



“PVR Limited Q2FY17 Earnings  
Conference Call”

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**ANALYST: MR. NIKET SHAH - MOTILAL OSWAL SECURITIES**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to PVR Limited Q2 FY2017 Earnings Conference hosted by Motilal Oswal Securities. 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 this conference call, please signal the operator by pressing “\*” and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Sood of PVR Limited. Please go ahead Sir!

**Nitin Sood:** Thank you everyone for taking out time to join this call. I would want to start the call by wishing everyone a very Happy Diwali before we get into a snapshot of the numbers. Consolidated revenues for us during this quarter were Rs.559 Crores as compared to Rs.486 Crores in the same period of last year up by 15%. Consolidated EBITDA for the company was Rs.98 Crores as against Rs.99 Crores in the same period last year, almost flat. PAT for the quarter was Rs.29.2 Crores as against Rs.30.7 Crores in the same period last year, which is down by about 5%. Overall, as everyone knows I think this quarter was a muted performance on box office. Films did not work the way expected them to and also considering the fact that we are coming on back of a very strong Q2 in 2015-2016, I think the overall performance was very good. If you look at the pipeline of films that we had during this quarter, we had films like Sultan and Rustom, which did exceptionally well, but some of the films in the lower belly did not end up performing the way we expected them to. Our average occupancy across the top five films during this quarter was 40% as compared to 50% for the top five films in the same period last year, which is reflecting on the fact that a same store footfalls were down, but despite this drop in footfalls all the other parameters that were in company's control, which is average ticket pricing across all our theaters showed a robust growth of 8%, our average ticket prices during the quarter moved up from Rs.187 to Rs.202. Our F&B spends, average spending for a person in F&B, which was slow in Q1 at about 4% seems to have grown. Overall we had a growth of 22% on our average spending per person on F&B, which is one of the best we have ever had. Our advertising revenue piece continued to deliver a robust growth. Our advertising revenues and other revenues put together were about Rs.95 Crores as compared to Rs.66 Crores in the corresponding of last year, which is up by about 44%. Overall, if you look at the performance from the company's end, it has fairly good. We have added a total of 43 screens this year in the first six months of this year, 29 screens coming out of DT acquisition and 14 screens from the other new additions that we have made, and our network is now consisting of 121 properties with 557 screens. We are also conscious of the fact that some of the openings have been slow and they have got delayed, but we expect to make up for them in Q3 and Q4. Some of the projects are almost ready, awaiting licenses, so we expect to close the year with upward of 600 screens and as we kick off the Diwali



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season we are looking at some really big films both Shivaay and Ae Dil Hai Mushkil releasing on Diwali followed by a lot of sequels in November Rock On 2, Tum Bin II, Force 2, and Kahaani 2, and then we have other films like Befikre, Dear Zindagi with star Shah Rukh and Alia and then Dangal, which is again a big film at the end of the quarter, so we are looking for a good Q3 and hopefully looking up to makeup some of the footfalls that we lost. Overall, I think we are on track to deliver a revenue growth of 18% odd that we had kind of expected at the beginning of the year and I would like to now open the forum for Q&A, happy to address any questions that everyone has.

**Moderator:**

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press “\*” and “1” on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “\*” and then “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a few moments while the question queue assembles. We have the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:**

My first question is on the adverting revenue, there is a strongest growth in the last many quarters, so in this if I see on a like-to-like screen the growth is around 18% versus a footfall decline 15% on a like-to-like, so does the advertiser ask for a compensation when footfalls it not as per desire, because there is no currency to measure here based on good pipeline, good star, the advertising revenue come, but when the film does not do as per required expectation then what happens?

**Nitin Sood:**

You are right, advertising sells largely on perception, so the larger the film the bigger the star, the bigger the advertising bucks that we make. There are a few deals and clients which do have footfall-linked payment plan to us and those are the only ones which really get affected positively or negatively if a film does well or does not, but largely 95% of our business still leans on the titles and the star power, and because of the fact that Q2 had many such releases we could possibly take those initiatives.

**Abneesh Roy:**

My question is, you are saying, there is no likelihood of any impact in Q3 because in Q2 there are some shortfall, it does not work that way?

**Nitin Sood:**

No, not at all, in fact, clearly Q3 given the fact that the larger titles are more in number, we will go as per plan and we will get a kicker as compared to Q2.

**Abneesh Roy:**

My followup on this was, how is this growth coming, obviously what we are seeing ad rate hike is not really working for a lot of these companies in the print and even in the (inaudible) 7:52 space we have seen with another player rate hike has not worked, so in



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your case what is working because what we are hearing from the TV broadcasters is the FMCG is also cutting back, so obviously there are headwinds in terms of some sectors, e-commerce, FMCG cutting back a bit, and then of course rate hike not happening, so could you take us through what is really working in your case?

**Nitin Sood:**

No, in our sector, it is not as if that we are not able to take the price hike, in fact we are driving a lot of value rather than the volume. We are very clear that we do not want to add too much volume to our advertising because we do not want to disturb the end consumers' experience to a cinema, so clearly our whole initiative is to be able to drive value in a bigger manner. We are sort of giving a lot of data, working on a lot of data with our clients today so that they can engage with clients for a more meaningful and engaging impact through this medium.

**Abneesh Roy:**

Are you able to tell us what is the rate hike and what is the volume hike?

**Nitin Sood:**

Difficult to sort of put that in simple words, but what we have started to do is to charge a blockbuster premium for bigger films, so technically for all the big films with a certain star cast we charge a surcharge, which is in likes of closed to about 75% to 100% more than our rate card rates.

**Company Speaker:**

Abneesh just to clarify on that what we are essentially doing is we want advertisers to advertise further for longer periods of time and we want advertisers to advertise with us across India, across all our properties, so I think as more and more selective you become in terms of choice of time period and choice of properties your advertising premium will go up because then clearly you are kind of...

**Nitin Sood:**

**(Unclear) 9:56** only next time on screen.

**Abneesh Roy:**

Nitin you had said earlier you are working on some measurement system also for the effectiveness, print has it, radio has it, TV has it, you are the only big media now which does not really have measurement, so what is the status on that?

**Nitin Sood:**

We are doing some syndicated research for certain clients who have been advertising with us for over six months, so we kind of quasi fund that research and do that at our cinemas, but those are syndicated research done specifically for campaign. We are also working very closely with a couple of agencies, which are creating a measurement model called the cinema measuring index is what is being worked out, but those are really at the very early stages currently, but we are able to put together a set of data for clients to be able to show how meaningful this media is.



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**Abneesh Roy:**

My last question is on the ATP, we have seen a very consistent growth here, but what we are seeing in other forms of consumption for example pizza, they have kind of out priced themselves so there is no plan to increase prices this year by the pizza players, so in your case are you getting a sense from some survey that you are getting out priced. I understand big movies, 3D movies, but as a general theme are you getting the sense that you are getting out priced in the popular time zone, I understand morning and all those, but in the popular time zones are you getting out priced?

**Nitin Sood:**

So quite honestly we have not done any survey as such, but we get to see instant results because we get immediate feedback from people on the ground and the moment we have price hikes, which are not working, we get immediate feedback from the customers and the managers on the ground. Having said that, if you see bulk of the price hike this year has also happened because we had very less regional content in this quarter whereas in Q2 of last year we had lot of regional content, which played at a much lower ticket price, so while yes there have been ticket price increases across, but we have had a huge benefit because of the fact that we had very little regional content in this quarter as compared to Q2 of last year as a result of which our average ticket price has shown a healthy growth.

**Abneesh Roy:**

But Nitin that is not true when I see your Hindi movies also the VTP has gone up for Sultan at 227 and versus Bajrangi Bhaijaan last year 207 which is almost a Rs.20 increase which is around 9% increase, so that is not true I think. If you see all your three, four Hindi movies which you yourself have given.

**Company Speaker:**

I think there are in addition to what Nitin mentioned and what Gautam shared earlier, VTP is, you know, as you know we follow a practice of variable ticket price across the day, across the slots, so on different days you have different ticket price and as the days progress ticket price tends to come down. What has happened in case of Sultan as compared to Bajrangi Bhaijaan is that Sultan was a very front loaded film. What it means is that we ended up getting a lot of admissions and as you know, it released one or two days prior to Friday, so the first week was also an extended week, which played at a higher ticket price and in that first week we had more admissions as compared to Bajrangi Bhaijaan, which you know ended up having longer length at the box office, Sultan was very front loaded and as a result had more admissions, so a lot of it that you see in the incremental VTP is, you know, behavior of consumers coming and watching the film more in week one and on days when the ticket price is high it does not necessary mean that we charge Rs.20 or we jack up the prices on average by Rs.20 across the country, does it answer your question?

**Abneesh Roy:**

Yes, it is largely, so thanks a lot, all the best Sir.



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

**Yogesh Kirve:** Thanks for the opportunity. We have seen the food and beverage spend per head has grown at over 20%, the growth is strongest in quite a few quarters, so any specific factor which were at play?

**Nitin Sood:** Actually there has been focus on both value and volume growth in this sector, so we have looked at close to about 40% volume growth where we had a set of initiatives at the cinema to promote more peoples converging to the candy, we had things like service on seats and stuff like that to be able to add volume, we also internalized and added more choice to the consumers again to be able to take a larger share there and we also had a price increase by way of which close to about 60% of the overall growth came in through value, which is really about increasing the pricing intelligently so that it does not hurt the overall strike rate at our concession and on the other the 40% really came from volume upside.

**Yogesh Kirve:** That is quite helpful, from the perspective of next three to four years, what sort of growth can be expected on this front?

**Nitin Sood:** Close to double digit growth is possible within this, we are clearly looking at other formats like food courts and stuff to seeing what is the kind of growth that these formats are working on and we believe that if we continue to give a great quality product and a wider choice to consumers there is no reason to believe that this will not see a double digit growth going forward.

**Company Speaker:** And our own thesis is that ultimately over the next four to five years we want to transition the average spending on F&B, which is currently at a rate of closer to 40% of our ticket price, get that number closer to 50% that will not happen over night, but over the next four to five years the idea is that how do we get people to spend 50% of what they are spending on ticket on F&B at our cinemas.

**Yogesh Kirve:** My second question is regarding the luxury format that we have, I understand we have about 32 screens, is there any special trust to go this particular category of our business because I was reading in one of our management media interviews saying that the revenue potential could be as high as 30%.

**Nitin Sood:** Yes, we are currently working on it very aggressively because this is a trend which is seen all over the world, where people are now consuming cinema not just for its content, but for its capability of bonding together, this is being seen as an out-of-home entertainment, so



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when people go out they would want the best three hours possible with their families and friends, so technically the choice that the consumer today is making is that I want wider better seats if you can give me a recliner so much the better, if I can watch it in gold class, if I can eat better food, if I can be within interiors and get a better service, he is really wanting that and this trend technically is not just metro driven, it is even being driven down into tier2 cities now, so clearly we are on that path. Again this would take sometime, but over a journey of about five to seven years luxury as a segment is to grow heavily within our business.

**Company Speaker:** What we are trying to do is in locations where we are not able to setup separate luxury formats where the markets have not evolved, we are doing a lot of recliners and full luxury seats in the last rows of a lot of auditoriums and theaters, so at least there is some sense of a customer segmentation and experience while watching a film and that is also helping us to drive the ticket prices.

**Yogesh Kirve:** Is it possible to comment regarding where the count of the screen can grow from currently through the next four, five years roughly?

**Company Speaker:** I think currently if you look at our circuit, our total screen count on luxury screen is about 30 out of 560 screens, close to about 6%. I think in the next two to three years we expect the segment to be about 10% of our total seats.

**Yogesh Kirve:** Okay, thanks a lot Sir, that is all from me.

**Moderator:** Thank you very much. We have the next question from the line of Niket Shah from Motilal Oswal. Please go ahead Sir.

**Niket Shah:** I just had couple of questions, if you can just tell me what is the contribution this quarter from DT in terms of revenues and margins?

**Nitin Sood:** From a contribution from DT perspective would be currently less than 10% of the total revenues, in fact slightly lower than that. DT screens are yet to kick off in a full way because we are in the process of making some relevant changes in screen, some of the screens have been partly during the quarter closed on account of some of the renovation that we are undertaking. We have already changed the branding, so some of the auditoriums have been kind of redone during this quarter because it was a slightly slow quarter for us, we wanted to open with a big bang in Diwali and there will be some more incremental work on auditoriums and toilets, etc. they are still required, which we will now do towards February and March once the big movie season kicks off, so I think some of the synergies



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around advertising, etc., should start kicking in from Q3 onwards, but the full synergies will start impacting in the next year onwards.

**Niket Shah:** But if I have to just get the number for topline and margins for this quarter for DT and if it is possible for last year at least?

**Nitin Sood:** I currently do not have those numbers with me, maybe I can show you offline.

**Niket Shah:** No worries, the other thing I just wanted to understand how are you seeing you have competitors like Inox bidding very aggressively for newer properties obviously which will come over a period of next few years, how is that equilibrium really working in the market at this point in time, does it damage or does it increase the cost for newer signups of properties for you guys as well?

**Nitin Sood:** As a organization we are fairly disciplined to kind of work towards creating shareholder value and there will be situations where markets will be aggressive because of competitor behavior, but we see them as I think aberrations, there will be time period when competitors will behave irrationally, so you have to be disciplined to take calls then, and if you look at it we have let go of a few properties. We would not do properties just because in order to see our board on top of it, they have to ultimately just create returns over a period of time, but I think we think this is a temporary behavior, but it is a matter of concern coming from competitors.

**Company Speaker:** Just to add to Nitin's point, the larger issue is that although this market is almost 15 to 16 years old, but we have still only just about managed to reach let us say 25% to 30% of the overall potential of this market, so if you take the current multiplex screen count at about 2350 screens, India as a market has a capacity to take at least 7.5 to about 8000 multiplex screens, which can go as high as 10,000 screens, so once you look at this context in this backdrop, you would realize that we have a long way to go and a lot of players have been currently, not just Inox which is a very worthy, very well respected group, there is also Cinepolis, and there is Carnival, and then of course there are fragmented players, each one of us is trying to add screens, but I think the market dynamics is such that all of us can very easily coexist and perhaps feed on each other success.

**Niket Shah:** Sure and the final question which I had is on Carnival, they have competition which have now introduced special pricing that you pay up front say Rs.800 and you get unlimited movie experience throughout the month including the weekend, do you think that will really help consumers move towards that direction and restrict the ATP growth or consumers



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typically do not care about that and typically go to movie theater which are closer by their location or the house or whatever the case might be?

**Nitin Sood:** The best thing would be to look at that result maybe after a month. We believe that this is a very short term measures. Consumers are not thinking like this, as I told you that this is becoming more and more of an out-of-home entertainment, content is really one of the byproducts of the overall experience, so technically they would need to put their house in order more importantly. This price game is extremely looking at it, it is very, very short phrase and for any upturn they will need to do something fundamental to the overall cinema experience.

**Niket Shah:** Sure, perfect, thank you so much and I will come back in queue.

**Moderator:** Thank you very much. We have the next question from the line of Dhaval Seth from Emkay Global. Please go ahead.

**Dhaval Seth:** Thanks for the opportunity Sir. Couple of housekeeping questions, there is some restatement done for ticket sales for last year from Rs.274 odd Crores to Rs.266, so anything to highlight over there?

**Company Speaker:** So if you look to the new Ind-AS accounting standard, the revised accounting standards, the value of entertainment tax subsidy that we are getting that needs to be getting reclassified and shown instead of getting classified under net ticket sales, it needs to be classified as other operating income that is the only change, so it is just a classification issue, nothing more than that, instead of showing it part of net ticket sales we need to show it as part of other operating income.

**Dhaval Seth:** Second on DT, I just wanted to know that the growth of DT, ATP and SPH would be similar to what we have seen for the consol basis?

**Company Speaker:** Yes largely in line, currently I think because we are in the phase of renovation, we have not taken any major ticket price growth in DT property, we want to relaunch them as new properties with some minor modifications and I think the real impact of that will be visible only in the next fiscal year, but because the circuit was largely in Delhi-NCR and was already operating at a higher ticket price than what our current average is, so you could have seen that our overall company level ATP growth has been higher than our comparable property growth.

**Dhaval Seth:** And on payment schedule for DT, if you can share something on that?



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**Nitin Sood:** Yes, out of the Rs.433 Crores we have already paid Rs.333 Crores at the time of completing the acquisition. The balance Rs.100 Crores is payable in two tranches depending upon they have to deliver certain deliverables and based on that that money is payable, some of the amount is linked to the new property which is expected to open in Q4 of this year and some of it is linked to the entertainment tax holiday for one of the properties.

**Dhaval Seth:** Sir screen addition status, are we on track for 60, 70 screen this year?

**Company Speaker:** On our existing outlook we are looking at about 58 screen opening this year. We had one large project of 12 screens which was scheduled to open in Q4, but looking at the progress of construction on the site by the developers, it is quite likely that we may miss the Q4 and it may shift to Q1 this year, so we have revised the screen guidance from 65 screen down to 58.

**Dhaval Seth:** And my last question is on average cost of debt?

**Company Speaker:** Our average cost of debt is about 10.2%, our new debt is the last paper that we raised long-term money, we raised was about 8.9%, but we have lot of historical debt or long-term papers that we have raised at the time of the Cinemax acquisition, which continues to be at around 11%, so our average cost of debt is about 10.25 currently.

**Dhaval Seth:** Yes that is it from my side and wish you and your team a very Happy Diwali.

**Moderator:** Thank you very much. We have the next question from the line of Rohit Dokania from IDFC Securities. Please go ahead.

**Rohit Dokania:** Good evening, thank you for the opportunity, so my question would be could you please give us the breakup of revenues into the various regional Hindi and English language for this quarter and the base quarter as well?

**Company Speaker:** For this quarter 63% of revenues came from Hindi movies and remaining 37% came from Hollywood and regional, regional was 22% odd and Hollywood was about 15% odd. Same period last year, the Bollywood was 50% odd, so that is in fact moved to 63% in this quarter and Hollywood is almost flat at 15%, 16% and regional has actually come down the last year we had Bahubali which had a significant impact and this year we had less regional movies, so 34% has actually come down to 22% this quarter.

**Rohit Dokania:** Sure and is it fair to say that this also had some impact on the F&B, the SPH growth as well because of the regional contribution is slightly lower?



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**Company Speaker:** To some extent yes, because the regional films people tend to eat less, so you can say yes, to some extent yes and if you look at Q1 numbers are **(inaudible) 29:04**.

**Company Speaker:** Because of Marathi movies as such.

**Rohit Dokania:** Okay, thanks a lot and wish you all the best.

**Moderator:** Thank you very much. Our next question is from the line of Rajeshwar Rao from Prefect Research. Please go ahead.

**Rajeshwar Rao:** Congratulation Sir. I have couple of questions. Sir my first question is regarding this allocation of screen for certain movie, so how do you allocate screen for a movie, it is based on star power or actually content?

**Company Speaker:** This decision has both ardent signs and the parameters change on week-to-week basis, based on the number of films which are releasing and based on the number of films and their performance at the box office, so there is no one answer for this, but yes, star power in India is a big factor, it is a big variable, it has given a lot of importance, but at the same time, we have team of specialist people who engage with content creators on a regular basis, keep a track of what is developing, what is the quality, what is the perception of that film amongst the movie goes depending on the kind of marketing the producer and the content creator have done, so basis the perception of films quality in the audience, basis the tracking that we do, the engagement that we do with the content creator fraternity and basis our own experience of which cinema in which catchment attract what sort of audience, we take these calls.

**Rajeshwar Rao:** What is the minimum occupancy rate for they have to break-even?

**Company Speaker:** It may vary across every region in the country because of its own cost structure, so there is no one answer, but on average I think it could be about 26% to 27% average occupancy when we will break-even.

**Rajeshwar Rao:** If the demand is not high, so most of the remaining seats are always lost revenue, so based on the demand whether it is excess or low, why you are not thinking of dynamic pricing just like hotels?

**Nitin Sood:** Dynamic pricing is difficult simply because of two reasons that if you were to lower your rate or give a discounted rate the e-tax and the distributor share in our country still is on the



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marked price, so technically you will need to share the distributor share and the e-tax on the marked price as informed to both these entities.

**Company Speaker:** And ticket pricing is regulated by the government I cannot change the price of a ticket middle of the show, same show has to be priced at the same price throughout.

**Rajeshwar Rao:** Actually in overseas like London we have seen some halls with smaller seating just like 40 or 50 seating, so they used to review the films of old films like good films every time so that they can come up with a cost and add up in revenue, what are your thoughts on that opportunity?

**Nitin Sood:** Actually there are formats, we have just experimented with a format called the Superplex where most of our audi sizes are in the range of about 100 to 175 and now we play content for much longer duration, however, in India the euphoria of watching a film is in the first two or three weeks maximum and technically as I said we are experimenting, there are smaller screens that even PVR has and if the industry has, so our luxury screens are all between 30 to 50 seater, so technically that is how this industry works and this market behaves.

**Rajeshwar Rao:** Okay thanks Sir, I will come back in the queue.

**Moderator:** Thank you very much. We now have a followup question from Mr. Rohit Dokania from IDFC Securities. Please go ahead.

**Rohit Dokania:** Thank you for the opportunity again, just probably a medium-term question, do you think the whole growth of these outdoor options of theme parks, etc., and also the inflection point of streaming services could have some impact, is it possible that people will say that the movies which are not must go, we can probably wait for them and watch them on their cell phone devices, etc.

**Company Speaker:** That is an interesting question and we had often asked this question, but you have to recognize when you look at developed western markets the streaming services and multiple out-of-home entertainment opportunities have co-existed with film business for a very, very long period of time, and film business with these alternate distribution channel or alternate options of spending leisure or entertainment time, film business has in fact mushroomed and grown in the developed markets as well. We see absolutely no concern because our business model price on the fact that the experience, we view ourselves more as an experience center. We are in the business of selling feelings, our movie halls are not just halls which show films, but it is a shared communal experience which is not easy to



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replicate, unless you are very wealthy and you have all sorts of sound and projection equipment at home you cannot replicate the experience that you get in cinemas, so we see absolutely no challenge with it. What we do see though is that for content creators there will be distribution channels, they will be more avenues to consume content, but we see co-existence of these distribution channels is absolutely no problem at all.

**Company Speaker:** Also I think we must appreciate the fact that India as the growth takes off and every year we have a large segment of people who are having a certain threshold of disposable income, the consumption spending on entertainment is going to go up and we are getting a new channel of people who are joining the band and who want to go out, spend more on entertainment and that is really helping us kind of growth of the film business overall and out-of-home entertainment.

**Rohit Dokania:** Okay, that is very helpful, thank you very much for your thoughts, just one more thing. Have we thought about doing these, if I am not wrong in a few African countries like Nigeria a lot of corporate conferences are actually do take place in multiplexes that is to utilize the asset better during the day when there is not much great content, so have we given a thought or is there anything of that sort in the pipeline?

**Company Speaker:** It has already been done in fact, regionally we have teams and place which are kind of going out and doing this on a most regular basis from school shows, specific shows, if a family would want to show a certain video, marriage videos and all those are being organized, so coaching classes, we have done all of that. It is just that it has not still got the status where a complete business is being planned around the multiplex infrastructure, but off and on this is being done very, very regularly, now with the digital projection showing presentations and all of that it is so easy and seamless, that this keeps happening all the time.

**Rohit Dokania:** Great Sir, thank you so much for your thoughts, wish you a Happy Diwali.

**Moderator:** Thank you very much, we have the next question from the line of Rahul Maheshwari from IDBI Mutual Fund. Please go ahead.

**Rahul Maheshwari:** Good evening, thank you for the opportunity provided. Just one question, your other operating income now we are finding from last two quarters in the distribution business which is there in terms of the Hollywood and Bollywood business, which you are distributing, going forward also we can expect some 25% to 30% kind of growth rate into such?



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**Company Speaker:** There are two elements to this, one is other than cinemas or other businesses which is PVR Pictures, which is continuing to do very well, but our other operating income has reported there includes other supply, convenience fee income, some of the digital initiatives that we have taken, and also I think increase in our VPS income and the entertainment tax subsidy, which has got reclassified, so I think this digital fees around our partnerships across multiple platforms now, growth in online admissions over a period of time that is definitely working and helping in growing the top line and bottom line in a big way, but I will also ask Kamal to comment on PVR Pictures.

**Kamal:** PVR pictures as you know is a film distribution and exploitation over multiple distribution channels, it is not a quarter-to-quarter business, we need to see it from a prism of annual numbers because a lot depends on the kind of films that you are releasing and the time period of release and exploitation can change from year-to-year. We have had a very strong Q2 where the PAT as well as EBITDA both are very robust numbers, while at this stage we would not like to make any forward looking statements, but all we can say is that these are sustainable numbers. Over the last three years we have been growing on a very sustainable consistent manner. We have no reason to believe that this growth cannot be sustained into the future as well.

**Rahul Maheshwari:** Thank you very much.

**Moderator:** Thank you. I now hand the conference over to Mr. Niket Shah from Motilal Oswal Securities.

**Niket Shah:** Just one question from my end, within SPH how much would be price increase versus product mix change?

**Management:** About two-third is coming from price increases and one third roughly coming from product mix.

**Niket Shah:** Okay, perfect. Thank you so much Nitin for your time. I will hand it over to you for any closing remarks.

**Nitin Sood:** I just want to thank everyone for taking out time for this call and if you have any questions you can reach out to me or my colleague, Saurabh Gupta, for any followup queries. Thank you.

**Moderator:** Thank you very much. On behalf of Motilal Oswal Securities and PVR Limited that concludes this conference. You may now disconnect your lines.