

22nd February, 2020

To,
The Secretary
BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 532706

Scrip Code: INOXLEISUR

Dear Sir / Madam,

Sub: Transcript of Conference Call with the Investors / Analysts.

The Company had organized a conference call with the Investors/Analysts on Friday, 7th February, 2020.

A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same is also being put up on the Company's website at <https://www.inoxmovies.com/Corporate.aspx?Section=3>.

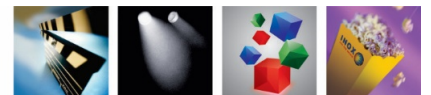
Kindly take the same on record.

Thanking you,

Yours faithfully,
For INOX Leisure Limited

Parthasarathy Iyengar
Company Secretary

Encl.: As above.





“INOX Leisure Limited
Q3 FY2020 Earnings Conference Call”

February 07, 2020



ANALYST: MR. URMIL SHAH – IDBI CAPITAL MARKET

**MANAGEMENT: MR. ALOK TANDON – CHIEF EXECUTIVE OFFICER -
INOX LEISURE LIMITED
MR. KAILASH GUPTA – CHIEF FINANCIAL OFFICER -
INOX LEISURE LIMITED**

Moderator: Ladies and gentlemen, welcome to the INOX Leisure Q3 FY2020 earnings conference call hosted by IDBI Capital Markets 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 the conference call please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Urmil Shah from IDBI Capital Markets. Thank you and over to you Sir!

Urmil Shah: Good evening, everyone. On behalf of IDBI Capital, I welcome you all to INOX Leisure Q3 FY2020 earnings con call. On the call, we have the senior management of the company, led by Mr. Alok Tandon, CEO, INOX Leisure; and Mr. Kailash Gupta, CFO, INOX Leisure. I shall hand over the call to Mr. Alok. Over to you, Sir!

Alok Tandon: Thank you, Urmil, and good evening, everyone. I am Alok Tandon, and on behalf of the management of the INOX Leisure Limited, I would like to welcome you, all the participants on this call.

I am happy to inform you that the Board of Directors has approved the quarterly results of Q3 FY2020. The results have been uploaded on the website of the stock exchanges as well as on the website of the company. We have also uploaded the results as well as the earnings presentations on the stock exchanges as well as the company website.

I will be talking about the highlights of the last quarter and also of the last nine months gone by. I am very happy to inform you that we have delivered on our promises. INOX has the highest EBITDA to capital invested ratio in the industry of 26% and we are the first national chain in the industry to be net debt free. We took a strategic initiative to launch our loyalty program and we are the first in the industry to launch a 3-tier loyalty program called Inox Rewards, to reward our customers for their patronage. Also, we have achieved the milestone of crossing 600 screens across the country in this quarter.

As I just said, that we continue to deliver on our promises, and I am sure that you will be happy to note that we are the most profitable company in the cinema exhibition industry on per rupee invested, on per screen and on per patron basis.

Let me take you through our financial achievements of Q3 FY2020. We have had the highest total revenue growth in the industry of 19% in Q3 FY2020. We have the highest EBITDA growth in the industry of 25% in the same quarter. We also have the highest profit after tax growth of 40% in Q3 FY2020 and underlining the achievements is a very healthy footfall growth of 11%, which is also the highest in the industry.

When we look at the achievements of the first 9 months of this financial year, we, again, have the highest revenue growth in the industry of 26% in 9 months FY2020. We have the highest EBITDA growth in the industry of 39% and the highest profit after tax growth in the industry of 68%. We also have the highest footfall growth in the industry of 19% for the 9 months in FY2020.

In terms of screen addition, we have added 14 screens and 2,316 seats. This includes 10 screens in 2 new properties and 4 screens, which we added to our existing property in Indore, thus making our Indore property the largest multiplex of Central India. And if I give you a snapshot, we opened 4 screens in Gorakhpur in the Orion Mall, which has 748 seats. We opened 6 screens in Lucknow Crown Mall with 1,190 seats and we added 4 screens in an existing Indore Century 21 Mall with 378 seats.

In January 2020, we opened 1 more property in Pune, with 5 screens and 1,139 seats. As a result, our current screen count stands at 614 screens across 146 properties in 68 cities.

This quarter also saw us rolling out, extremely significant customer-focused initiatives. We have introduced country's first tier-based cinema loyalty program, Inox Rewards, which I just spoke about and this will not only reward the loyalty of our patrons, but it will also enhance the experience and strengthen our bonding with them.

I feel proud to share that in a short period of 2 months; 4 million members are already a part of our loyalty program. One more interesting initiative that we have taken is to deliver our food and beverage offerings directly to our patrons by partnering through Swiggy. We have pushed our marketing innovativeness to a new level. We have become more engaging and experiential through the use of technologies, brand alliances and an out-of-box approach.

Apart from exhibiting movie content, we have also brought in more alternate non-movie content, such as music concerts, live concerts and have also collaborated for sporting events. We have a lot of emphasis in group bookings, which are especially customized for special and specific segments.

Looking at some of the financial results in the highlights of Q3 and for the 9 months of FY2020, we are doing a Y-on-Y comparison, which is Q3 FY2020 being compared with Q3 FY2019 and 9 months FY2020, which is being compared with 9 months FY2019.

For the quarter, total revenue went up by 19% from Rs.436 Crores to Rs.518 Crores. EBITDA increased 25% from Rs.87 Crores to Rs.108 Crores. EBITDA margin improved from 20% in Q3 FY2019 to 21% in Q3 FY2020.

PAT increased from Rs.36 Crores in Q3 FY2019 to Rs.51 Crores in the last quarter. This is an increase of 40%. PAT margin, therefore increased from 8% in Q3 FY2019 to 10% in Q3 FY2020.

For the 9 months of the year, total revenue went up by 26% from Rs.1223 Crores to Rs.1538 Crores.

EBITDA improved by 39% from Rs.221 Crores to Rs.308 Crores.

EBITDA margin, too, improved from 18% in 9 months FY2019 to 20% in 9 months FY2020.

PAT improved by 68% from Rs.85 Crores to Rs.144 Crores. PAT margin, too, improved from 7% to 9% in 9 months of FY2020. As you all know, our revenue comprises of 4 key streams, which are net box office, net food and beverage, advertisement and other revenues.

For the quarter, the net box office figures went up from Rs.243 Crores to Rs.288 Crores that is a growth of 19%. F&B revenues went up from Rs.106 Crores in Q3 FY2019 to Rs.130 Crores in Q3 FY2020, that is a growth of 22% and advertising income went up from Rs.56 Crores to Rs.58 Crores that is a growth of 3%. Other revenues went up from Rs.31 Crores to Rs.42 Crores in Q3 FY2020 that is a growth of 35% as a result of which, the total revenue went up from Rs.436 Crores to Rs.518 Crores in Q3 FY2020.

Figures for the 9 months of the year are as follows: revenues from net box office went up from Rs.691 Crores to Rs.887 Crores. That is a growth of 28%. F&B revenues went up from Rs.312 Crores to Rs.403 Crores that is a growth of 29%. Advertising income went up from Rs.134 Crores in 9 months FY2019 to Rs.144 Crores in 9 months FY2020, which is a growth of 8%. Other revenue went up from Rs.86 Crores in 9 months FY2019 to Rs.104 Crores in 9 months FY2020. That is a growth of 22% as a result of which, total revenues went up from Rs.1223 Crores to Rs.1538 Crores in 9 months FY2020.

For Q3 FY2020, net box office revenues now comprise 55.7% of our total revenues. F&B comprises of 25%, advertising, 11.1% and other revenues 8.1% of our total revenues for the quarter.

For 9 months, net box office revenue now comprises 57.6% of our total revenues. F&B, 26.2%, advertising, 9.4% and other revenues comprise 6.8% of the total revenues.

Talking about operational parameters behind the financial numbers, our overall footfall improved from 153 lakhs in Q3 FY2019 to 169 lakhs in Q3 FY2020, which is an increase of 11%.

Occupancies remained stable at 27% in Q3 FY2020.

For 9 months, footfalls improved from 446 lakhs to 532 lakhs. That is an increase of 19%. Occupancies also increased to 29% in 9 months FY2020 as compared to 27% in 9 months FY2019.

On comparable property basis, footfalls in the quarter remained unchanged on a year-on-year basis at 145 lakhs. Occupancy too remained stable at 27% on same-property basis. For the 9 months of the year, footfalls went up by 4% from 403 lakhs to 421 lakhs for 9 months FY2020. Occupancies too increased from 27% to 28%.

Overall average ticket price has marginally decreased from Rs.206 to Rs.204 for the quarter FY2020 that is Q3 FY2020. That is about a 1% decline in ATP. For 9 months, it has remained flat or if I can say that marginally went down from Rs.200 to Rs.199, which is a decline of 0.5%.

For comparable properties, the average ticket price has decreased from Rs.206 to Rs.204 for the quarter and for 9 months from Rs.201 to Rs.199 for 9 months FY2020, which is also a decline of approximately 1%.

The second component of the revenues is food and beverage. There we have seen spend per head, which we call as SPH, going up by 10% from Rs.74 in Q3 FY2019 to Rs.81 in Q3 FY2020.

For the 9 months, it went up by 8% from Rs.74 to Rs.80.

Comparable spend per head has gone up by 10% from Rs.74 in Q3 FY2019 to Rs.82 in Q3 FY2020. For the 9 months, it went up by 7% from Rs.75 to Rs.80.

The contribution of food and beverage has improved from 73.4% in Q3 FY2019 to 75.3% in Q3 FY2020 and from 74.1% in 9 months to 75.2% for the current 9 months that we are talking about.

Advertising income in the quarter increased from Rs.56 Crores to Rs.58 Crores, which is a growth of 3% and for 9 months, the advertising income improved by 8% from Rs.134 Crores to Rs.144 Crores.

Other revenue increased from Rs.31 crores in Q3 FY2019 to Rs.42 Crores in Q3 FY2020 that is a growth of 35%. Other revenue increased by 22% from Rs.86 Crores to Rs.104 Crores for 9 months FY2020.

The film distributor share, as a ratio of net box office collection went up from 44.6% in Q3 FY2019 to 45.3% in Q3 FY2020 and for 9 months, from 44.5%, it went down to 44.2%.

As far as the other overheads for operating screen are concerned, these went up from Rs.41.7 lakhs in Q3 FY2019 to about Rs.42.7 lakhs in Q3 FY2020. That is an increase of 2.6% for the quarter.

For 9 months, Rs.125.8 lakhs went up to Rs.129.8 lakhs. That is an increase of about 3.2%.

Our focus and commitment towards delivering upon our promises is visible in our results. The F&B revenues, the advertising revenues and the EBITDA numbers underline our efforts and relentless focus on growth. Strategic innovations taken by us in advertising sales as well as F&B space has now started yielding results because this is what we discussed a few quarters back and said that now our initiative is more on these parameters.

I would like to repeat that we are one of the most profitable companies in the exhibition industry as per rupee invested, on per screen and on per patron basis.

At present, we are now operational in 19 states, present in 68 cities with 146 properties, 614 screens and a total of 142,684 seats.

During the remaining financial year, we expect to open 6 more properties with 24 screens and they will have 3,283 seats. Beyond this, we have a very strong visibility of property openings based on the agreements that are already signed.

I feel proud to share that we have properties tied up to the extent of 1,018 screens, 148 properties, and about 188,881 seats and once this pipeline is fully implemented, we will be about 300 properties, 1,656 screens and about 335,388 seats from company.

As far as content is concerned, we expect a very good release happening over the next couple of months. This month, we are expecting Love Aaj Kal, which is being released on February 14, 2020 to do well. This is a Kartik Aaryan and a Sara Ali Khan starrer. Also, in this month, we have Ayushmann Khurrana starrer, Shubh Mangal Zyada Saavdhan, releasing on February 21, 2020.

In March, the major releases that are expected are Baaghi 3, which as you all know, is a Tiger Shroff starrer. In the same month, we have Akshay Kumar starrer, Sooryavanshi, which is slated to be released on March 27, 2020.

In April 2020, there is No Time to Die, a James Bond franchise starring Daniel Craig. We also have Ranveer Singh's 83, which is, again, slated to be released on April 10, 2020.

So I would say, it is a very strong content pipeline and we are quite bullish about the entire lineup of films, which are there for this quarter as well as the following quarter.

In terms of the shareholding structure, FIIs own about 10.67% of the company, and DIIs own 22.04%. We have treasury shares of 4.23%. Promoter and promoter group hold 51.89% and the public owns 11.17%.

The share price as on February 5, 2020 was about Rs.412, which gives the company a market cap of roughly Rs.4,237 Crores. Our trailing 12-month EPS is Rs.20. Trailing 12-month price-to-earnings is Rs.21 and trailing 12-month enterprise value to EBITDA is about ten times.

While business profitability has always been our priority, we have always focused on running the business in a sustainable and an environment-friendly manner. We have completely stopped the use of single-use plastic. A few of our properties utilize renewable sources of energy like wind and captive solar energy and we have also focused on scaling up the gender diversity in our system.

So ladies and gentlemen, this was a snapshot of our financial and operating performance for the third quarter as well as for the 9 months FY2020.

I would now like to open this up for any questions that you may have. Thank you.

Moderator:

Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi:

Yes so the screen guidance of 70 for the full year. I mean, it effectively results in 24 screens to be opened for this quarter so what I want to know is that, are these screens already constructed? And are we awaiting license approvals? Or I mean, they are still under construction? There is a possibility that there can be a spillover in the next year?

Alok Tandon: Well, you are right. That they have been constructed, the interior set up has been done, and we are just waiting for approvals to come in and we are very confident that we will be able to open these screens before the end of this financial year.

Jinesh Joshi: Okay and secondly, this other revenue is up by about 35% year-over-year so is it led by higher convenience fee from online bookings?

Alok Tandon: Well, I would not call it higher, but I would call it more convenience. More people have booked tickets online and even the online sales have exceeded our expectations and that's where we see this jump in other revenues for the quarter.

Jinesh Joshi: So can you share the figure? I mean, what is the proportion of tickets booked online for the quarter?

Alok Tandon: Well, let me tell you that 50% of our tickets are booked online.

Jinesh Joshi: Okay and lastly, this SPH growth of 10%. Was there any impact of price hike?

Alok Tandon: No. It was not an impact of price hike. There were various ways taken and initiatives taken for us to increase spend per head. Whether it was having more point of sale, whether having a different menu mix, whether ensuring that a person does not stand in the line to buy his food so there were various efforts, which were taken in this quarter to ensure that our spend per head, where food is concerned, increases and this is a result of all of those things.

Jinesh Joshi: Okay and lastly, this F&B revenue of Rs.130 Crores in the quarter. I mean, how much of it was via food aggregators like Swiggy? Can you share the figure?

Alok Tandon: Well, I would say hardly anything, because we just started it in the last week of December, tying up with Swiggy so it is everything from the cinema lobby that you see these numbers coming up.

Jinesh Joshi: Thanks a lot.

Moderator: Thank you. The next question is from the line of Prateek Barsagade from Edelweiss. Please go ahead.

Prateek Barsagade: Sir, my first question is on the advertisement revenue so we saw the ad revenue being a little muted this quarter so I just wanted to understand what is the kind of ad outlook, which you are seeing for the coming quarter and for the next year also? I see that you are working

with a lot of brands, and you are doing a lot of initiatives to make this revenue stream grow so any thoughts on this?

Alok Tandon: Well, as you used the word muted, I would say that we have a 3% increased growth in this quarter. But there was a lot of pressure on rates during the downturn and we as a company did not succumb to the pressure of decreasing our rates. We held on to our rates and hence, we had to let a few advertisers go and not advertise in Q3 so that was the reason why we grew by only 3%. But having said that, I think it was good that we stuck to our rates because we have seen a slight upward trend in Q4 and we are hopeful that the advertisers who did not advertise with us in that quarter will come back to us.

Prateek Barsagade: As we had initially given the guidance of 70 screens and now we have opened at about 40-44 screens so is there any change to the guidance or the guidance still remains of 70 screens?

Alok Tandon: It is the same of 70 screens and we have opened 46 till now and what I answered in the first question was that we are absolutely certain that we will open the remaining number of screens we have because they are totally fitted out, and we are just waiting for licenses.

Prateek Barsagade: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Abhishek Joshi from CGS-CIMB. Please go ahead.

Abhishek Joshi: Sir, I just wanted to understand that how is the rate of footfall in our premium screen segment, like in this economic scenario? Is it like those of our normal screens? Is it has it been affected because of the slowdown?

Alok Tandon: Well, let me tell you that we made these luxurious screens or the premium screens envisaging that we will have more footfalls and even in the quarter, which has just gone by, our footfalls are as per our entire estimates. It is got a higher occupancy level compared to normal screens, it is not because they are more luxurious, but they are more experiential. We give a lot of things to our guests when they come and watch a movie in our so-called luxurious screens, whether it is a butler on-call, whether it is proper comfort, good seats, top-of-the-end 3D systems, a star chef created menu. All those things are there, which we offer to our guest and hence, we have not seen any decline in the occupancies of those premium screens.

Abhishek Joshi: Sir, and my last question is, what kind of scale you are looking at in this partnership with Swiggy? In 1 or 2 years, what kind of revenue scale you are looking at, if you can say?

Alok Tandon: Well, it is too early to talk about it. We have just partnered with them and in the last couple of weeks, we have seen that people are ordering Inox food on Swiggy. But it is too early to talk about what we see and how it will pan out in the next 2 to 3 years.

Abhishek Joshi: Do you have any targets for that?

Alok Tandon: No. We do not have any targets. But yes, the push is certainly there to ensure that whether it is food selling in our lobbies or the Swiggy platform that it keeps on increasing.

Abhishek Joshi: And Sir, your occupancy levels have been flat, although you have reduced the number of seats per hall. Can you comment a little bit on that? How we are seeing occupancy rate going forward?

Alok Tandon: Well, if you see the absolute number of footfalls have increased, though the occupancies remain flat and that is primarily to do with our comparable property footfalls, which have just remained flat at 145 lakh people for Q3 FY2019 and same for Q3 FY2020 so that is led to flat occupancy levels.

Abhishek Joshi: Would it increase in the coming time when the number of seats per screen decreases? Is it about to play?

Alok Tandon: Well, our endeavor is to have more people coming into our halls, irrespective of the number of seats we have in our screens. Our endeavor is to have more people to ensure that the occupancy level keeps on going up and a lot of effort is being spent to ensure that all these footfalls keep on coming and our occupancy keeps on increasing.

Abhishek Joshi: Thank you Sir.

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

Yogesh Kirve: Sir, what should we expect as far as the ticket prices are concerned over the next 12 months so the gross ticket prices have been stable over the last 1 year so do we see an opportunity to take a higher price hike going ahead?

Alok Tandon: Well, what do you see that the ticket price is being stable is because we have passed on the entire reduction of the GST to our customers all that has been passed to the customer and going forward, yes, with inflation, I would say that the ticket prices will increase in tandem with the way the inflation increases.

Yogesh Kirve: Sir, in the past, we had come to expect about 4% to 5% sort of an increase in the normal years so do we see an opportunity to take in higher hikes going ahead, considering that the prices have been sort of muted because of this GST benefits over the last about 12 to 18 months?

Alok Tandon: Well, surely prices will go up to about 3% to 4% and as I just said, at the rate of inflation and you will see that maybe these numbers reflect with the higher ticket prices in the next few quarters. But in the last 12 months, every benefit of the GST was passed on to the customer.

Yogesh Kirve: Okay. Sure. Sir, what has been the capex for the first 9 months and what is the guidance?

Kailash B. Gupta: We have already incurred Rs.180 Crores in first 9 months, and we expect that it should be around Rs.250 Crores to Rs. 260 Crores for the entire year.

Yogesh Kirve: Okay, and in terms of the advertisement revenues, has there been any improvement in the trends over the last couple of months? When do we expect the ad revenue growth to normalize?

Alok Tandon: What you have seen is ad revenue growth quarter-on-quarter, this is the first time that we just showed a 3% growth, and that also because we stood our ground and did not succumb to the pressure on the rates, and I just said that we are seeing an uptake in Q4, and we are hopeful that the advertising revenue percentage will increase in Q4.

Yogesh Kirve: Sure Sir, that is all from me. All the best.

Moderator: Thank you. The next question is from the line of Darpan Thakkar from HSBC Securities. Please go ahead.

Darpan M. Thakkar: I have two, three questions. One is if you see since last two quarters, the major differential between your numbers and the other listed player is the footfalls improvement. So are there any steps that you are taking to maintain or increase the same screen footfalls, specific steps that you have taken in last 1 year or so? Second question, if you can explain how does this 3-tier loyalty program works? Last question is on screens, like in Western region, you have 56 properties. So properties have not increased, but screen has increased by six number? While in Indore, you have added 4 screens till now. So where does that difference come from?

Alok Tandon: Okay. The first thing, we have taken lots of initiatives, and I spoke about the initiatives when in my opening statements, that apart from showing movies, we are also showing a lot

of alternate non-movie content. Such as music concerts, to name a few, Metallica, we showed recently. We have shown a West Life concert. We have a lot of emphasis on tying up with group bookings for people to customize their entire viewing experience, whether it is children, whether it is school teachers. Or we go to the market and ensure that we have people who come to us. We are these days emphasizing on edutainment, that entertainment through education, and we are showing documentaries and films, which are related to those. We have also tied up with various sporting events to show the matches live on our screens, and that added and helped us increase our footfalls. Plus, we have a lot of local area marketing where we go and ensure that we sell tickets to local offices to local residential societies and create a lot of awareness about a new movie, which is coming. So these are the few steps we have taken to increase our footfalls. Your second question was about our loyalty program. So this is a 3-tier loyalty program called the Inox Blue, Inox Gold and the Inox Black, and here, we have various stages that if you spend to a certain amount or up to a certain amount, you get points on the Inox movie ticket and points on the F&B purchase, and these points vary from tier to tier. So it means if you are in a higher tier, you will get more points if you buy a movie ticket or you purchase F&B. So it is all tier-based. So every tier has got a different structure regarding the percentage of points you should get as per your spends. So this is where we are where the loyalty is concerned, and when you said that there is a difference of six screens. So four screens, we have opened in Indore, and there are two more, which is an existing Indore Central. So I would say all six screens in Indore, four screens in Indore Century 21 Mall, and two screens in Indore Central.

Darpan M. Thakkar: Okay. So 2 screens have already come up, which are shown in the second half?

Alok Tandon: No. That was another one. So you are having another two screens coming in the second half. Those are two separate screens. So to tell you, six screens have already opened, and 2 more will open shortly.

Darpan M. Thakkar: Okay, and on the first question, again, what would be the percentage of footfalls coming for non-movie shows?

Alok Tandon: Well, I would not like to tell about that, but it is very encouraging, and that is the reason why you see good numbers, which we have for the last couple of quarters, and a lot of emphasis and focus is going on this.

Darpan M. Thakkar: But would it be a material number or still in the...

Alok Tandon: Well, It is how we define material or nonmaterial because these are numbers which we look forward to, and these are footfalls which come to us from a Monday morning to a Thursday evening.

Darpan M. Thakkar: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Rajiv Sharma from SBI Capital. Please go ahead.

Rajiv Sharma: Thank you for the opportunity. Just couple of questions from my side, firstly, these luxury screens are where you are trying to get the experience better. How should one look at the maintenance capex in the medium- to long-term? The second question is on Swiggy, getting into your food business. So they have a take rate of 20%, and currently, you do not have a take rate because everything gets consumed at the screens itself. So are you okay with a lower margin profile and more sales? Or you think that margins could still remain intact? And thirdly, as you said, 50% of your business is online. I believe a large part of that would be cards, and generally, most of these cards come up with offers of which allow one or two tickets free per month. Do you think that the overall business model is somewhat getting vulnerable to these offers given the promos, various cards run? And how should one look at this in a scenario when these promos are taken away? Or do you really look at this metrics and how do you think about it?

Alok Tandon: Okay. Answering your third question first. We said that 50% of our ticket sales is online, which is absolutely correct, and that was a part of my opening statement also. Well, there are lots of offers going on. Every bank card has got some offer or the other. But what we have seen that there are lots of people who come to us, who do not even utilize those offers. So they come to the Inox website, buy tickets, a few may use a card offer, a few may not. But we have not seen that lots of people are coming to the website of Inox using these cards. Though, yes, it is a facility there for our patrons. But I do not think that if these offers are taken away, our footfalls will fall. So I am very confident about that.

Number two, when you said about the margin with Swiggy. I would not like to dwell into that because we have got a separate commercial arrangement with them, and we thought that it will make us financial sense, and that is why we tied up with Swiggy, and where the off-take of food is concerned. Yes, we have seen a rise since the day we opened it till today as we are speaking. So the orders are increasing day-on-day.

And your first question was whether in these premium screens, whether R&M will go up and how do we take care of that? Well, when we do our financials, we surely plug in the R&M numbers. It is not earth shattering because once our systems are in place and you take care of them, it is a normal AMC, which comes into play like any other system, which is there. So we are not overly worried about the repair and maintenance costs of these high-end screens.

Rajiv Sharma: So your balance sheet or your profitability, it is not the question about worrying, but is it just understanding versus normal screens? This would be 20% higher or 30% higher?

Alok Tandon: Well, very difficult to say. I cannot say it is 20% or 30%, they are surely more than a normal screen because whether it for MX4D, we have to have an AMC for that. Whether it is an IMAX, an AMC is required. So yes, it is more. It is definitely more than the normal screen. But I would not like to talk about that how much more it is expensive than that of a normal screen, and as I said, the revenue is more, and also just to tell you, the revenues are much more from these high-end screens rather than from a normal screen.

Rajiv Sharma: And that is because of the ATP?

Alok Tandon: Because of the higher ticket price and the experience we give.

Rajiv Sharma: Okay, Thank you.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from Angel Broking. Please go ahead.

Keshav Lahoti: Congrats, sir, on the great set of numbers. What is your box office revenue mix in Bollywood, Hollywood and regional?

Alok Tandon: Well, for Q3FY20, Hindi movies contributed about 67% in the quarter. English was around 14%, and the remaining was in other Indian languages.

Keshav Lahoti: And what would be the percentage jump quarter-on-quarter in the segments?

Alok Tandon: Well, it depends on quarter-on-quarter jump. It depends on which English movie has done well in that quarter, which regional language has done well. So I cannot say that I do not think it will be rightful to even monitor it quarter-on-quarter because there are times when you have Avengers, and that is the highest grossing movie of the year, and hence, it is skewed towards English at that time. So every quarter has got its own movies coming in. But for Q3 FY 2020, as I just said, 67% was Hindi, 14% English and remaining, other Indian languages.

Keshav Lahoti: No, I am just speaking about this quarter. What is the jump of the Bollywood, Hollywood and regional compared to last quarter?

- Alok Tandon:** So Hindi movie went up from 63% contribution to 67% contribution Y-on-Y for Q3. English was 10% in Q3 FY 2019, which became 14% now, and the balance was the other Indian languages.
- Keshav Lahoti:** Okay, and by other Indian languages, can you please give the major bifurcation of other Indian, whether it is Telugu, Tamil?
- Alok Tandon:** Well, Tamil and Telugu are more as neck to neck. But there are quarters where Telugu does better than Tamil. So I would say that the major share in other Indian languages is between Tamil and Telugu.
- Keshav Lahoti:** Okay. Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Drishti Chakraborty from DC & TC Advisors.
- Drishti Chakraborty:** My first question is with respect to the new screen openings that you are planning to have. So as we have already seen that with the new screen openings currently, the footfall in the previous screens and properties has not increased as such. So I just wanted to know like when you are making projections for the future screen additions, which we can see in your presentation has been a good 1,000 screens. What do you project for the remaining properties, which are going to be opened or like are already established? Will you see them continuing at the same level? Or do you see footfalls going down over there when you like open new locations at different places?
- Alok Tandon:** Well, it depends where the screen has been opened. For example, it is a catchment where already there are screens and somebody else comes, forget INOX, even competition comes over there. Yes, it affects the entire overall footfalls of that area. But what we have also seen over a period of time that by opening more screens, you see the pie increasing, and more people coming into watch movies, and as our numbers suggest, our last quarter, we have had both, though footfalls are flat in comparable properties. But it also depends on the content because there are times when the content is extremely good and people come and watch movies, whether it is a new screen or an old screen, it does not matter. But yes, we are cognizant of the fact that there are certain areas where when we make a projection of opening more screens, we know that how it will affect the footfalls of the existing ones, and there are times when we take that into our consideration and are working. But having said that, India being such an under-screened market, we are very bullish about opening new screens all over the country, and these days, even the way movies are being made, the story, the way it is being told, the way it is being shot, all that is changing, and because of the new way the story is being told, there are people coming in to watch movies, and that, I think so

will continue happening, leading to more footfalls even in the same properties as well as the new properties for sure.

Drishti Chakraborty: All right. That gives a fair idea about it because that is something that I was thinking about. Also, my next question with respect to your loyalty program that you have just recently launched, could you just guide me through the whole process as to what a customer will have to do in order to, like, for example, pay up to enter this loyalty program? Or is it free of cost? And like what are the basic amenities that a member will get after that? Like, I guess, you pointed out towards a certain reward point system. If you could just elaborate much more on that as to how, if I am a customer like register for that loyalty program?

Alok Tandon: Okay. Let me make it very clear to everybody that this is not a paid loyalty program. So you do not have to pay anything to become a loyalty member. The only thing you have to do is buy your ticket or buy F&B, and you give us your telephone numbers. The moment you give us your telephone number, you automatically get enrolled, and then you have got various slabs of being an Inox Blue member or the Inox Gold or Inox Black, and depending on which category you are, as I just said, a patron or a guest gets various points on the total expense he has done on F&B as well as tickets, and these points are valid for a certain number of days. For example, they are valid for 90 days if you are a blue member. 100 days, if you are a gold member, and 120 days, if you are a black member, and also, there are more stuff which you get with these various tiers, which you have. For example, if you are a black tier member then you would get two movie tickets a year free, you even get 100% off on ticket cancellation. We ensure that you get chance to meet various superstars, if you are a black-tier member. You have access to our lounges, even if you do not buy an Insignia ticket. But you still are a black member, you have an access to our Insignia lounges, and then we have lots of invitations going on, sending to our customers for any specific program, for special show, for any non-cinema event. So there is something or the other, which we keep on doing to ensure that people continue coming to Inox, and that is how we have structured these entire 3-tiered loyalty program.

Drishti Chakraborty: Sure, alright that is from my side. Thank you.

Moderator: Thank you. The next question is from the line of Kush Gangar from Care PMS. Please go ahead.

Kush Gangar: My question is on footfalls. So over the last 2 years or 6 to 8 quarters, our footfall growth has been quite decent considering comparable properties as well as new properties opened up. Do you feel that this run rate considering the base already there? Do you feel that this current run rate of double-digit growth rate in footfalls would continue for FY 2021 and forward?

Alok Tandon: Well, our endeavor is that it does. We are pushing the pedal hard. We are coming out with various innovative screens to ensure that people come and visit our cinema halls and watch movies. So I would not really tell that what the growth rate will be. But, yes, the endeavor is to ensure that what we have done till now at least continues.

Kush Gangar: Okay, and what kind of scope do you see for further increase in spend per head, apart from price hikes? And if you can just specify the next year growth? So that would be taking into account the price hike, including the volumes or the spend per head increase.

Alok Tandon: Well, I will not forecast about the numbers for the next quarter even or forget the entire year. But yes, our endeavor is to increase spend per head, and let me be very clear in this not by doing major price hikes. But by ensuring that the items per head purchased by guest increases, which means that if you are buying 1 item, you may buy 2. If you are buying 2, you should buy 3, and we are doing this. That is number one. Number two is to ensure that where you stand, that becomes a point of sale because nobody wants to stand in long lines to buy food. Hence, apart from having more food counters, we also have interactive kiosks on our columns, where you just go. Your entire menu is populated on the screen. You punch in, you order what you want, you pay via credit card, and you just go and pick it up in the fast queue line or is delivered on your seat. We also have an Inox app in which you have a food ordering up embedded. So you do not even have to go to that kiosk. You just have to take out your phone and just order your food from where you are standing. So we are doing a lot of work to ensure that the point-of-sale is where the guest is standing, and that we have seen has really yielded results, and there are more people buying food now with all these initiatives that we have taken.

Kush Gangar: Okay, and last question would be on, is there any dividend policy in place? Or...

Alok Tandon: Well, we gave a dividend last time, and that is upto the Board to decide. So let us see that what we decide in the coming quarters.

Kush Gangar: Okay.

Moderator: Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: Sir, one clarification on the loyalty program. If I book through the platforms like BookMyshow, Paytm, etc., do I still accrue my points?

Alok Tandon: Yes, you do. But you will accrue less points than if you come to the Inox website and book your ticket. But in those websites also, you will get your points but lesser than what you will get at the Inox website.

Swagato Ghosh: Okay. So in a way, we are incentivizing people to book in our own app and website. But can that become a point of like tussle between you and the platforms?

Alok Tandon: I do not think that will happen. Neither it has happened till now. So that is not a point of tussle. It is something that it is points which we are giving at Inox, and hence, you get more points on the Inox website, rather than the partner website, and that happens, I think, in lots of places.

Swagato Ghosh: Right. Yes, that is fair, and the other point is that the more people we enroll in our loyalty program will have more data about the profile of these various people, I guess. Does that become a selling point for our advertisers that we can tell them exactly who is viewing, etc.?

Alok Tandon: For that I got a IMRB report, which I take out regularly, and thus also put it on my website. But having this loyalty program will also help me targeting our audience. For example, if somebody likes a horror genre. So we can specifically send messages to that gentleman or that lady, that this is a horror movie coming. Please come and watch it. We will be able to target, let us say, ladies during the afternoon, if we see that there are lots of ladies who come during the afternoon. So we will be able to send them specific and targeted messages. So for us, it is like gathering data so that we can help our customers better by informing them that which movie is running at what time, and also telling them about the genre of their preference.

Swagato Ghosh: Got it. Got it, and sir, how do we think about the cost of rolling out this particular program, like the development of the software maybe or running of the program, the benefits you would give?

Alok Tandon: Pardon? Sorry, what was your question? The cost of the program?

Swagato Ghosh: Yes.

Alok Tandon: So the cost of the program is minimal. We have done all our working, and after being very sure that how it will affect our P&L, that is how we have gone ahead and rolled it out.

Kailash B. Gupta: And I think it will automatically compensate by the increased number of patrons and the recovery on food side. So it is more of an investment rather than an expense for us.

- Swagato Ghosh:** No. I am sure that would be the rationale. But I am saying in the near term, can there be some at least 1 to 2 quarters? Can there be some cost impacts before we see the benefits coming in of this program?
- Kailash B. Gupta:** Not really. I mean, it is not going to be a very high amount. I mean, it will be a very minimal, which will not reflect even in percentage terms.
- Swagato Ghosh:** Okay. So then the follow-up question is what was holding us back from rolling this out earlier? Like, why did it take so long?
- Alok Tandon:** Yes. Well, we wanted to be absolutely sure what we do. There was no way that we would have started a program and then rolled it back, and that is the reason why we took long, why we have a 3 tiers. It is not that it was a 1-quarter discussion. We have really discussed the entire loyalty program for at least more than a year, if not more, and hence, once we were absolutely certain that if we offer something to a guest, we shall ensure it continues and we do not roll it back, that took us time. The entire making of the program, the way it should be launched, how it should be told across, that took time, and that is the reason why until we were very sure, we do not roll it out.
- Swagato Ghosh:** Okay, fair enough, and sir, one last question, if I may, the non-movie initiatives that you have taken, like the concerts and the sports screenings, et. Do we have any exclusive tie ups on those? Or are we looking to get into exclusive tie ups so that, that becomes a competitive advantage for us and others cannot replicate?
- Alok Tandon:** Well, I would say that this is open for everybody. But West Life, if I remember right, it was exclusive with Inox. So one could see the West Life concert only at Inox cinemas, and when I talk about non-movie content. I immediately think of the ICC World Cup, where we were 3 chains in the world to get the rights to show live matches. So yes, there are some where we have exclusive and the others where everybody can show them.
- Swagato Ghosh:** Okay. Thank you. Thanks a lot for answering all my questions.
- Moderator:** Thank you. The next question is from the line of Urmil Shah from IDBI Capital Markets & Securities Limited.
- Urmil Shah:** This year, we started off the year at a higher number, can that lead to a lower for next year, and next year can be similar to what we did in FY 2019?
- Alok Tandon:** Sorry, which number are you talking about?

- Urmil Shah:** The screen addition number
- Alok Tandon:** Yes. Sorry, could you just repeat that question, please?
- Urmil Shah:** Yes. Sir, this year, we started off the year at a higher screen addition number, and then it has come down a bit. My question was that, can that lead to next year being much better, maybe in line with what we did in FY 2019?
- Alok Tandon:** Yes, you are right. So FY 2021 will be much better than what we closed at in this financial year, and because there are lots of properties where our work is already going on, and we should be ready to open any time after April 2020. So I am quite hopeful that the screen openings in FY 2021 will be better than that in FY 2020.
- Urmil Shah:** Got that. Then my last one was, again, on the ad revenue. In a scenario that there is not a meaningful pickup in the ad spend as such. What are one of the steps, which you would want to take to improve the growth in the next year?
- Alok Tandon:** Well, we have seen that ad revenue is increasing, as I earlier said, in one of the chats over here that I can see Q4, people coming back to us. But one thing, I think that the company will stick to is our rate. We will not dilute our rates because it has taken us lots of hard work to ensure that we command the price, which we are commanding today. But in Q4, I think things are looking better, and we will be back to normal growth in Q4 and in Q1 FY 2021.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Alok Tandon for closing comments.
- Alok Tandon:** I would like to thank everybody who participated in this call, and all those who are taking interest in our company, and I would like to assure you that we would like to keep on delivering all our promises and ensure that we give great results, and we are pushing the pedal hard, whether it is footfalls, occupancy, food or advertising. Thank you for taking interest in our company. Thanks a lot.
- Moderator:** Thank you. On behalf of IDBI Capital Markets and Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.