at all.

Management: Yes.

Saurabh Bairia – Sameeksha Capital: Okay, thank you. That is all from my side.

Operator: Thank you. Our next question comes from the line of Tejas Lakhani with Unifi Mutual Funds. Please go ahead.

Tejas Lakhani – Unifi Mutual Funds: Hi, team. Am I audible?

Operator: Yes, sir, please go ahead.

Tejas Lakhani – Unifi Mutual Funds: Perfect. Congratulations to the team. Over the past 2 to 3 years, with respect to the controllable variables under your control, such as rents and other costs,

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the team has done a phenomenal job of curtailing them and also shifting toward different model styles.

I wanted to understand, perhaps with Mr. Bijli expanding on this, what changes have happened on the producer side over the last 2 to 3 years. We spoke about the sleeper hit at the start of the call, but is there any broad observation in terms of changes that you have been able to see on the producer and content-creator side over the last 2 to 3 years, and how that could shape trends over the next 2 years? Thank you.

Management: To reiterate and summarize your question, you are asking about the trends we are observing on the content creators' side and how they impact the exhibition business. Is that your question?

Tejas Lakhani – Unifi Mutual Funds: Yes, sir, exactly.

Management: The trend is extremely positive, as one would imagine, because the box office is clearly on an upswing, and not just in India. This is a pattern and a trend that is visible globally.

Two things are happening. First, theatrical is doing exceedingly well. People have clearly come back to theaters. They are enjoying the experience and are returning to their default habit of watching brand-new films in theaters.

On the supply side, streamers were extremely aggressive in terms of acquisitions for the last couple of years. I think better sense has now prevailed, and they have realized that the well-established model of releasing a film in theaters and then exploiting it on other platforms is more viable, not just for theatrical but also for the streaming business. Therefore, they have retreated and are not as aggressive as they were over the last 3 to 4 years in acquiring films for direct release on streaming platforms.

Because producers are now thinking about releasing a film in theaters and then taking it to other platforms, they are applying much more rigor. Theatrical is a pay-per-view model, whereas streaming is more of a subscription model. More rigor is going into films, actors are putting in much more effort, and producers are putting in much more effort into marketing their films. Therefore, you are seeing a major resurgence in theatrical and in the overall film business.

The pattern is that producers have returned to their default model of making a film and releasing it in theaters first. More films are being greenlit because all types of films are doing well at the box office. That also augurs well for the exhibition business. Overall, everything is looking very positive.

Tejas Lakhani – Unifi Mutual Funds: Understood. In the middle, the mid-budget production slate had weakened. Are you seeing more of that returning, based on your understanding?

Management: All segments have returned. Micro-budget films, small films, mid-size films with mid-level actors, films that are high on content but do not have very familiar faces, and big-budget films with a lot of VFX and big actors are all currently performing well.

India, as a country, has always produced a large number of films in terms of quantity. Therefore, we are fortunate to have films in every segment, and all of these segments are growing.

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Tejas Lakhani – Unifi Mutual Funds: Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.

Anubhav Mukherjee – Prescient Capital: Hello, am I audible?

Operator: Yes, sir, please go ahead.

Anubhav Mukherjee – Prescient Capital: Congratulations on very strong results. In your investor presentation, it was mentioned that 34% of PVR's screens are in South India. Would you be able to share, for the total number of screens within India, what share South India has?

Management: Do you mean at the industry level, or are you asking—

Anubhav Mukherjee – Prescient Capital: Yes, at the industry level.

Management: Okay.

Management: I will step in, Gaurav. Roughly 45%. India has a total of about 10,500 screens. South India, comprising the five southern states, constitutes almost 45%. It could be as high as 50%. Unfortunately, we do not have exact data, but it is somewhere between 45% and 50%.

Anubhav Mukherjee – Prescient Capital: Given the lower share of South Indian box office collections, and as you mentioned that you are looking at 300 new cities, is there a focus on adding more screens in South India?

Management: Yes, absolutely. In fact, over the last 2 to 3 years, nearly 35% to 40% of our new screens each year have been opened in the South region, and that is definitely a priority market for us.

As you rightly pointed out, the penetration of multiplexes and PVR Inox Ltd.'s share in South Indian film collections are low. Therefore, there is headroom for growth and a market opportunity for us to expand with more screens in that market.

Anubhav Mukherjee – Prescient Capital: Typically, how would average ticket prices and SPH in South India compare with those in Hindi markets?

Management: They are lower. The average ticket price in South India is lower compared with the rest of the country. The difference would be almost 25%, but it varies from state to state. Tamil Nadu tends to be the lowest in terms of average ticket price. The other states—Kerala, Karnataka, Telangana, and Andhra Pradesh—are better than Tamil Nadu, but still lower than the other parts of the country.

Anubhav Mukherjee – Prescient Capital: Would South Indian screens therefore be less margin-profitable for you compared with the rest of India?

Management: South India has higher occupancy, which more than makes up for the lower ticket price.

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Anubhav Mukherjee – Prescient Capital: Okay, great. Thank you. I will get back in the queue.

Operator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Management: Thank you, everyone, for joining us on the earnings call for Q2 FY27. If you have any further questions, please feel free to reach out to the investor relations team. We will be happy to address any specific questions or clarifications. Thank you very much.

Operator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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