

Shringar Cinemas Limited

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# Industry overview

- Largest democracy in the world
- 4th largest economy on GDP (PPP) basis<sup>1</sup>
- 10th most industrialized nation
- World's SECOND fastest growing economy<sup>2</sup>
- Average GDP growth rate of 6.8% (FY 02-06)<sup>3</sup>
- 300 mn.+ strong growing middle class  
(growing at a CAGR of nearly 10%)

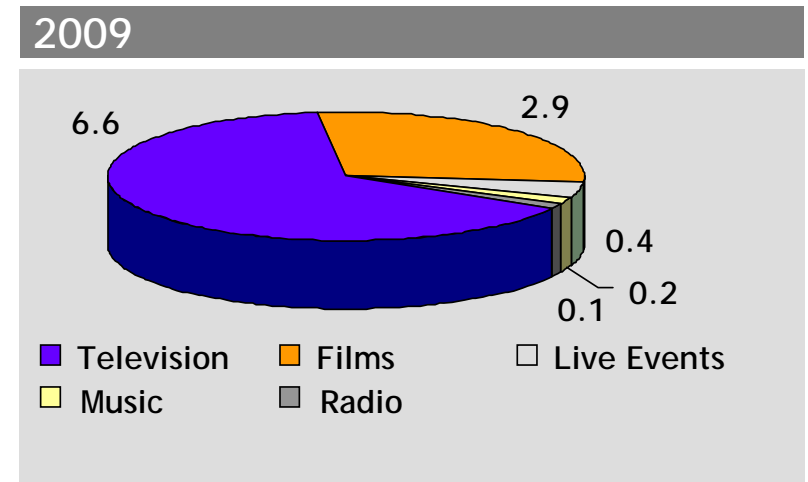


Key Economic Indicators	(US\$ bn)
GDP (2005) <sup>4</sup>	775
Forex Reserve (June 23, 2006) <sup>5</sup>	162
FDI Inflows (2005-06) <sup>6</sup>	7
Exports (Apr'05-Mar'06) <sup>7</sup>	105
Equity Market Capitalization (Jul 06)	615

1. International Monetary Fund (2005 List)
2. International Monetary Fund (2005 List)
3. Center for Monitoring Indian Economy
4. International Monetary Fund
5. Center for Monitoring Indian Economy
6. Source: Provisional data; Reserve Bank of India for 2005-2006
7. Ministry of Commerce and Industry, Government of India

# Indian Entertainment Industry

- One of the fastest growing sectors in the Indian economy
- At US\$ 4.5 bn in 2004, expected to more than double by 2009
- Films
  - Contributes 29% to the industry
  - Expected to be the largest contributors to the growth



Source: The Indian Entertainment Industry Report - 2005 (PwC)

Segment Revenue (US\$ bn.)



## Largest film industry in the world

in terms of number of films produced and number of admissions

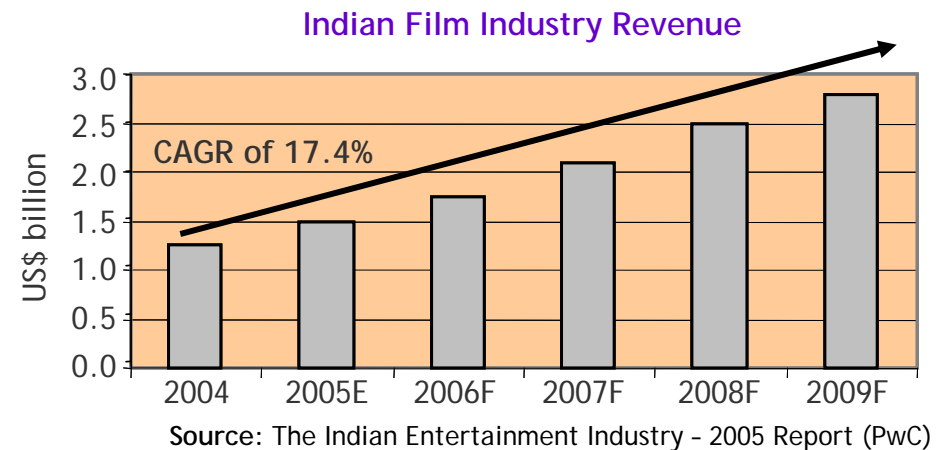


- Approx 1000 films produced during 2004
- Over 3.1 bn admissions in 2004 v/s 1.5 bn in the US

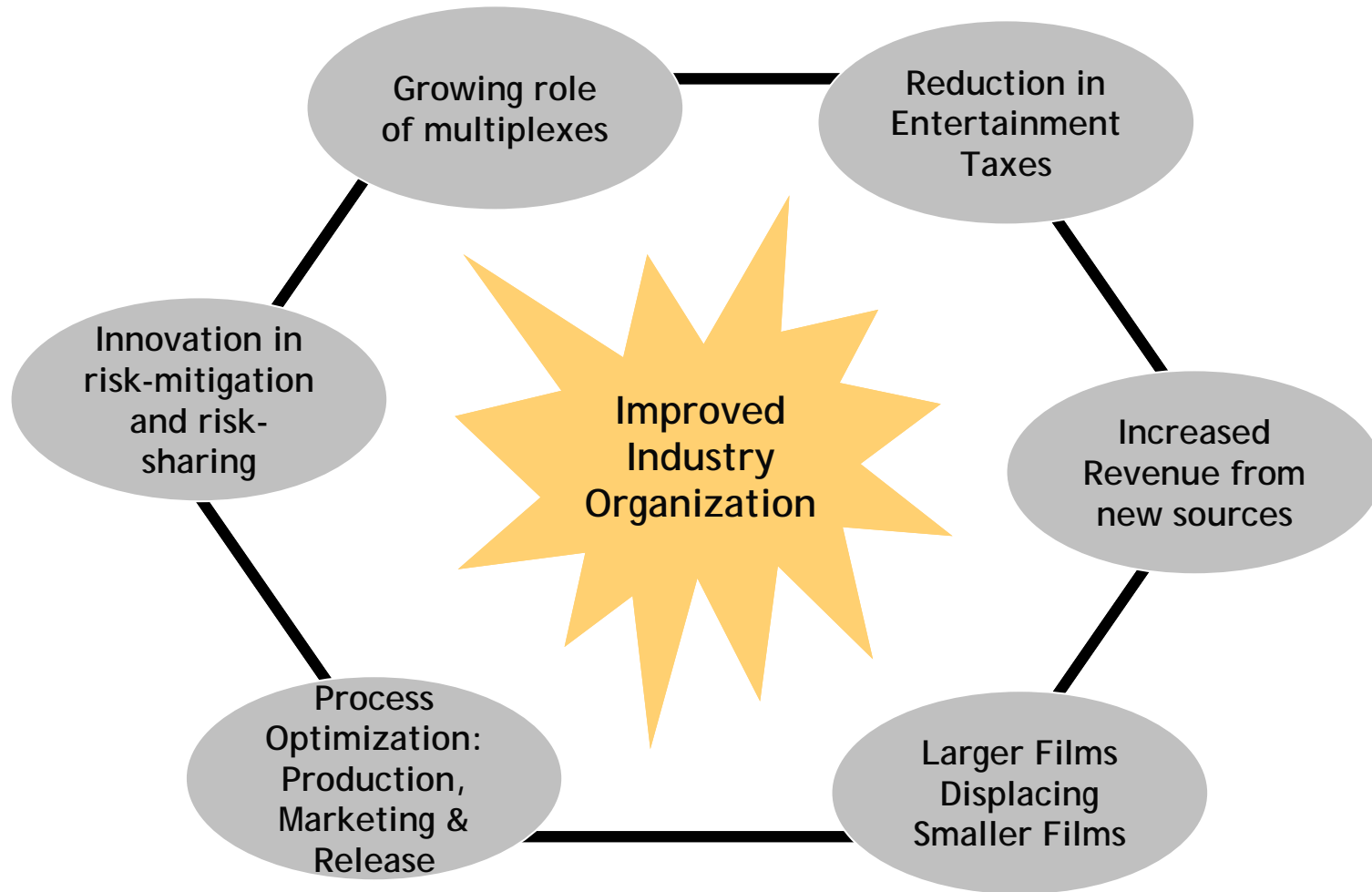
# Indian Film Industry: An overview *(Continued)*



- Most popular & affordable mass entertainment medium in India
- At US\$ 1.3 bn in 2004 expected to reach US\$ 2.9 bn by 2009
- Present Status
  - Unorganized / fragmented
  - Inadequate structured financing
  - Limited integration across Production, Distribution & Exhibition
  - High taxes
- Changing Face
  - Grant of industry status in 2001
  - Multiplex boom
  - Return of urban population to theatres
  - Rising home video market
  - Focus on overseas market



# Structural Changes Underlying Growth of Indian Film Industry



# Indian Film Industry: Production Overview

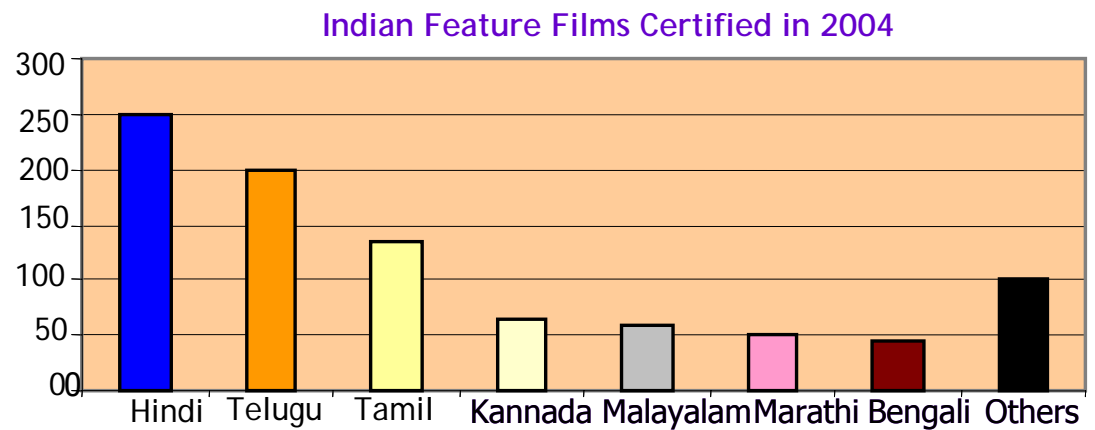


## ➤ Present Status

- Unorganized
- Films are mainly produced in personal capacities
- Producers do not produce a portfolio of films (i.e. different budgets, genres, etc.), no diversification
- Several films incur time and cost overruns

## ➤ Changing Face

- Professionalism/ Institutionalization
- Specific attention to the growing NRI population
- Lucrative overseas & domestic satellite rights
- Corporate outfits entering in the production space: UTV, Yashraj Films, K Sera Sera, Sahara One, Adlabs & others



## ➤ Present Status

- Fragmented & Unorganised
- No Pan India Distributor
  - Producers have no option to give all India distribution rights to a single entity
- Too Many Intermediaries
  - Producers → Territory Distributors → Wholesale Distributors → Sub-Distributors → Exhibition Centres
- Film financing role played by the distributors
- Lack of Transparency
  - No systematic timely disclosure of ticket collections
  - Under-declaration of occupancy levels by exhibitors affects Distributors/Producers

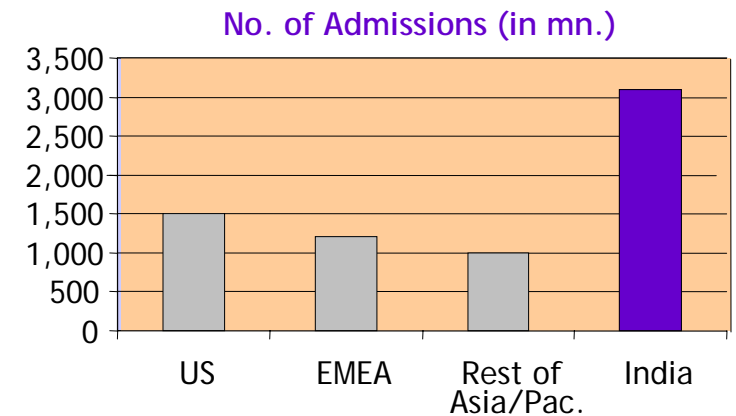
## ➤ Changing Scenario - Multiplex boom

- International studios (i.e. Sony Pictures, Warner Bros, etc.) bringing in more than 100 films per year including a number of simultaneous releases
- Organized players (PVR, INOX, Adlab, Shringar)

# Indian Film Industry: Exhibition Overview

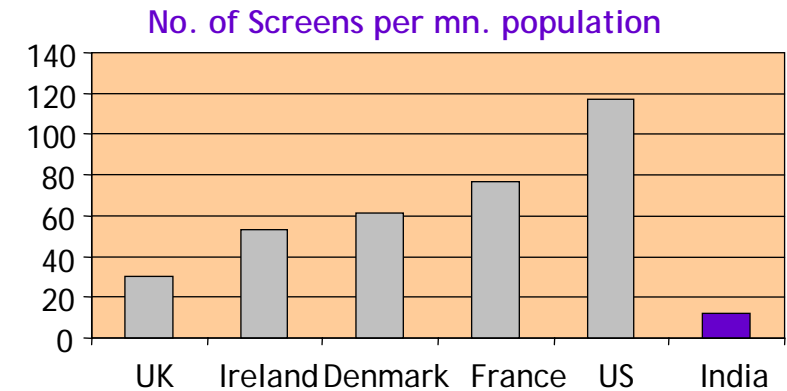
## ➤ Highest box-office admissions

- Highest admissions worldwide at 3.1 billion in 2004, outperforming the US by over 50%
- However box office collections are lower due to low admission prices



## ➤ Highly under-screened

- Number of screens per mn. population in India is amongst the lowest worldwide
- Present requirement of 20,000 screens as against the current 13,000 screens



Source: The Indian Entertainment Industry - 2005 report (PwC)

## ➤ Present Status

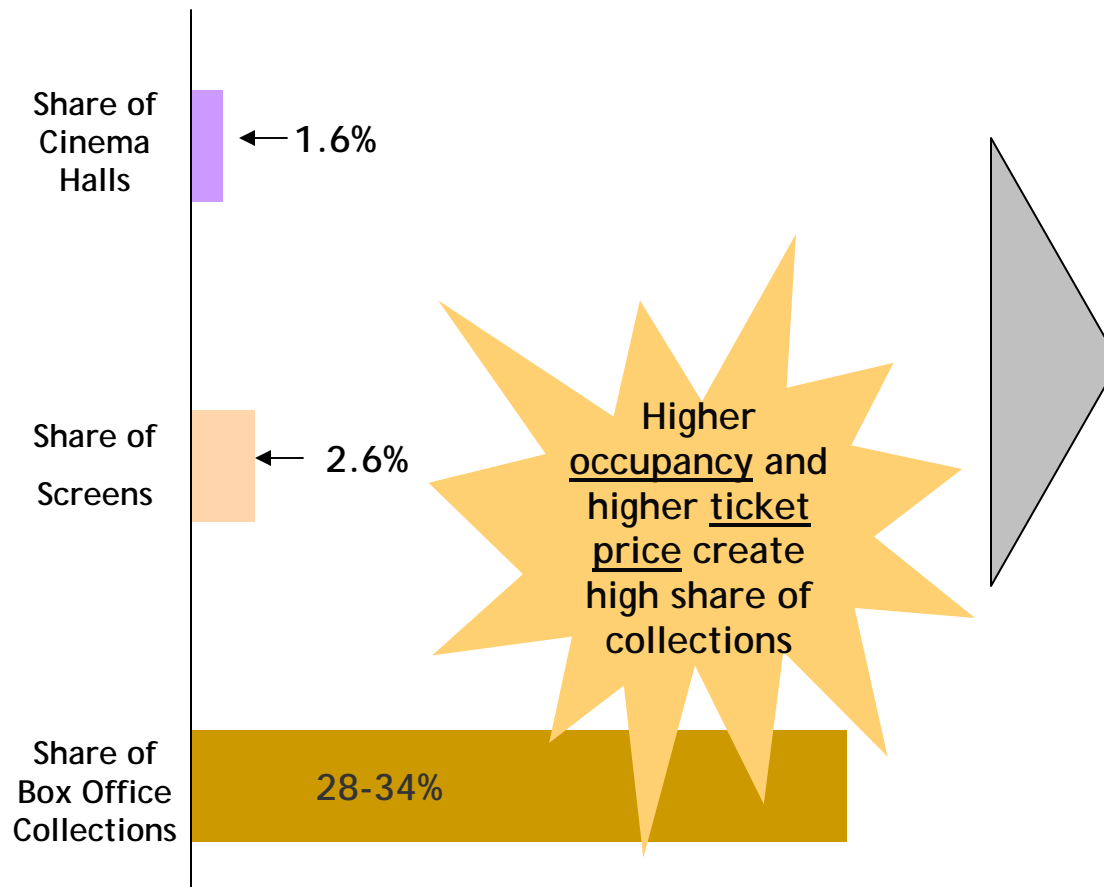
- No National Player
  - Most Centres owned by individuals
  - Producers/Distributors have no option to give all India exhibition rights to a single entity
- Lack of ability to acquire attractive content
  - Individual owners lack bargaining power and therefore pay high costs for quality content
- Piracy (Perennial threat)
- High entertainment tax rates (40%~)
- Unsatisfied Consumers
  - Poor infrastructure
  - Ineffective service quality

## ➤ Changing Scenario - Multiplex boom

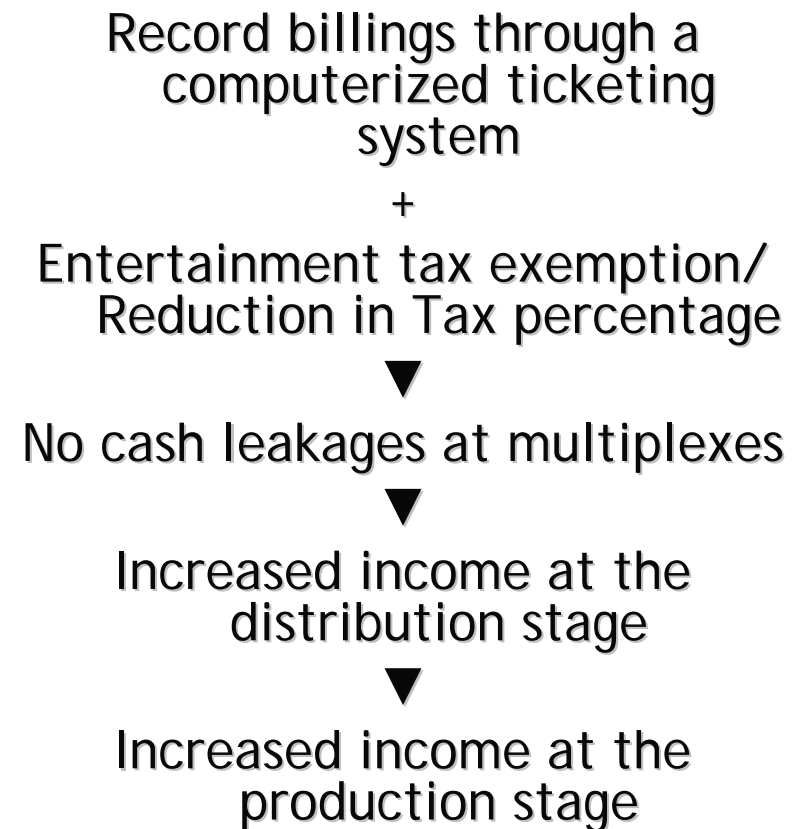
- Multiplex phenomena gaining ground since the past 2 years in India
- No single entity of competitive size
- Largest player has only 64 screens out of 13,000~ screens in the country

# Multiplexes More Significant in Film Exhibition

## Share of Multiplexes in Hindi Films (2004)



## Impact on the Film Industry

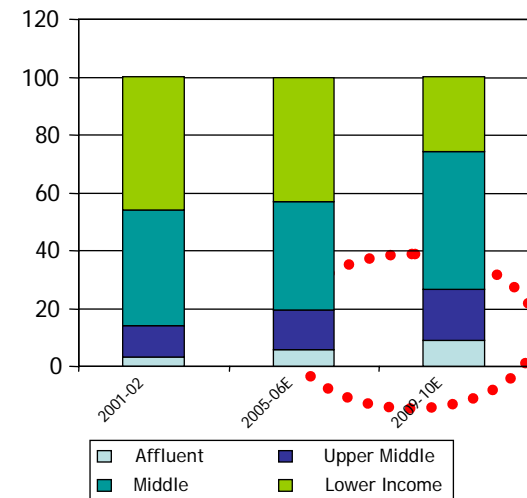
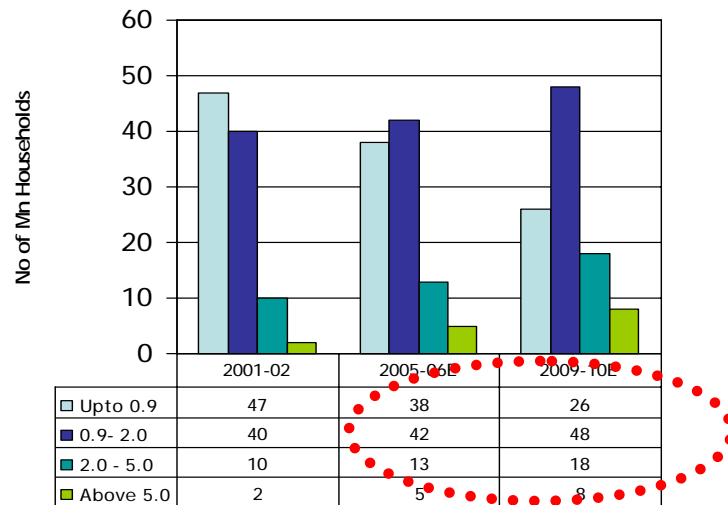


Source: Yes Bank Report 2004

# Drivers for Multiplex's Growth: Favorable Demographics



- 2/3<sup>rd</sup> of India population is below 35 years
  - Median age of an Indian is 24 years as compared to 35 years in the United States, 41 years in Japan, and 30 years in China
  - 54% of the population in below 25 years
  - Urban growth rate for 15-24 years and 25-59 years is growing by 35% and 41% respectively - young population moving to metros for education and work
- 300 m~ Urban Dwellers: 28% of the total population
- 82mn Urban Indians between 20-30 years growing 6.4%~ p.a.



Source: NCAER

# Drivers for Multiplex's Growth: Retail Concrete Base



- A decade ago not a single mall
- 2 years ago less than half a dozen
- Today ~96 malls
- 2 years from now ~300 malls
- By year 2006-07 :-
  - 50 million sq.ft of quality space under development.
  - 7 major cities to account for 41 million sq.ft development.
  - To open - 35 hypermarkets, 325 large department stores,
  - 1500 supermarkets and over 10,000 new outlets
- **India in the midst of unprecedented Organized Retail boom**
  - From Rs. 280 billion (2004) to Rs.1700 billion~ (by 2010) - CAGR of 35%
  - Rs. 200 billion investment by 2010
  - 50 million sq ft of quality space under development in next 2 years
  - Over 300 malls in the next 5 years
- **Consumer spending on an upsurge**
  - Personal Credit → From Rs. 500 billion (2000) to Rs. 1600 billion (2003)
- **Friendly Regulatory regime`**
  - FDI allowed in retail in limited manner
  - Entertainment Tax exemption for Multiplexes

Source: KSA Technopak and Image Retail

# Shringar Cinemas Limited

# Shringar - Corporate Structure

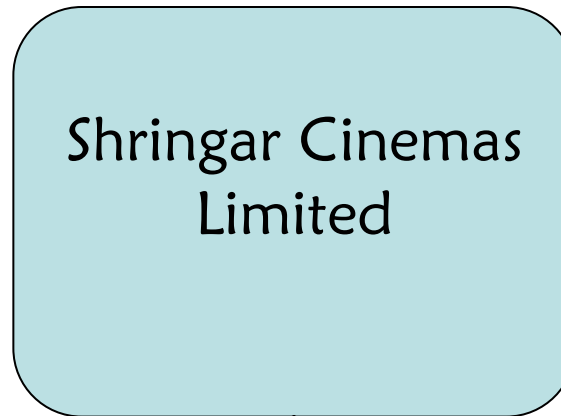


Holding Structure

Promoters :47.7%

Temasek holding:

14.9%

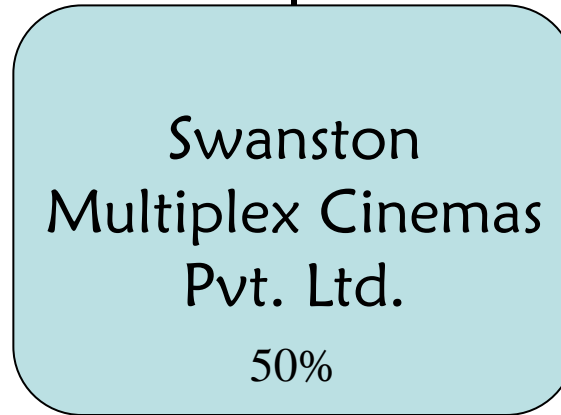


Shringar Cinemas Limited



Shringar Films Limited

100%



Swanston Multiplex Cinemas Pvt. Ltd.

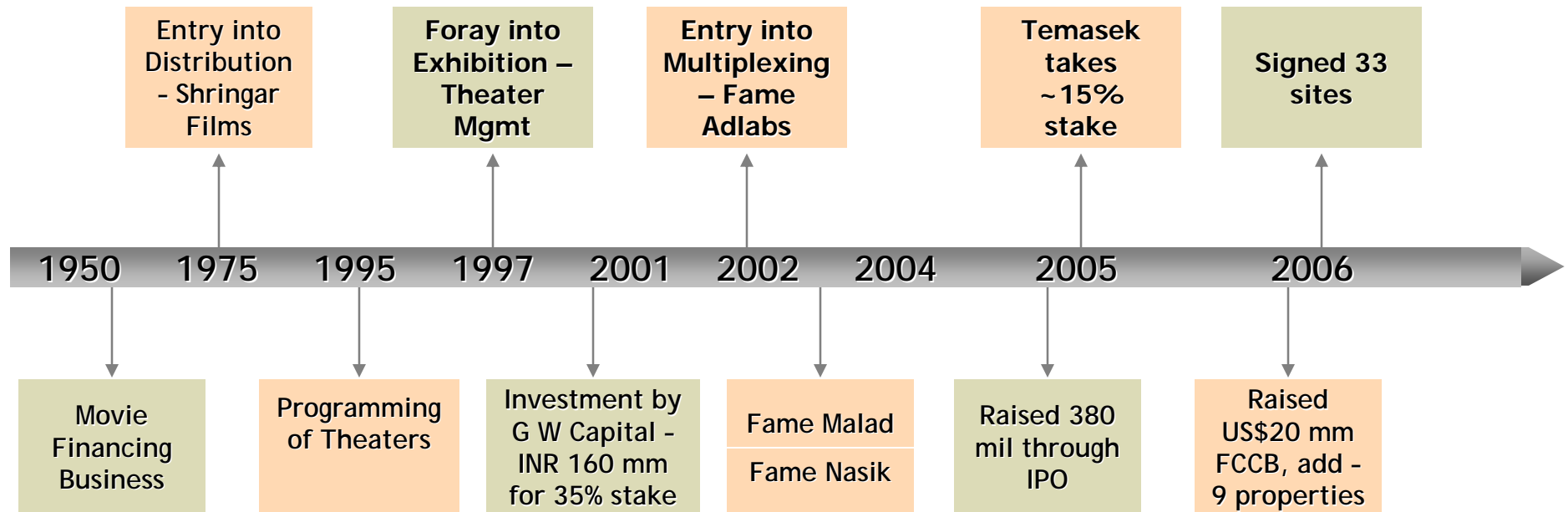
50%



Big Picture Hospitality Services Pvt. Ltd

100%

# Shringar: Timeline



Shringar is an integrated film distribution and exhibition entity with multiplexes operating under the brand name "Fame"

## Present status



- Established 'Fame' brand
- 7 operational multiplexes with 31 screens & 9284 seats
- Built a strong management team
- Assimilated the learning curve and developed required expertise
  - Vendors, systems tied up
  - Roll out lead time shortened
- 50 properties set up/ planned across India (advances paid / agreements signed)

... and is well positioned to become one of the leading multiplex chains of India

## Present status - Current properties

SR. No.	Name of property	Location	Screen	Seats	E tax % on Net	E tax policy	Commencement Date	E -Tax Exemption Date
1	Mumbai	Citi Mall, Andheri	5	1,282	45%	Yes	02/04/2002	06/06/2002
2	Mumbai	Inorbit Mall, Malad	6	1,571	45%	Yes	09/09/2004	13/05/2005
3	Nasik	Nashik Shirdi Road	3	1,407	40%	Yes	11/11/2004	20/07/2005
4	Mumbai	Raghu Leela Mall, Kandivili	4	1,275	45%	Yes	10/06/2005	04/09/2006
5	Kolkatta	Metropolitan Mall, Hiland Park	4	899	30%	Yes	02/12/2005	
6	Pune	Jai Ganesh Mall, Pimpri	3	1,009	40%	Yes	28/05/2006	
7	Surat	Raj Empire Mall, Surat	6	1,841	25%	No	23/06/2006	
			<b>31</b>	<b>9,284</b>				

## Present status - Handed Over properties

Sr. No	Name of property	Location	Screen	Seats	E tax % oN Net	E tax policy	Expected Qtr of Commencement
1	Mumbai	Nakshatra Mall, Dadar	1	283	45%	No	3rd Qtr 2006-07
2	Aurangabad	CIDCO, Aurangabad	3	1,040	40%	Yes	3rd Qtr 2006-07
3	Chandigarh	Shalimar Mall	3	600	30%	No	4th Qtr 2006-07
4	Bangalore	Lido	4	1,041	40%	No	4th Qtr 2006-07
5	Pune - FS	Fun'n'shop Mall, Pune	3	1,025	40%	Yes	4th Qtr 2006-07
			<b>14</b>	<b>3,989</b>			

# Present status - Operational Data Q1



## Footfalls

	Q 1FY 07	Q1 FY 06	% change
Old Plex	813,686	802,272	1.4%
New Plex	206,884	-	
Total	1,020,570	802,272	27.21%

## ATP

	Q 1FY 07	Q1 FY 06	Growth
Old Plex	126.8	106.6	19.0%
New Plex	80.0	-	-
Total	118.7	106.6	11.4%

## SPH

	Q 1FY 07	Q1 FY 06	Growth
Old Plex	31.2	29.0	7.6%
New Plex	17.0	-	-
Total	28.2	29.0	(2.8%)

## Adsales Revenue

	Q 1FY 07	Q1 FY 06	Growth
Old Plex	131.2	110.1	19.2%
New Plex	20.5	-	-
Total	151.7	110.1	37.8%

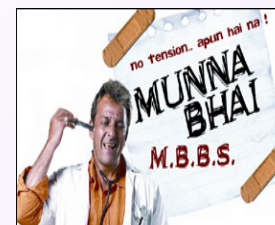
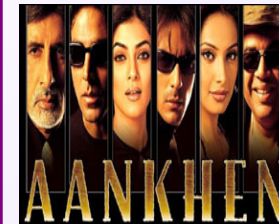
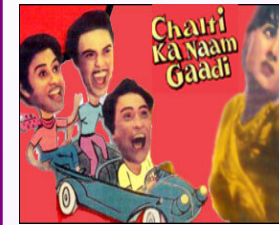
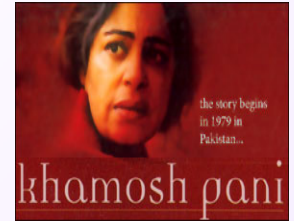
# Footfall Drivers



- Hutch Tuesday Offers
  - Exclusive One on One free to Hutch users & Fame
  
- SBI Credit Cards Holders Discounts Exclusive
  - Exclusive 30% discount to SBI credit cards holders for Mondays through Thursdays
  
- UTI Bank Priority Fridays Exclusive
  - Exclusive One on One free to UTI Bank priority banking customers
  
- Block Bookings with large corporates for big releases – Play extra shows to accomodate block bookings
  
- Ticket booklets sold to drive repeat audiences

# Distribution

- Distribution - a strong support business
  - Backward Integration
  - Contributes 10% of total revenue
  - Reputation of transparency and integrity
  - Un-matched wealth of information and relationship with the Film Industry
  - Long standing presence - over 50 years
  - Distributed numerous block busters
  - Excellent understanding of India



# Movies Distributed

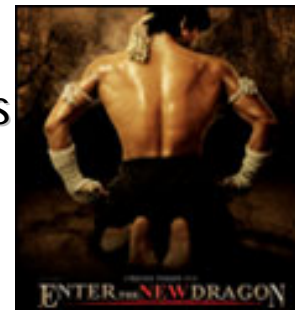
## ➤ Genre of movies distributed

- Hindi (Malamaal Weekly, Garam Masala, Lage Raho Munnabhai)
- English (King Kong)



## ➤ Dubbed Movies

- Enter the New Dragon, War of the Worlds



## ➤ Paramount India Tie-up

- King Kong, Mi3

## ➤ Regional movies distributed

- Anniyan, Chokar Bali, Super



# Food Court

- Food Court - a strong complementary business
  - 1<sup>st</sup> Food Court to start in Surat on 23<sup>rd</sup> September 2006
  - Leveraging the opportunity of taking on lease the entire floor
  - Complementary to the F & B Business of multiplexing
  - 2<sup>nd</sup> Food court to come at the Chandigarh multiplex - Expected Opening - 4<sup>th</sup> Qtr - 2006-07



## Shravan Shroff - MD

- Instrumental in building Shringar from inception
  - Pioneered outsourcing of screen prog.
  - MBA from Melbourne Business School
- 10 years of experience
  - Managed several theatres across Mumbai
  - Co Chair of Entertainment Committee (CII)
  - Awarded the Mcdowell - Ikon of Success in 2004

## Jaydeep Bakshi- VP Biz Development

- Responsibility
  - Identifying, Closing and Signing new properties.
- 10 yrs of experience
- Previous Experience
  - Jones Lang LaSalle
  - K Raheja Corp

## Shriram Krishnan - CFO

- Responsibility
  - Handling the Finance and Accts of the Organization
- 15 yrs of experience
- Previous Experience
  - Star TV India
  - ITC classic finance
  - Grey Advertising

## Prasanna Manjrekar -VP Product Devlp.& Corporate Affairs

- Responsibility
  - Construction of the multiplex & Corporate Affairs
- 9 yrs of experience
- Previous Experience
  - Gherzi Eastern

## Arshad Kazi - AVP Technology

- Responsibility
  - Technology implementation and Initiatives
- 10 yrs of experience
- Previous Experience
  - Indya.com
  - Star India

## Saurabh Saxena - VP Ops

- Responsibility
  - Operations of Multiplexes
- 16 yrs of experience
- Previous Experience
  - Wave cinemas
  - PVR cinemas

## Gaurav Verma - Head Programming

- Responsibility
  - Programming of theaters
- 9 yrs of experience
- Previous Experience
  - PVR
  - DT Cinemas

## Rishi Negi - CEO Food Court

- Responsibility
  - F & B Revenues
- 14 yrs of experience
- Previous Experience
  - Taj Group
  - Pizza Hut

## Strengths

- Brand Equity “FAME”
- Experienced Management Team
- Professional board
- Distribution Arm
- Robust Processes

## Opportunities

- Multiplexes: At nascent stage
- Favorable India demographic
- Retail boom: Change in the life-style & spending patterns
- Growing middle class with higher disposable income

## Weaknesses

- Scale
- Regulatory approvals

## Threats

- Over-building
- Lack of quality content
- Piracy

# Competitive landscape

# Competition



- 5 major players with national plans
- Other entities have limited regional reach

Company	Sites	Current Screens	Seats	Remarks
PVR Cinemas	18	70	17253	Pure exhibition play
INOX Leisure	12	44	13388	
<b>Shringar Cinemas</b>	<b>7</b>	<b>31</b>	<b>9284</b>	
Adlabs Films	11	44	13717	Diversified
Fun Republic	9	32	8388	Diversified
<b>Total</b>	<b>59</b>	<b>221</b>	<b>62030</b>	

Internal Co. estimates

Tremendous scope for growth; large proportion of the exhibition is unorganized

# Shringar Future Strategy

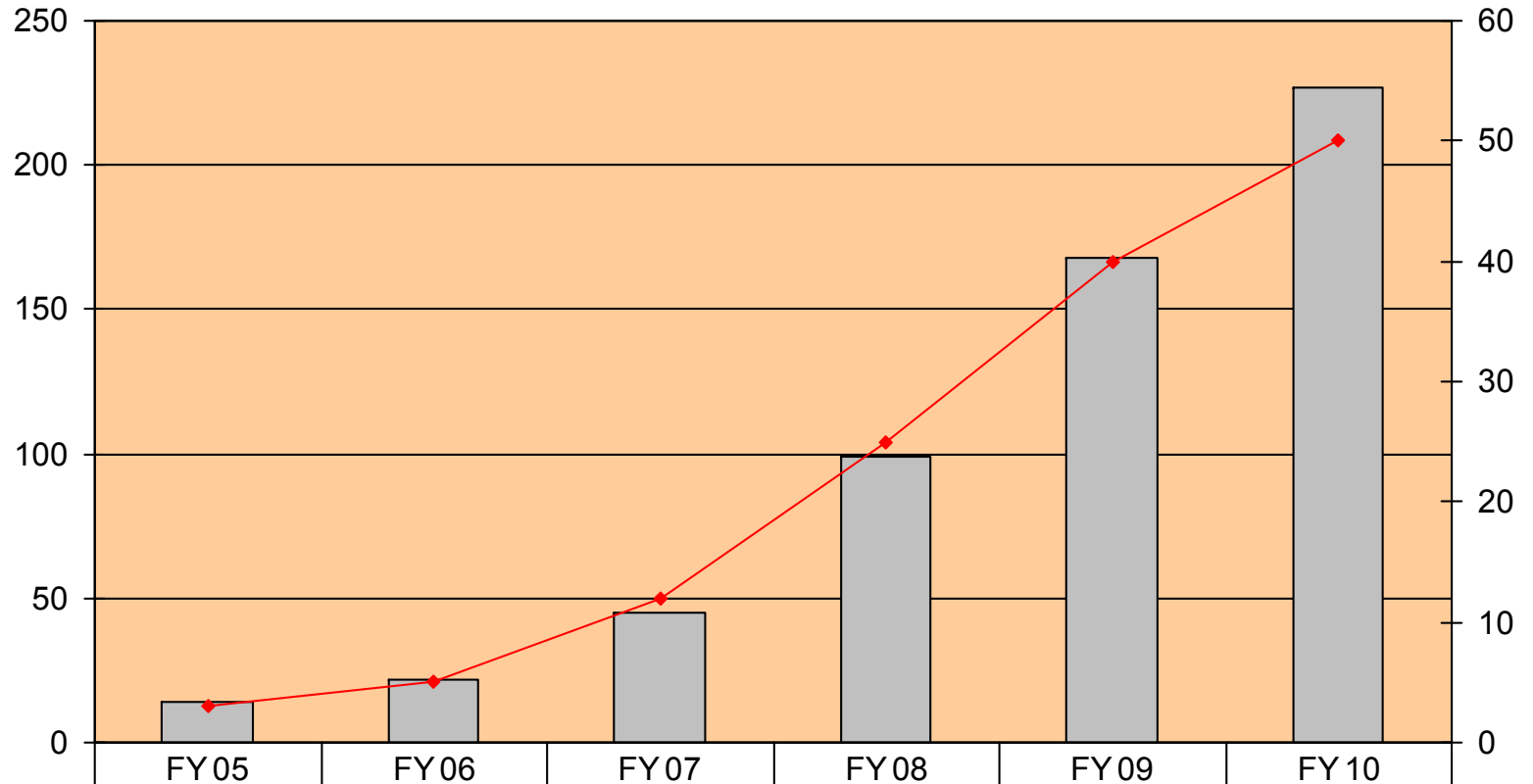
## Phase I

- Focus on Metropolitan cities
- To build dominant positions in target cities
- Targeting malls as locations to ensure better occupancy
- Multiplex management contracts
- Distribution to be a strong support business for exhibition

## Phase II

- Target smaller towns and cities
- Branch into single screens to target different segments

# Growth Plan (FY 07 - FY 09)



■ Screens	14	22	45	99	168	227
◆ Sites	3	5	12	25	40	50

# Pan India presence / Exemption Status



State wise	Screen	Seats	Screen %	Seats%
Maharashtra	59	17,063	26.11%	28.29%
Punjab	36	9,177	15.93%	15.22%
West Bengal	27	7,139	11.95%	11.84%
Tamilnadu	25	6,100	11.06%	10.11%
Gujarat	20	5,584	8.85%	9.26%
Karnataka	24	5,523	10.62%	9.16%
Andhra Pradesh	12	3,200	5.31%	5.31%
U.P.	10	2,972	4.42%	4.93%
Haryana	9	2,379	3.98%	3.94%
Delhi	4	1,171	1.77%	1.94%
	<b>226</b>	<b>60,308</b>	<b>100%</b>	<b>100%</b>

E TAX	Screen	Seats	Screen %	Seats%
YES	125	34,347	55%	57%
NO	101	25,961	45%	43%
	<b>226</b>	<b>60,308</b>		

## India Growth Story

- Second fastest growing economy
- 300 mm strong growing middle class
- 2/3rd of the population below 35
- Retail boom

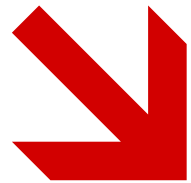
## Exhibition Industry

- Higher box office admissions
- Under-Screen
- Multiplex boom
- No National Player

## Shringar Cinemas

... well positioned to become one of the leading multiplex chains of India

- Brand Equity "FAME"
- Experienced Management Team
- Professional board
- Distribution Arm
- Robust Processes



Thank you

## Disclaimer



- This presentation contains certain forward looking statements concerning future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India, government policies and actions with respect to investments, fiscal deficits, tax regimes, regulations, etc., interest and other fiscal cost generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of company.