

04<sup>th</sup> April, 2022

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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 28<sup>th</sup> March, 2022 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 "Discussion on PVR INOX Merger Conference Call".

Enclosed is the transcript in this regard.

This is for your information and records.

Thanking You.

Yours faithfully,  
For **PVR Limited**

*Mukesh Kumar*  


**Mukesh Kumar**  
**SVP - Company Secretary**  
**& Compliance Officer**

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“Discussion On PVR Inox  
Merger Conference Call”

March 28, 2022



**ANALYST:**

**MR. ANKUR PERIWAL – AXIS CAPITAL LIMITED**

**MANAGEMENT:**

**MR. AJAY BIJLI – CHAIRMAN & MANAGING  
DIRECTOR – PVR LIMITED**

**MR. SANJEEV KUMAR - JOINT MANAGING DIRECTOR  
– PVR LIMITED**

**MR. NITIN SOOD – CHIEF FINANCIAL OFFICER –  
PVR LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to discussion on PVR Inox Merger conference call 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 \* then 0 on your touchstone phone. Please note that this conference is recorded. I now hand the conference over to Mr. Ankur Periwal from Axis Capital Limited. Thank you and over to you, Mr. Periwal.

**Ankur Periwal:** Thank you Neerav, and good afternoon everyone and welcome to the conference call with PVR Limited Management following the announcement of merger of PVR Limited and Inox Leisure Limited. From the management side we have with us Mr. Ajay Bijli – Chairman & Managing Director – PVR Limited, Mr. Sanjeev Kumar, Joint Managing Director – PVR Limited and Mr. Nitin Sood – Chief Financial Officer – PVR Limited. We will start with a brief from Mr. Bijli there and we will open the forum for a Q&A session. Over to you Mr. Bijli.

**Ajay Bijli:** Thank you. Thanks very much. I would like to thank you all for taking the time out to join the call today, delighted to announce that the Board of Directors of PVR and Inox had their respective meetings yesterday which is March 27, 2022. They have approved an all-stock amalgamation of Inox with PVR. It is a momentous announcement as this transaction brings together two iconic brands in the Indian exhibition sector to deliver an unparalleled movie watching experience to our customers.

The combined entity will have a network of more than 1500 screens across 240 locations in 109 cities across the country. The combination is going to benefit everyone besides ensuring tremendous value creation for all stakeholders including customers, real estate developers, the film fraternity, technology service providers, the state exchequer and above all the employees. As you all know the last two years have been very difficult for the exhibition sector due to COVID-19 pandemic which resulted in significant losses for the sector.

Further with significant technological advances and changes in the sector and the proliferation of OTT platforms. It has become imperative to pool resources and gain economies of scale for the long-term sustainability of the business. This transaction will create one of the finest exhibition platforms for the industry as a whole and will accelerate the growth of the sector which has struggled to grow at a rapid pace. The strength of the balance sheet of the merged entities will allow it to accelerate the pace of growth as we expand to more tier 2 and tier 3 markets and take the modern multiplex experience to new cities and towns across the country. In the past two years many real estate developers had shelved new projects. With our renewed investment push, real estate developers would be emboldened to start building new malls.

We strongly believe the consumer will be the biggest beneficiary of the merger. The best practices of the two most iconic brands in India will be combined to further improve the consumer experience for the Indian moviegoer whose number one out of home entertainment option is still to go and watch movies on the big screen.

I will continue to drive the business from the combined entity as a Managing Director and my brother Sanjeev as the Executive Director, Mr. Pawan Jain would be appointed as a non-Executive Chairman of the Board and Siddharth Jain would be appointed as non-Executive, non-Independent Director in the combined entity.

I hope all of you have had an opportunity to read the press release along with other exchange filings yesterday which provided all the details of the transaction. The transaction is subject to all necessary regulatory approvals including SEBI, stock exchange, and NCLT along with the respect company's necessary corporate approvals.

With this I would like to open up the floor for any Q&A's. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Naval Seth from Emkay Global. Please go ahead.

**Naval Seth:** Thank you for the opportunity. First a few housekeeping questions, on the real estate part because Inox as an entity owns a few malls and I think corporate office as well. So will that be part of the deal as well.

**Nitin Sood:** I would like to clarify, yes, that everything which is part of Inox will be part of the transaction.

**Naval Seth:** In terms of second because this will be treated as an acquisition if I am not mistaken. So, if yes, then there will be creation of goodwill as well for the must go, is that understanding right.

**Nitin Sood:** I think the relevant accounting principles will be followed at the time of combination under the company's act and the accounting standards, and once we issue the shares in the merger transaction is complete. Yes, there will be creation of goodwill in the books of the combined entities.

**Naval Seth:** Now on the reasoning for the merger one of the reason we have stated about OTT and the internet penetration also impacting the business and will continue to impose significant pressure on theatrical business per se. Somehow this is bit contrary to what we have been stating in the past. So can you explain what kind of impact or this is basically based on 21 or kind of performance what we have mentioned.

**Ajay Bijli:** I would like to just clarify we have not said that this is to combat OTT platforms, it is just that the industry did get impacted quite severely in fact our industry was probably the most impacted not only in India but globally and in regardless of this pandemic, consolidation and amalgamation and M&A activity is very prevalent in this sector and that is where you drive economies of scale and on every line item and but definitely the pandemic did exacerbate the whole idea of merging because then you can create a much stronger balance sheet and the pace of growth which had slowed down attributing to the pandemic that had to be picked up. So we felt that as coming together of two strong brands in this space we will be able to accelerate the growth and get economies of scale and also make sure that this extremely important sector for the film fraternity for the real estate and most importantly for the consumers because it is still the number one form

of entertainment to go out and watch movies on the big screen, all that continues to remain and thrive, and OTT platforms definitely got the decibel level of OTT platforms got much more louder during the pandemic because our shutters were down, but otherwise they have always coexisted and a lot of transactions that happen between the film fraternity and OTT platforms and the consumer behavior to watch movies on the small screen at home I believe is temporary and heightened again because our shutters were shut, but once the shutters are open they will both co-exist OTT will remain and even theatrical business will remain. So even during the pandemic consistently I have been saying that it is a matter of time a habit which has been there for such a long time and especially in India cannot get renounced just because of two years of shutdown and both will coexist there is no question about it.

**Naval Seth:** And lastly if not quantification but can you suggest revenue or cost synergies which can accrue from the merger because it will be a large entity and there would be certainly savings on corporate overheads or other Opex front as well. So anything if you want to highlight over here.

**Ajay Bijli:** Not specific numbers Nitin you correct me, yes, difficult to give but line by line on Opex and Capex it is by default if you become a larger organization and you have the scale then you get those benefits on every line item whether it is Capex or Opex and that is what those synergies we will get with this transaction for sure and the benefits of that, that get accrued will be passed on to the consumer.

**Naval Seth:** And lastly on CCI as you have stated in media interview also CCI approval will not be required but if at all CCI nudges will we be okay as a must go to let go some screens what happened at the time of DT also. So any thoughts over there.

**Ajay Bijli:** Well it depends on what kind of query that comes but we are a listed company going to comply with the laws of the land and currently we have been, as we have mentioned that our counsels had advised us that this particular transaction does not have to get notified, but definitely if we do get any queries or any and we well like to address that at the moment it is too early to say what that query is going to be and how we are going to react.

**Naval Seth:** Thank you so much and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Senthil Kumar from Aviva Life Insurance. Please go ahead.

**Senthil Kumar:** Hi! Sir, the question is regarding more towards the CCI as you said there is no impact currently on the financial side but if I have one have to see the operational part because if you see the criteria of the CCI there are certain criteria which more or less agrees to the overall concept of this merger completely like in case for example in case of horizontal mergers there is going to be an overlap in the markets and other factors that could be involved that could impact the merger because it is going to be an horizontal merger.

- Nitin Sood:** I would like to clarify in this. As Ajay mentioned in the previous point any merger which requires to be notified to CCI is controlled under the merger control guideline and there are specific thresholds which are mentioned in those merger control guidelines under which a merger transaction needs to be, requires a pre-notification to the competition commission. We have been advised by our counsels that this transaction does not require that free notification or approval.
- Senthil Kumar:** But in case is there a possibility that CCI can come with a query in this regard.
- Nitin Sood:** Absolutely I think they are the regulator and they have the power to issue a notice seeking clarification on the same. So that is definitely possible.
- Senthil Kumar:** In that case which criteria you feel on the operational side could get a concern over that because you said there is a threshold for the merger.
- Nitin Sood:** It is not notifiable so we cannot comment on hypothetical questions.
- Senthil Kumar:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Abneesh Roy from Edelweiss Financial Service. Please go ahead.
- Abneesh Roy:** Thanks and firstly congrats. I have three questions, first is on brand and synergy benefit in terms of revenue. So PVR brand is PAN India bigger brand, and obviously they are in each of the states and regions. So long-term why not have the PVR brand only because PVR has got a premium in terms of the pricing bit also in terms of advertising revenue also and in terms of the SPH. So that was one part and second related is when I see the revenue streams of Inox in terms of ad revenue per screen or in terms of convenience fee, they are lower. Is it very easy to bring those to a much closer to the PVR just by the merger or do you think they will depend upon the local factors in terms of location etc., also. So any comment on that.
- Ajay Bijli:** Nitin would you say a few things or do you want me to...
- Nitin Sood:** Yes, I think I will take your second question first which is on the synergy base I think both the companies are public we have not done detailed amount of workings on what the potential synergy would we could generate I think that exercise would be done only closer to integration of both the businesses, but we see umpteen amount of synergies on all the revenue lines and all the cost lines. I think we will have to spend deeper time with both the teams post the merger to figure out what is the exact value of synergies we can extract and how much time it may take. So I think it is slightly premature to comment but broadly I think the thought behind the merger is we see large economies of scale both on the revenue and cost front and a bigger, stronger balance sheet to be able to grow the business at a rapid pace post combination. So that has been the driver I think slightly premature to comment on any specific numbers around synergies.
- Ajay Bijli:** On the branded currently it has been decided because it is still going to take six to nine months before all the regulatory approvals come with a SEBI, and stock exchange, NCLT. So we have

decided that the both brands will remain, a separate PVR will continue to run PVR Cinemas Inox will be branded, Inox is a new entity and the new properties that come up will be called PVR Inox and because there is going to be one management operating it and the whole circuit is very disparate it is in affluent areas, it is in middle income, lower income, various demographics. So I think there is a lot of underlying value which is there in Inox Properties as well and we believe that we will be somehow able to over a period of time come out with a joint brand PVR Inox and the combined entity will enjoy the same synergies and revenue streams that we get of average ticket price, F&B as well as advertising.

**Abneesh Roy:**

Sure that is useful. My second question is Mr. Ajay Bijli will be the MD of the new entity and on the board there will be equal representation but from Inox promoter family will there be any day-to-day functions also will they be responsible and one related question is you have said at least 200 screens per year will be the target when the merger happens and it is a normal year versus in the non-COVID, pre-COVID era you used to open more like 160, 170 screens in the best of the years. So what will lead to the higher expansion because it is more of supply side rather than your own funding capability, right, if malls are not available, how will you ramp up from the 160 to 200 screens per year?

**Ajay Bijli:**

Well a lot of, let me address the second question because that is much more fresh in my mind now. The lot of properties got bunched up together, so we ourselves are under fit out of more than 120, 130 screens because two years not much activity happened on the Capex front and on the taking handover of properties. So the pace of development just in isolation of both the companies is quite high it is higher than usual because of as I mentioned a lot of malls got bunched up together and we were close to 200. So 200 is not really an unrealistic target because together we are doing about 80, 90 scenes anyway. Secondly the hinterland, tier 2, tier 3 areas were not earlier targeted in a focused manner earlier and which we intend to do now. So we intend to increase the footprint of the circuit to many cities which are still left unserved and which has such a large organization now getting created will have multiple teams looking for various locations and there are opportunities even in smaller towns you will be surprised so smaller malls are also coming up in smaller towns as well so there is plenty of room for growth. So 200 is not an unrealistic target. On the management side yes there has to be clarity so therefore it was decided that my brother and I will be the Managing Director and the Executive Directors and with our current management team. At the same time PVR has always had partners whether it has been the **inaudible 17:49** or the financial investors like ICICI venture then Renuka in her Avtar and multiples L capital, JP Morgan, and Warburg Pincus. We have always had a very collaborative consultative approach towards our management and Siddharth he has done a good job of Inox, Mr. Pawan Jain has got a lot of wisdom and they will be in the board and we will be taking their counsel and advice from time to time. But we will be driving the day-to-day phase of the business.

**Abneesh Roy:**

That is useful and last quick question on Cinepolis. So is that now ruled out because this is a big merger and could you also do that merger because again that COVID rules would again apply right the overall entity size etc. So is that a possibility or that is now completely ruled out.

- Nitin Sood:** I think it will be unfair for us to comment on that on any further transactions etc. I think all we can say is I think we are very happy with this combination to be able to bring together the two iconic brands to create a large enterprise and it will be unfair for us to comment on any other future development.
- Abneesh Roy:** But you are not ruling out either right.
- Nitin Sood:** I would not like to comment on any of that.
- Abneesh Roy:** Okay thank you that is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Poddar from Nippon India. Please go ahead.
- Manish Poddar:** Just one question in terms of both the players to acquire distributor mind share or let us say to acquire properties was a significant underrating to be market share.
- Ajay Bijli:** I did not understand the question can you just repeat.
- Manish Poddar:** Unless with the broader question which I am trying to understand I thought both the players were fighting this onslaught of OTT on equal footing and they were by negotiating with distributors or with the online players with let us say PayTM or any of these vendors they were having good deals or they were not undercutting each other. So just trying to understand know in terms of easy gains is there significant gains on the table itself let us say when you are negotiating with the mall owner earlier let us say Inox was negotiating let us say 10% lower rental just to get the space. So is there a material gap or this is not where incremental gains can come in that is what I am trying to understand. Thanks.
- Ajay Bijli:** In my previous interactions in the morning today I have said that we have one leg of our business with the film fraternity and the other is with the developers so we are completely joined at the hip and we have a symbiotic relationship with both and we are not here to spoil the apple cart at all we already have a signed pipeline of hundreds of screens signed agreements we are not ready to disrupt any of that and on the other hand we have come at the back of a pandemic where film fraternity was releasing movies on the OTT platforms also movies were coming theatrically we basically do not want to change anything because just a regular film supply is the most important thing for us to get consumers back into the cinemas. So this is an amalgamation or a merger that has happened to make sure every stakeholder benefits because of the exhibition sector itself does not progress modern shopping centers can have a problem film fraternity which still gets theatrical still considered theatrical to be an important starting point of any movie before its monetization journey starts that can get impacted so I think we are not here to create any disruption in the balance which is there between the exhibit distributors and producers on one side and the landlords or another all the online aggregators as you said PayTM or anything like that this is just to overall make a much larger company and get the economies of scale on all other lines of expenses.



**Manish Poddar:** No, Sir, sorry what I am trying to understand is incrementally whatever you said is fine but let us say in the past let us say three five years were you vying for rentals for properties by an undercutting each other that is what I am trying to understand.

**Ajay Bijli:** Not undercutting each other I mean it is a large country lots of malls lots of shopping malls and everything everybody is a listed company they want to make sure rent as a percentage of turnover is viable each unit. Unit level economics work nobody can survive in business by undercutting each other or anything like that. I am not even very sure I am very fond of that word undercutting.

**Manish Poddar:** Yes, that is loosely used. Sorry, got it thank you so much.

**Moderator:** Thank you. The next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

**Yogesh Kirve:** Hi! Thanks a lot for the opportunity. I understand we do not want to quantify this synergies at this stage but just to focus a little more clarity on what could be the area of synergy so firstly do we anticipate any benefits in terms of the pricing power both on the ATP and the F&B side. So at one level we have the consolidation at PAN India level that if we look at the specific catchment areas I think the property always had that sort of a monopoly or a oligopolistic positions. So your thoughts regarding that on the pricing power.

**Nitin Sood:** Yes, I will take that question. Like I said earlier both the companies are public and we relied on public available information as we have done this transaction I think it will be too premature and too early for us to comment on what the synergies would look like and which areas would deliver us energy I think that we will only be able to comment on closer to integration as the both teams integrate we spend time with each other to figure out what are the areas where we could collaborate and drive synergy in the business so very difficult to give any quantification of the potential areas of synergies I think net, net our focus from the transaction is how do we accelerate the pace of growth make the balance sheet stronger take the screen expansion to much higher numbers than both of us what are individually doing today can we accelerate that number in a significant manner and can we take the multiplex experience to new cities in the country where we still not present because India is still massively under screen and I think the strength of the balance sheet would give us that opportunities and we believe that scale will deliver synergies I think it is very difficult to quantify without spending time to figure out how will we achieve some of these energies but we believe there will be revenue and cost synergies on this combination.

**Yogesh Kirve:** Okay thanks I was going to ask about if there could be synergies on the other side as well but I think you partly addressed that question. Secondly related to so if you look at both PVR and Inox so they have executed well in their own ways but we also have seen the management have quite a different approach with respect to some of the key aspects of the business for instance we approach to our M&A or although approach towards the overall capital spending the in relationship with the channel partner. So how do we have plan for this the differences in the

management approach of understand regarding the board arrangements and the management they executive appointment do we have a specific plan or the understanding in terms of how to go about these aspects of the business going ahead. So just some thoughts on this would provide some comfort.

**Ajay Bijli:** In fact on the contrary I think both the managements have a very similar philosophy towards everything whether it is the approach towards creating a fantastic consumer experience you see we have a disparate portfolio of screens some of our screens whether it is Inox or PVR as I mentioned earlier are in affluent demographics some are in price-sensitive demographics so everywhere we have come out with a high quality solution to provide cinema experience at different price points so I think that is pretty consistent and both are run very professionally high on governance on dealings with vendors, dealing with developers in fact I would say there is a lot of commonality between the management philosophies which was a very important criteria to sort of come together. So I think on the contrary that if that is what your question is I think it is we are completely on the same page on everything.

**Yogesh Karve:** Okay fair enough that is all from me wish you all the best.

**Moderator:** Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

**Sanjesh Jain:** Good afternoon and thanks for this opportunity. First on the shareholding pattern we have mentioned that there will be a threshold level for each of the management on how the shareholding pattern can change can you provide some understanding on what are the restriction of the privileges which each of the shareholder or the promoter family will enjoy post merger.

**Nitin Sood:** So as we set out in the press release both the parties both the promoter families will have two seats on the board and we will have a 10-member board with six independent directors the rest of the directors being independent and that is about it, I think and Mr. Bijli and Mr. Kumar will be in an executive role Siddharth will be the non-Executive Director...

**Sanjesh Jain:** No, I was checking more on the shareholding pattern not on the board you are describing more on the board side I was querying more on the shareholding pattern side.

**Nitin Sood:** Yes so individual shareholding of both the families will be Mr. Bijli's shareholding will be about 10.62% and the Inox promoters shareholding will be about 16.66% in the combined entity and rest of the holding will be all public and institutional shareholders that both the entities have so that is largely going to be the promoter holding.

**Sanjesh Jain:** Any threshold, any restriction on how each of the promoter can increase the shareholding post the merger.

**Nitin Sood:** No, there is no restriction on either of the sides on to increase the shareholding or there is no lock in as well so from that perspective there are no restrictions.

- Sanjesh Jain:** There are no restrictions both on increasing as well as selling of the stake okay. Second is on the real estate monetization now that the merged entity is looking at a much faster growth and the capital will be required for that I know it is slightly early but just trying to understand the purposes at some point of time do we think that we may look at monetizing this real estate so we can invest more aggressively in expansion is that option open with the merged entity.
- Nitin Sood:** Yes, like I said all the assets Inox as a company will merge with PVR think whatever needs to be done will be decided by the future board of the company it is too premature for us to comment on that question.
- Sanjesh Jain:** Fair enough that is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Abhay Moghe from Bajaj Alliance Life Insurance. Please go ahead.
- Abhay Moghe:** Hi! Thanks for the opportunity. Very basic question like for the CCI approval so you have to apply for the exemption from the CCI approval or you go ahead with the merger process and if at all CCI thinks they will issue a notification to you how does it work.
- Nitin Sood:** I will clarify if you have a target exemption you don't need to notify or apply, however as a regulator they have the full right to send us a notice and ask and we will respond to that we do not need to apply for any approval etc.
- Abhay Moghe:** So we will only get the clarity on the CCI thing if at all there is some change only like then your final like the uncertainty will stay till the time the final approval process is over right if at all.
- Nitin Sood:** I was not clear on your question; I was not able to hear you.
- Abhay Moghe:** No, so what I am trying to say is that the uncertainty on the CCI part will stay till the end of the process because we do not know if at all CCI wants to issue a notification like till the whole process is over we would not be sure I understand the legal part of it like legal counsels have given but we do not know the CCI's stand.
- Nitin Sood:** We cannot comment on it we do not know I think we cannot comment on behalf of the regulator so we cannot can't comment on that.
- Abhay Moghe:** Yes, thanks that is it from my side.
- Moderator:** Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.
- Harit Kapoor:** Hi! Good afternoon. Just had a couple of questions firstly in your first comment you mentioned this is going to be beneficial for developers, producers, and consumers. I think by developers you meant that there were developers who were stuck and had shelved their plans and just allow them to open up but what do you mean by beneficial for producers and consumers given that this creates a larger stronger entity.

**Ajay Bijli:**

First of all when I spoke about developers I am talking about all developers because in a shopping center or a mall cinemas continue to remain an anchor tenant that attracts a lot of footfalls. So I was talking about developers who are even established developers they do want an anchor tenant to be there and cinemas plays that role and because the industry had got very battered in the last two years there was financial, every company was very badly financially hit and with coming together the balance sheet becomes stronger our accruals will be put together and therefore we can fit out the cinemas. So that is one way that is how the developers benefit and even the retail industry benefits by having cinemas as their cotenants in all the malls which are coming up. Film fraternity because again because theatrical revenues are very important our gross box office collections of the country got hit very badly if you come I am talking even pre-pandemic the gross box office collections of India as compared to various nations even a small place like the UP in terms of number of screens was lesser than that. So I think the moment these outlets open this distribution channel through the exhibition circuit is exceedingly important from the film fraternity I do not know if you know but pre-pandemic \$42 billion was the overall box office collection globally and \$21 billion went to the exhibition sector and \$21 billion went back to the film fraternity. So film fraternity does then plow that money back into creating fresh content. So if the exhibition sector takes a set back the film sector also takes a setback that was the point number two how film fraternity benefits of course with more outlets all sorts of movies can get released then third is really the consumer of course the consumer as I said earlier has the number one form of entertainment for him continues to remain exhibition and again if exhibition sector gets affected one very important activity in India 1.45 billion tickets got sold in India prior to the pandemic and if exhibition sector does get impacted then one very important outing of their gets impacted so I think these are the reasons why I said that the way they have gone about it is that all stakeholders should benefit out of it and the pie increases and the pace of growth in the exhibition sector continues which has got very badly impacted due to the pandemic.

**Harit Kapoor:**

Understood. The other question is on the near to medium-term pace of expansion so you mentioned that your own individual pace of expansion will also be accelerated because you are fitting out more than normal due to bunch up. You think a similar situation will happen at Inox's end as well and just in addition to that once the merger is complete would there be a period of time where you would look to consolidate and then kind of build the pipeline like a three, six-month kind of a holding period where you evaluate etc.

**Ajay Bijli:**

No we would honor all the developments that we have signed whether it is Inox or it is PVR and let us not forget that even the mall operators are when they build malls they also look at the catchment the size of the catchment and then they announce more. So I do not think there is much overlapping because there is plenty of cities which still are under serviced and they do not have high quality movie going experience at that price point because smaller cities the input costs will be low real estate cost is low the running expenditures are low. So those cities also have not been tapped so I think we will both honor the commitments that we made to various developers across the country and the way our pipeline has got bunched up because of two years of not much fitouts happening even Inox's pipeline has got bunched up and which is the reason why this year will be exceptional in terms of even organic growth.

**Harit Kapoor:** One last point if I may is, you are constraint to go to tier two, tier three, you think it was more capital led constraints that you would get a metro tier one opportunity first or was it demand led constraint that requires maybe for your type of format that those ticket prices etc. were not, did not make sense I know obviously you had formats like Utsav etc., but I just wanted to get your sense of that was it you think capital constrained or was it demand constraints.

**Ajay Bijli:** So demand is there everywhere in India as I said people were watching going out and watching movies I think we have to find the right opportunities. Capital constraint definitely is not going to be there if you see two years we did not have much cash for the income but if you look at the last 19-20 results of both the companies the accruals if they are put together would be enough to take care of all the expansion needs. Capital will not be a constraint, demand will not be constraint it is just that we have to find the right locations right developments because even in smaller towns the fundamentals still apply you have to get the right location and right development but I believe a lot of opportunities are going to be coming now even in smaller towns we ourselves are in a lot of smaller towns now and as soon as and a lot of people are announcing medium-sized small size shopping centers malls everywhere and so those are the three things that we need demand, capital which you already have and opportunities where we can invest.

**Harit Kapoor:** That is it from me, congratulations. Wish you all the best.

**Moderator:** Thank you. The next question is from the line of Priyum Daga from VT Capital Markets, please go ahead.

**Priyum Daga:** Hi! Sir thank you for taking my question. My question was regarding the premium value of ATP and SPH that PVR enjoys, so my question was regarding the new screens. What would be the pricing of these SPH and F&B products that Inox sells will it be at the premium side as compared to PVR.

**Nitin Sood:** Like I mentioned earlier we would not be able to comment on any specific synergy numbers I think we will be able to comment on it only post integration. As things stand I think the boards have announced a merger based on publicly available information and I think once we get the whole merger process approved through the NCLT process I think we will be able to start integration and figure out the exact synergy.

**Priyum Daga:** One more question I had regarding your existing screens that PVR and Inox has, so these will continue like they were or will they have the merged pricing figures.

**Rahul Gautam:** No I think the existing screens of both PVR and Inox will continue as they are.

**Priyum Daga:** Okay Sir, thank you.

**Moderator:** Thank you. The next question is from the line of Tushar Bohra from MK Ventures. Please go ahead.

**Tushar Bohra:** Thanks for the opportunity. A quick check in terms of synergies would there be a possible rationalization also of existing properties even as we look for growth in terms of new ones.

**Ajay Bijli:** There would not be any rationalization properties which are doing well and are in good locations they will continue to perform and there are other growth opportunities in different catchments is where the focus will be to bring the PVR and Inox experience.

**Tushar Bohra:** And in terms of the pipeline so you have mentioned that you will continue to look at aggressively but just if you can understand what kind of, should we look at it as one plus one so if PVR was looking at a certain number of properties pre this merger and Inox likewise should we take it as the combined entity would look at double the number.

**Ajay Bijli:** I do not know how to answer that I mean we already have fine projects they have got a pipeline we have got a pipeline and if you look at the track record of both the companies pre-pandemic both were roughly I think we were about 80 odd screens even opening 75, 80 they were opening and that as I have answered in my previous question that because of the slowdown in Capex because the pandemic a lot of malls got bunched up together and this year I think the base will be much more they are also fitting out a lot of projects we are setting out a lot of properties so you could look at 200 plus openings happening this year and next year again there is a pipeline of newer malls coming up in newer catchments so I think roughly that number whether it is one plus one or whichever you want to look at the two screen counts according to me will be roughly 200-220 screens per year will be the growth of the combined entity.

**Tushar Bohra:** Sure, one question on the holding structure Inox is the promoters are holding through another listed entity right any views on whether there is an impact on that structure also because of the intended merger.

**Rahul Gautam:** I think you are mentioning about GFL which is a listed company they will be holding shares of PVR Limited that time or the merged entity.

**Tushar Bohra:** Can I put in a business question on this call relates to normal business.

**Ajay Bijli:** Yes just one please.

**Tushar Bohra:** Just want to understand whether you are starting to see some bit of traction in terms of increased utilization of properties post COVID any kind of a behavioral change that you notice any other insights that you may want to highlight.

**Sanjeev Kumar:** Yes, it has been very good. March seems to have bounced back I mean a couple of movies have done exceedingly well Kashmir Files which one did not expect to be such a sleeper hit has done very well, RRR has done very well. So March numbers are going very well for us yes so it seems that people are now coming back to cinemas it has been a while now over two years since there was the occupancies were much lower especially even after the lockdown even when the cinemas were open but March seems to be coming back quite strongly.

- Tushar Bohra:** Thanks for the opportunity I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Himanshu Shah from Dolat Capital Markets. Please go ahead.
- Himanshu Shah:** Thank you sir, thanks for the opportunity and congratulations for the deal. Sir just want to reconfirm we mentioned that there is no lock-in on the shareholding of either promoters or even from the perspective of if anyone to increase their stake there are no restrictions is that correct.
- Nitin Sood:** That is correct.
- Himanshu Shah:** And either of the promoters would they have any write-off first refusal if the promoter is looking to sell out or something.
- Ajay Bijli:** Yes, we would not want to comment on inter-se shareholder matters on this call.
- Himanshu Shah:** Fair enough and lastly now with a larger entity with a much stronger balance sheet would we be looking to launch any OTT platform movie only OTT platform or would we like to venture into that part of movie distribution business.
- Sanjeev Kumar:** OTT seems to be a little farfetched right now I do not know how of course because there is so many players in the market already it is a very competitive landscape but we could look at more distribution opportunities going forward.
- Himanshu Shah:** Fair enough Sir. Thank you that is it from my side and all the best.
- Moderator:** Thank you. The next question is from the line of Girish Pai from Nirmal Bang. Please go ahead.
- Girish Pai:** Thank you for the opportunity and I had a first question to the CCI angle if CCI does have objections is there a time frame within which it needs to kind of come to you that is question number one second question is was there any pre-deal consultation with CCI regarding the transaction because there was a media interaction with the legal person today which says that there is a mechanism to do so did you kind of look at that.
- Nitin Sood:** To be honest no we have not looked at that we are only aware of what we have been advised by the counsels if the regulators do send us a notice we will appropriately respond to that based on the advice of our counsel.
- Girish Pai:** And there is no specific time frame within which it needs to do this I mean what is your knowledge of that.
- Nitin Sood:** I think the advice from the counsel is that because the transaction is not required to be notified to competition regulator and that is the reason we do not need to do any filing however if we do get a notice from the regulator or any question we will appropriately respond based on what the contents of the notice are so I cannot comment on any specific timelines to be honest.

**Girish Pai:** So you will be run as two separate companies until the full merger happens after the all the kind of SEBI and exchanges all kind of given okay is that I should look at it.

**Nitin Sood:** The organizations will run as independent legal entities the way we are running till the time we get all the regulatory approvals which will include a stock shake exchange approval SEBI approval the approval from our shareholders and creditors under the NCLT scheme that the company will file. I think the whole process typically in a merger could take anywhere between six to nine months which is the standard process and that would be the timelines to effectively close the transaction.

**Girish Pai:** Lastly there was a discussion around moving towards tier 2, tier 3 cities I am not sure there are too many malls out there would that mean you would be open to taking on single screens and converting them into two or three screen they so to speak and more and high street.

**Sanjeev Kumar:** No not always I mean I think we would always have a dual strategy but there could be fewer opportunities like that in tier 2 and tier 3 cities but even the detailed infrastructure in all these cities is getting better, they are launching shopping centers and malls and I feel these are the places where there are no malls, no shopping centers and no multiplexes and then this and we will be able to go and offer a very superior product now in these micro markets as well going forward.

**Girish Pai:** Okay thank you very much.

**Moderator:** Thank you. The next question is from the line of Piyush Sharma from Minerva India. Please go ahead.

**Piyush Sharma:** I just had a couple of quick ones. Firstly is it fair to assume that post closure PVR privilege members should be able to redeem rewards at Inox properties and vice versa.

**Sanjeev Kumar:** As of now I think it is a bit early to comment on that as I said the next six to eight months will be operating the way we are and we really have not gone into such details of synergies and commonalities going forward and both these reward programs for both the companies is fairly new and very nascent. So we believe this will be a very detailed exercise that we have not really undertaken yet.

**Piyush Sharma:** And then very quickly just second if I look at all the properties that would be coming online for the merged entity over the next couple of years roughly what percentage of those would you say would be in premium formats.

**Sanjeev Kumar:** Not very high actually I think about maybe 10% - 15% would be premium products.

**Piyush Sharma:** All right thank you.

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



- Jinesh Joshi:** Thanks for the opportunity. I just have one question I mean what kind of employee retrenchment are we expecting from this merger and also when it comes to absorption of middle level management from Inox's side especially the CEO and the CFO I mean will they be absorbed in the merged entity into a different role or how will that exactly play out.
- Sanjeev Kumar:** Actually on the contrary we are looking at absorbing and retaining everyone all the management from both the companies because we need all the hands on the ground feet on the ground rather to operate all the cinemas and even the ones that are coming up as I said roughly we will be adding more screens about 150 screens this year so in fact if anything we need more people we will be hiring more people instead of retrenchment.
- Jinesh Joshi:** And secondly I know that this part on CCI has been highlighted quite a few times in the call but can you share what is the revenue and asset threshold limit under CCI guidelines for mergers of such magnitude.
- Rahul Gautam:** No, I think it has been the target exemption limits are given in the law. And those target exemption limits are 1000 Crores revenue and 350 Crores of total assets.
- Jinesh Joshi:** So this 1000 Crores revenue I know we are under that limit but I think that is predominantly due to COVID impact so I mean are we really confident that this exemption will be given to us given the fact that pre COVID the combined revenue of merged entity is somewhere closer to about 5000 Crores.
- Rahul Gautam:** Jinesh I think as you discussed on this particular issue on this call, we have been advised by our counsels that target exemption did apply and given that target exemption limits do apply we would not need to notify and as we have said on the call if the regulator does send us queries or notice to respond we will respond appropriately.
- Jinesh Joshi:** Okay Sir thank you.
- Moderator:** Thank you very much. The next question is from the line of Sanjay from Emkay Global Financial Service. Please go ahead.
- Sanjay:** Hi! thank you for the opportunity and congratulations to management on announcing a very transformational deal. My question is you mentioned that OTT and multiplex screens would coexist and that point is well taken. My question is compared to say two years ago or pre-COVID days how has your outlook changed with regard to OTT video adoption and what according to you has given that.
- Sanjeev Kumar:** I think that during the pandemic at the lockdown there were quite a few films that went straight to OTT which really was not happening pre pandemic. The films were following a certain journey of coming to cinemas first and then going and releasing on other platforms and even after the cinemas have opened even till today we see some films premiering directly on OTT platforms. So that is the change that we have seen and one does not know if this is a change or a shift that is permanent or it is temporary but I think that is the only change that has happened in

the last two years but going forward we will see where water finds its own level I think the box office collection of the two films at least this month has proven that theatrical business is back in a big way and it is here to stay.

**Sanjay:** So my question was exactly on those lines structurally do you think that the OTT adoption curve will be steeper than what you would have thought two years ago.

**Nitin Sood:** See OTT adoption curve will definitely be steeper because of the proliferation of OTT platforms but how will it come and impact the theatrical business is very difficult to comment whether it will actually increase the consumption of out of home entertainment drive more people to consume more entertainment will one benefit it positively is what I think we will have to wait to watch out I think the thought is that as we have a stronger balance sheet the business has the ability to invest in lot of innovation, technology and role out more and more cinemas to stay relevant in the consumer's mind and that is really the thought behind putting both the businesses together.

**Sanjay:** And my second question is again compared to two years ago now how has your know visibility changed with regard to screen expansion in tier two, tier three towns I mean your medium-term outlook on screen expansion potential.

**Sanjeev Kumar:** I mean we already had a good pipeline of screens in tier two tier three cities as well and we have seen that both the pandemic there are opportunities that are coming up in these cities. As I said earlier these cities have not had that retail revolution that we have seen in major cities in the country and there also have been at the onset of adopting this retail revolution which incorporates multiplexes in their malls and shopping centers and we have seen a lot of people and developers coming forth with great plans to set up these malls and shopping centers in their cities.

**Sanjay:** So you see the same potential of screen expansion screen rollout in these tier two tier three towns as was the case two years ago.

**Sanjeev Kumar:** Yes, I said that as I said there is potential and we have seen that in the past also whenever in a lot of cases when we have opened in smaller cities the numbers have surprised us they have done exceedingly well.

**Sanjay:** Okay thank you for your answers and all the best.

**Moderator:** Thank you very much. I now hand the conference over the management for closing comments.

**Sanjeev Kumar:** Thank you very much for taking out the time and if there is any other questions you can write in and thank you very much and all the best.

**Moderator:** Thank you very much. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us you may now disconnect your lines. Thank you.