14th November, 2016

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

Scrip Code: 532706

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: 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 27th October, 2016. 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

Dhanraj Mulki
Vice President - Legal
& Company Secretary

Encl.: As above.

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"INOX Leisure Limited Q2 FY 2017 Earnings Conference Call"

October 27, 2016

ANALYST: MR. PUNEET GARG – AXIS CAPITAL LIMITED

MANAGEMENT: MR. DEEPAK ASHER - DIRECTOR AND GROUP HEAD - CORPORATE FINANCE - INOX GROUP OF COMPANIES
MR. ALOK TANDON - CEO - INOX LEISURE LIMITED
MR. KAILASH B GUPTA - CFO - INOX LEISURE LIMITED

Moderator (Ali): Ladies and gentlemen, good day and welcome to the Inox Leisure Q2 FY2017 earnings conference call, hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Puneet Garg from Axis Capital. Thank you and over to you, Sir!

Puneet Garg: Thank you Ali. Good evening and thank you everyone for joining the Second Quarter FY2017 Earnings Conference Call of Inox Leisure. From the management team we have with us Mr. Deepak Asher, Director and Group Head, Corporate Finance, Inox Group of Companies, Mr. Alok Tandon, CEO Inox Leisure and Mr. Kailash B Gupta, CFO Inox Leisure. The call will be initiated with a brief management discussion on the quarterly performance post which we will open the floor for Q&A. Over to you Mr. Asher!

Deepak Asher: Thanks very much and good evening to everybody attending this call. The Board of Directors of Inox Leisure have just concluded the meeting and approved the results for the quarter ended September 2016. The results as approved by the board have been uploaded on the websites of the company as well as the stock exchanges; BSE as well as NSE. In addition to the results we have also uploaded on the websites of the stock exchanges and the company, an earnings presentation and I intend now to take you through some of the salient features of the earnings presentation.

The comparison that we are doing on a year-on-year basis, which means Q2 of FY2017, we will be comparing with Q2 of FY2016 and similarly H1 of FY2017 will be comparing with H1 of FY2016 on all the key operating and financial parameters.

This quarter has witnessed fairly indifferent content as a result of which financial performance of the company has not been as good as we have aspired it to be. Talking of specific numbers total revenues have gone down by around 3%, Rs 307 Crores in Q2 FY2016 having gone down to Rs 297 Crores in Q2 FY2017. EBITDA has gone down to almost half, Rs 56.5 Crores in Q2 FY2016 gone down to Rs 27.2 Crores in Q2 of FY2017. EBITDA margins shrunk from 18.4% to 9.1%. PAT has gone down from Rs 21.3 Crores to Rs 1.6 Crores in Q2 FY2017. PAT margin has gone down from 6.9% to around 0.5%, these are figures for the quarter.

The comparison for the half year is that revenues have gone up by about 4% from Rs 610 Crores to about Rs 634 Crores. EBITDA has gone down by about 26%, Rs 121 Crores down to Rs 89 Crores. EBITDA margin has shrunk from 19.8% to 14.1%. PAT has gone down by 43%, from Rs 46.5 Crores to Rs 26.5 Crores. PAT margin has gone down from 7.6% to 4.2%. That is the snapshot of the overall financial performance on revenues, EBITDA and PAT.

Our revenues as you all know comprise of key four streams - net box office revenues, food and beverage revenues, advertising revenues and other operating revenues.

The net box office revenue for the quarter has gone down by 6% from Rs 190 Crores to Rs 179 Crores. F&B revenues have gone up by 1% from Rs 69 Crores to Rs 70 Crores. Advertising revenues have gone up by 11% from Rs 21.4 Crores to Rs 23.8 Crores and other operating income has gone down by 9% from Rs 26.2 Crores to Rs 24 Crores as a result of which quarter total revenues went down by about 3%, Rs 307 Crores down to Rs 297 Crores. Those were the quarterly numbers.

For the half-year, Box office revenues have gone up by 4% from Rs 379 Crores to Rs 392 Crores. Food and beverage revenues have gone up by 5% from Rs 143 Crores to Rs 150 Crores. Advertising revenues have gone up by 7% from Rs 42 Crores to Rs 45 Crores and other operating revenues have remained virtually flat Rs 45 Crores.

In terms of the top five films being released over the last quarter, we had Sultan, which did footfalls of 25 lakhs and a GBOC of about Rs 52 Crores. Rustom did a footfall of 12 lakhs, with a GBOC of Rs 25 Crores, PINK did footfalls of 8.32 lakhs, with a GBOC of Rs 14 Crores, Kabali 7.39 lakhs of footfalls, Rs 13.51 Crores of GBOC and Dishoom which was the fifth best performing film in the quarter did footfalls of 6.79 lakhs and a GBOC of Rs 12.08 Crores and in a sense therefore the top five films did an aggregate footfall of about 60 lakhs, which is 47% of the footfalls and GBOC of Rs 118 Crores, which is about 51% of GBOC. That is how the top five films did.

On the operating metrics, footfalls in the quarter fell from 145 lakhs to 127 lakhs, that is a fall of 13% as a result of which occupancies fell down from 32% to 26% and as I mentioned earlier basically on the back of indifferent content.

On comparable property basis footfalls actually fell by 19% from 142 lakhs to 116 lakhs, occupancies fell from 33% to 26%. These were the quarterly numbers. The half yearly numbers would be footfalls going down by 3% from 291 lakhs going down to 282 lakhs and 33% occupancy going down to 29%.

On comparable property basis footfalls fell by 9%, 282 lakhs for the half year in FY2016 going down to 255 lakhs for the half year in FY2017. Occupancies fell down from 33% to 29%.

On average ticket price, performance has been better than what we were doing historically, the quarterly average ticket price went up from Rs.169 to Rs.183 which is an increase of about 9%. Even on a comparable property basis, the average ticket price went up by 9% from Rs.169 to Rs.183. For the half year the improvement in ticket price was 7% Rs.167 went up by Rs.178 and on a comparable basis again 7% increase in ATP, Rs.167 going up to Rs.178.

On food and beverage again the performance has been good. The average spend per head has gone up by 16% from Rs.56 to Rs.65 for the quarter and by 9% from Rs.57 to Rs.63 for the half year. The contribution from F&B for the half-year has remained around 75%, to be precise

74.9% and has gone up to about 75.7% for the half year as a result of which the absolute contribution has gone up by 15% in the quarter and about 12% for the half year.

Total advertising revenues have gone up from Rs 21.4 Crores in the quarter to Rs 23.8 Crores, which is an increase of 11% and for the half year the number is Rs 42.1 Crores having gone up to Rs 45.1 Crores, which is an increase of 7%.

Other operating revenues has marginally gone down, Rs 26.2 Crores has gone down to Rs 24 Crores which is a fall of about 9% but have remained virtually flat, for the half year at Rs 45.5 Crores.

On the cost side there has been a marginal increase in entertainment tax cost for the quarter. Entertainment tax, which was 21.6% of GBOC, has gone up to 22%, for the half year 21.4% has remained at about 21.3%. The increase in the quarter is essentially because some properties ran out of their exemption period during the quarter as compared to what they were in the last year in this quarter and also some of the new properties that we opened where in in the higher tax bracket States.

Film distributor share has gone up from 34.3% of GBOC to 36.2% of GBOC. This is largely because films ran for shorter durations and because the payout to distributors in the first week is higher than what it is in the second and third week the blended average payout went up as I mentioned by about 2%. For the half year again this number from 34.1% went up to 34.7% and evidence of the fact that this is essentially because of shorter duration is that the first week collection which was a 62% last year has gone up to 75% this year, which means films ran for shorter duration.

On other overheads per operating screen again cost have been largely in control. Our overheads on a per screen basis last year in this quarter was Rs.40.4 lakh per screen which has gone up to Rs.41.3 lakh per screen for the quarter which is an increase of 2.2% which is less than the inflation. For the half-year Rs.78.2 lakh per screen has gone up to Rs.81.9 lakh per screen which is an increase of about 4.7%.

On the balance sheet side, we continue to maintain an extremely strong balance sheet total shareholder funds are about Rs 549 Crores, total debt is less than Rs 230 Crores. Our debt equity ratio is less than 0.4 as computed based on the balance sheet numbers but we have treasury stock and if you assume that this treasury stock can be liquidated at current market prices and this would in effect will reduce the net debt. Our net debt equity ratio would be less than 0.15.

So we have an extremely strong balance sheet, there is a strong leveraging capability going forward. As I mentioned we have treasury stock, which is cash on the balance sheet, which is at current market price worth about Rs 116 Crores and our promoter stake continues to remain at about 48.7%. So on all these key parameters we have an extremely strong potential to raise capital is necessary and therefore to grow organically as well as inorganically without stressing the balance sheet at all.

In terms of new properties opened we opened during this quarter, three properties with 11 screens and about 2627 seats, and these properties were, in Kota which opened on August 13, with 4 screens and 861 seats, in Jaipur which opened on September 30, with 4 screens and 936 seats and in Howrah which opened on September 30 with 3 screens and 830 seats. This took our total property openings for the half-year to be 4 properties with 16 screens and about 3244 seats and as a result of this our pan India presence is in 19 states, 57 cities, 112 properties, 440 screens as of date with 112549 seats. *(Note: Rajkot reliance with 4 screens and Surat DR world with 1 screen opened in Oct 2016)*

In terms of the pipeline going forward we expect to open from now on till the end of the financial year another 8 properties from November till March with 40 screens and about 8900 seats and therefore if we are able to accomplish this property development pipeline by end of this financial year, we would have about 120 properties, 480 screens and about 121000 seats operational by March 2017 and even subsequent to this we have already tied-up in terms of binding agreements or letters of intent which is about 56 new properties beyond March 2017 is about 289 screens and 55000 seats which would lead us to *(once this entire pipeline is implemented)* about 176 properties 769 screens and about 176000 seats.

The content pipeline going forward looks quite strong. We have tomorrow two big releases Ae Dil Hai Mushkil and Shivaay, so these are the releases happening in the month of October from now onwards. In the month of November, we have on 11th November "Rock On 2" which is the Farhan Akhtar movie, as you probably know. We have Force 2 which is the John Abraham movie getting released on 18th November and we have Dear Zindagi an Alia Bhatt starrer, where SRK plays a cameo role being released on 25th of November so that is the pipeline for November.

In December, we have Kahani 2, a Vidya Balan starrer, we have Befikre from Yash Raj Film starring Ranveer Singh this is on 9th December, we have Dangal on 23rd December an Aamir Khan movie. In January we have some very strong releases; Raees with Shahrukh Khan releasing on 26th January, Kaabil with Hrithik Roshan releasing on 26th January and we have the Deepika Padukone and Vin Diesel XXX the Return Of Xander Cage on 20th of January, so that is the content pipelines books extremely exciting and hopefully it should do quite well.

In terms of shares performance, our market cap based on the price as of yesterday being Rs.266 our market cap our is about Rs 2571 Crores, being 9.6 Crores shares outstanding. The 52 week high low range has been Rs. 170 to Rs. 292. Our key institutional investors FIIs own about 17% of the company, DIIs own about 14% of the company, the promoters and promoter group as I mentioned own about 49% of the company and the rest which is 16% with the public and about 5% being the treasury stock with the company itself.

So that ladies and gentlemen completes the presentation and I would now like to open this for any questions that you may have.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question-and-answer session. We have the first question from the line of Rajiv Berlia from Edelweiss. Please go ahead.

Abneesh Roy: This is Abneesh here. Sir my first question is on advertising, we have after many quarters good advertising growth so could you tell us on same screen basis what is the growth?

Deepak Asher: Well I do not have that number in front of me but I know that advertising revenues have grown by 11% I believe in terms of effective screens operational that has gone up by about 9% to 10% so on a per screen basis again there would be an improvement of about 1% to 2%.

Abneesh Roy: But Sir, are you happy with that number because the other multiplex has reported even very strong set of numbers on the current screen?

Deepak Asher: Well as I have mentioned earlier I would not compare this with any other multiplex but to answer your first question whether we are happy with that number no we are not happy with that number and we certainly would like to see this improve much beyond this and we believe that there is scope, we believe there is growth, our average advertising rates effective rates have been going up in fact Q2 FY2017 effective rate has gone up by 20% compared to Q2 FY2016 so one of the initiatives that we did in terms of increasing advertising revenues are paying off and hopefully they should continue to do much better going forward.

Abneesh Roy: You are saying the +1% on same screen but +20% on rate hike, which means volumes there is -19%?

Deepak Asher: That is correct. I had mentioned in the last call as well that is what we are trying to do is consciously shedding off some of the low paying advertisers and this is taking some time to substitute in terms of bringing in the high paying advertisers so it is something that is going to take time, it is probably going to take slower than what we thought it would, but at least directionally we are comfortable that the revenues are going up.

Abneesh Roy: When would you say this strategy has worked because if you would have taken just the volume increase in a tough market because currently advertising market is quite tough so would you say that just 1% growth is it and you are saying till there it will be gradual recovery so why do not you kind of offer some rate back to the bigger advertiser and get a higher growth is that something which you are already doing?

Deepak Asher: Well again I can’t discuss specific strategies with you on a call like this but I think increasing advertising rates is gradually getting more and more acceptance among advertisers getting more and more acceptance in the market and we do believe that holding on to the rates that we have will pay off in the long-term.

Abneesh Roy: That was the one question I had. I will come back in the queue.

Moderator: Thank you. The next question is from Niket Shah from Motilal Oswal Securities. Please go ahead.

Niket Shah: Can you tell me whatever the new property that you are signing up is that coming at a substantially higher rental cost in terms of what we have generally understood from lot of industry players have been saying to us that your aggression in the market place has gone up substantially so how do you think that would impact over a period of next two to three years in terms of newer sign ups?

Alok Tandon: Well, I am Alok Tandon here. I would say aggression for sure that we are out in the market and getting new properties but if you are talking about that are we paying more rentals, more rate per square feet, I do not think so that is correct. We are paying in line what the market is paying and what that particular property demands.

Niket Shah: But you are not aggressive or you are not over paying just to get the location in your control?

Alok Tandon: Well I would say not over paying for sure.

Niket Shah: Thank you so much Sir.

Moderator: Thank you. The next question is from Jignesh Kamani from GMO. Please go ahead.

Jignesh Kamani: Just Sir to elaborate on the advertisement it has been almost on more than three quarter where I can say advertisement growth has been lower than our estimate so any idea how much time it will more takes to for the advertisement you can say to fully absorb to the new reality on the advertisement and it might take another three more quarters or a little bit much sooner?

Deepak Asher: Frankly, I do not think we can make a guess to that. I wish I knew, but we do not have a crystal ball that we can look into. All I can say is that people on the ground the feedback as we get is that there is an increasing acceptance to the rate revisions and we are able to reach out to more investors while we are shedding off the low paying advertisers, the high paying advertisers that are coming in give us the confidence that we will be able to improve on this. We thought, we could do this much faster than what we have and we might take longer than what we expected. As I said, I think the only comforting news here is that we are in the right direction. We cannot hazard a guess on how long it will take us to get where we want to.

Jignesh Kamani: And just to understand the volume edge within, there is a 9% decline on the volume Y-o-Y but what is the average volume availability and utilization level or advertisement per movie or how many minutes right now we are utilizing?

Deepak Asher: Again that isdata that we cannot put in the public domain because of its sensitive nature, I can only say that there is room for improvement there as well.

Jignesh Kamani: Thanks a lot.

Moderator: Thank you. The next question is from Danish Mistry from Tata Mutual Fund. Please go ahead.

Danish Mistry: Good evening and first of all I wish you everybody a very happy Diwali. Just one question or rather two questions from my end. The first is on the revenue front I am sorry if I would have missed this but if you just run us through as to why the revenues down Y-o-Y is it only because of occupancy or is there anything else that we are missing?

Deepak Asher: No I think it is essentially because of occupancy as I mentioned, occupancies have gone down by 13%, average ticket price has gone up by 9% and therefore the product of occupancy into ticket price which is revenues, have gone down by around 3%.

Danish Mistry: Secondly if you could just run us through on some of the costs which are there namely the employee costs and other costs so if you could just help us understand whether this inflation is sustainable or is it just a quarterly kind of an event and in other cost which part actually went up?

Deepak Asher: Again our overheads we usually from an investor perspective breakup into four heads - employee benefit; property rent and conducting fees; cam, power fuel and repair and maintenance and then other overheads. The employee benefits have actually gone up by about 12% but I think this is kind of in keeping with salary increases that you would normally witness over the one-year period. Property rents have actually gone down by around 2%, power fuel, repair, maintenance and cam charges have gone down by 11% and other overheads have gone up by 16%, on a blended average basis the overall overheads have gone up by about 2.2%.

Danish Mistry: Because if you are going to see, I think employee cost has gone up roughly by 22%?

Deepak Asher: No we are talking of on a per screen basis, on the absolute basis we would have gone up by 22% because the numbers of screens effectively would have gone up by about 10%.

Danish Mistry: So is it safe to say that were some of our screens opened up towards the end of the quarter and that is what kind of bumped up our power, and cost?

Deepak Asher: Well you could say that but what the numbers that I gave you of employee costs have been gone up by 12% as I mentioned on a per screen basis. Now what I also mention is our effective number of screens were 400 in this quarter they were 364 in the corresponding quarter of last year which means your number of screens have also gone up by 10% effectively and that is why I guess your overall salary cost would have gone up by 22%. 10% because of volume and 12% because of the cost increase.

Danish Mistry: Thank you very much Sir.

Moderator: Thank you. The next question is from Ritesh Bhagwati from Fortune Interfinance. Please go ahead.

Ritesh Bhagwati: Thanks for taking my question. In your opening remarks you mentioned the main reason for revenue falling was the fall in footfalls and you also mentioned that it was due to some indifferent content, I did not really understand that point what did you mean by that?

Deepak Asher: Well what I meant by that bluntly speaking is content did not perform very well.

Ritesh Bhagwati: So was it related to Inox which happened is it like overall industry did not perform well.

Deepak Asher: Well I think it is overall industry not performing well and again just to emphasize that point of our content not performing well it is not whether the top five films may do as well. Typically the top five films if you compare this quarter with last quarter they did equally well.

Ritesh Bhagwati: Okay they were in line.

Deepak Asher: Yes but if you look at the balance 95% of the films, they usually contribute about 60% of our footfalls and box office revenues. The top five films contribute to around 40%. Now in this quarter it was 50% which means the balance non top five films contributed just 50% of our footfalls and box office revenues whereas ideally they should have done about 60%. Apart from this top five films that did reasonably well all the rest of the films were actually virtual wash outs.

Ritesh Bhagwati: Second question is in regards to the screen opening do you guys have any plan for next four to five years like how many screens are we adding per year basis like for example this year I think we are adding 60 screens. So for next three four years do we have any plan like per year we are going to open?

Deepak Asher: Well I think I mentioned that we already have a pipeline signed up, pipeline beyond March 2017 of about 289 Screens and I think again if you want it from an execution perspective it would be reasonable to assume that about may be 50 to 60 screens per year. The current run rate will remain stable.

Ritesh Bhagwati: If we are opening those screens what kind of regions are we looking at are we looking at the high end regions where our mark up price would be higher than the regions where the prices of tickets are suppose to be lower like what do you think?

Deepak Asher: I think it will be a fair mix of high end markets as well as tier two kinds in term and such is again and anecdotally if you were to look at our property pipeline for this next five months and we have already indicated that we are opening six screens in Mumbai, six in Pune, three in Aurangabad, four in Kolhapur, four in Cuttack, five in Noida, three in Gurgaon, and nine in Coimbatore, so it is a mix of tier one and tier two towns..

Ritesh Bhagwati: That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Dokania from IDFC. Please go ahead.

Rohit Dokania: Just one question basically If you look at PVR probably his same store declined footfalls is 15% and ours is 19% so just wanted to understand why is that differential is it because of the locations where our screens are or if you could just throw some light on that?

Deepak Asher: Again as I said I do not compare us with any other multiplex chain but fact of the matter is that ours is 19% and I believe this is reflective of how content has been performing, ideally cannot comment on why somebody else has done differently that what we have.

Rohit Dokania: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Aashish Kumar from Infiniti Investments. Please go ahead.

Aashish Kumar: Couple of questions, one is that I wanted to understand what is the impact you think of the GST when it kind of comes into play, assuming the rate of 18% which has, what has now been by the way looked at so if you can let us know?

Deepak Asher: So that is question one and you had a second question as well?

Aashish Kumar: The second question was that given the fact that now we are opening 60 screens what is the capex plan for this year.

Deepak Asher: Let me first deal with the GST question. The GST will have impact on us at three or four levels. First of all, on the top-line our average entertainment tax rate is 25% of our net box office revenues on the assumption that the revenue neutral rate would be 18%, this means we will pay around 7% of our NBOC lesser on GST as compared to Etax. So this will obviously have a positive impact on margins. However a part of this positive impact on margins will be taken away by distributor share because we share with distributors our net box office collections and to that extent our net box office collections go up because the tax rate goes down, we will actually be sharing in absolute terms more with the distributor so this will have slightly negative impact on margin. So, a) there will be a positive impact a significant positive impact because of tax rates going on b) but part of that positive impact would be offset by distributor share going up. The third impact it will have is on F&B sales assuming that our F&B prices remain the same our average F&B tax rate is about 12% that will go up to 18% and hence this will have a negative impact on margins but over and above, all of this the most significant impact we see is that we will be able to offset our taxes paid on inputs versus the taxes will be collect on output and let me kind of amplify this in terms of our real life illustration. Currently we pay service tax on our property rentals. We pay service tax on our manpower contracts, which is security and housekeeping contracts. Now that service tax is a cost for us we cannot offset it on the entertainment tax that we collect on tickets but in a GST regime the GST that we pay on property rentals or on our manpower contracts we will be offsetable against the GST that we collect on our ticket sales and hence this will cease to be your cost. Long story short, the net impact of all of this put together as we see it could be a possible margin expansion from anywhere from 3% to 5%. So that is the GST impact, your other question was relating to the capex. Now on the capex front I already mentioned to you that we expect to open about 40 screens it would assume a capex of roughly about Rs 3 Crores per screen going forward and therefore you would see and the capex of about Rs 120 Crores which would be funded by about Rs 70 Crores of debt and about Rs 50 Crores of equity. The equity would come out of the cash accruals from operations and the debt is something that we have already tied up we have already got a line of credit for the pipeline for this year.

Aashish Kumar: But a portion of that capex for going the screens would have already been spent right?

Deepak Asher: Well yes a portion would have been spent and again but at the same time by March you will be spending apportion for the properties of April and May as well so I am just kind of ignoring that because they will cancel out each other.

Aashish Kumar: So you would expect that the year end debt would be higher by around Rs 40 to Rs 50 Crores is that a fair assumption?

Deepak Asher: Well the year-end debt would probably be higher I would say by around Rs 70 Crores, Rs 90 Crores of fresh debt versus Rs 25 Crores of repayment.

Aashish Kumar: Thanks.

Moderator: Thank you. The next question is from the line of Rahul Maheshwari from IDBI Mutual Fund. Please go ahead.

Rahul Maheshwari: Good evening Sir. Thank you for the opportunity. Just one question now do you have planned out the next three to four years you would be taking the screen count to more than 750, can you give a geographical presence that out of more than 200 screens which you would be commissioning out of that the maximum is into which region is it into the north and west regions?

Deepak Asher: No I think it is a fairly kind of representative distribution across the country. Again beyond FY2017, we do not disclose the pipeline in terms of where these properties are.

Rahul Maheshwari: But you are already dominant into the east side and more into south side and as we see the KPIs or operating parameters, they are very much strong into the north side, NCR regions or west side so can you give that as and so that we can see that for the future the operating parameters can become more strong as the regions are more dominant in over this.

Deepak Asher: Well first of all I am not sure I would entirely agree with you in your saying that we are not strong in north and west. If you look at our overall property breakup 112 properties we have 27 in north, 24 in south, 42 in west and 19 in east. Also in terms of a screen count versus 440 screens, we have 72 in east, 94 in north, 100 in south and 174 in west. So I think we are fairly diversified and spread geographically and I think we will continue to maintain that going forward.

Rahul Maheshwari: That is fine. Thank you very much.

Moderator: Thank you. The next question is from Pragya Vishwakarma from Edelweiss. Please go ahead.

Pragya Vishwakarma: My other questions are answered, but I just wanted you to throw some light on the increase in other expense, I might have missed because I was lost in the call in between so if you could please repeat?

Deepak Asher: Again as I mentioned to you and let me just kind of pull that out. I assume that you are looking at the other expenses in the results that were published but I think the right way to do it is to look at it on a per screen basis because the results published would also factor in the fact that our effective number of screens have gone up by about 10% Y-on-Y so on a per screen basis our other overheads were Rs 40.4 lakhs for the quarter in Q2 FY2016 and this has gone up to Rs 41.3 lakhs in Q2 FY2017 there is an increase of about 2.2% but this is less than the rate of inflation so in real terms actually the other overheads on a per screen basis has gone down.

Pragya Vishwakarma: So the better way to look at each of that would be to go as per the increase in your operational?

Deepak Asher: Yes, effective number of screens and if you look at an investor presentation on slide #9 we have actually given you all the other overheads on a per operating screen basis and rupees lakhs and again for the sake of brevity I just mentioned the total but we have also indicated to you what the breakup of that is in employee benefits, property rent, repairs and maintenance and other overheads.

Pragya Vishwakarma: Thanks. That is it from my side.

Moderator: Thank you. The next question is from Amit Kumara from Investor Capital. Please go ahead.

Amit Kumar: I joined the call a little bit late I think you talking about why the film distributor share had gone up substantially, could you please repeat that one more time?

Deepak Asher: If you look at how the film distributor share works, we have a certain slab system so you pay 50% of NBOC in the first week, 42% in the second week, 37.5% in the third week etc. Now there has been no change in the slab and therefore the increased cost is not as a result of us actually paying more to the distributor but if a movie ran say for two weeks, you would pay 50% in the first week and 42% in the second week and therefore your average would be say 46% assuming that your collection in both the weeks are same versus if a movie ran only for one week you would end up paying just 50%. Now the films do not do well if the average run of films is shorter, there would be a higher percentage paid, because the 50% would kick in for more films than the 42% would and again as I said if you look at the data in terms of collection in the first week, typically just constitute about 60% to 62% in the first week; however, in this quarter 75% of our GBOC came in the first week itself it is meant that few of the films ran in the second and the third week as a result of which our average distributor payout went up from 34.3% to 36.2% in the quarter which is a increase of about 2% point. But again this is not structural in nature. This is more a result of the content performance in this quarter and this therefore gives us hope that this will not be permanent.

Amit Kumar: Sir just one small follow up on this, is not there also a 2.5%, 3% kicker that you pay films if they tend to hit a certain box office benchmark and given the fact that the general performance of films this year has been relatively weaker you would have also saved on that account.

Deepak Asher: Well may be yes and no, the problem there is that as long as five films do exceedingly well and as I mentioned the top five films performed the same as the top five films of last year and therefore the bonus clause would have been effective similar to what it was last year.

Amit Kumar: Just a quick follow up on this how does the distributor share sort of vary across you know we understand it for Hindi and for Hollywood but across regional markets any sort of differential in terms of film distributor share that if you could point out please?

Deepak Asher: Again that is not typically what we would discuss on a call like this we can only give you the blended number, I do not think we would be able slice that up into different segments.

Amit Kumar: No I am saying that does this slab system sort of vary on a market-by-market basis.

Deepak Asher: I can only say it is different. I cannot go beyond that.

Amit Kumar: I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from Dhaval Seth from Emkay Global. Please go ahead.

Dhaval Seth: Thanks for the opportunity Sir. Question on ATP, there is a meaningful increase in ATP at 8% Y-o-Y so that has been not seen in many odd quarters in the past so is it the that again strategy over here is also price led and that has also accelerated the decline in footfalls as compared to the other competitors?

Deepak Asher: I do not think so and again I am not saying this in relation to the other competitor because as I mentioned now once again I would not want to get into comparative discussion but I do not believe our fall in footfalls is a result of anything that we did on price.

Dhaval Seth: So you are saying that footfalls will probably bounce back if the content is strong in Q3 .

Deepak Asher: That is what we would expect yes and as we see from the content pipeline we would hope that the next two quarters would see a strong content again.

Dhaval Seth: So what is the consistent strategy over here is it that we will continue to increase our ATP at this rate going forward also or it was for a particular quarter we wanted some benchmark in ATP and that is where we took that kind of increase?

Deepak Asher: No I think we would see anywhere between *(again to some extent it is content driven)* 6% to 10% increase in ATPs on a Y-on-Y basis.

Dhaval Seth: For FY2017.

Deepak Asher: I would expect that.

Dhaval Seth: In terms of SPH and F&B revenues if you can share some light on volume or price led growth what was there.

Deepak Asher: Again this was largely volume led growth our spend per head as I mentioned to you has gone up in the quarter by about 16%, I think in the last call we did elaborate on several initiatives that we were taking in order to ensure that our F&B spend per head for that, and I am happy to report that is bearing fruit. 16% growth has occurred on spend per head, Rs.56 has gone up to Rs.65. Our cost for the half year has remained virtually the same around 75% contribution levels so that would indicate that this is not as much because of price increase as it is because of volume growth in the sense that every patron buys more food at the same price rather than at a higher price.

Dhaval Seth: So are those four products, which are the majority, sold in most of the multiplexes where we have seen volume increase on the like-to-like basis or it is a new product which would have driven the volumes over here?

Alok Tandon: Well I would say it is a mixture of both; it is a mixture of how we have pushed our products and the four or the five items which we are talking about as well as introducing new items in the entire menu.

Dhaval Seth: My last question is on the ad growth as an industry basis so there has been some piracy problem with Udta Punjab and A Flying Jatt, so movies were leaked before release so does this impact structurally where advertisers might be cautious on this certain that impact on advertisement for a particular movie can be seen going forward if this continues in some of the movies?

Alok Tandon: Well I do not think it affects the advertisers as much as it affects the entire film industry, so piracy is a problem which has to be tackled and yes it affects the entire ecosystem of our industry.

Dhaval Seth: But nothing on the advertisement contracts or from the advertisers the multiplexes get somewhat pressure on this.

Alok Tandon: No it does not.

Dhaval Seth: That is it from my side. .

Moderator: Thank you. The next question is from Ronak Shah from SJC Advisors. Please go ahead.

Ronak Shah: I just wanted to check what is the maintenance capex you spend on a per screen basis in any given year.

Deepak Asher: Just give me a moment I will get back to you I need to ask my CFO about that in terms of giving you a precise number but may be if you can go onto the next question.

Ronak Shah: My question this is what I was getting to watch you spent about a Rs 123 Crores in capex last year and assuming let us say maybe Rs 10 to Rs 15 Crores maintenance and you open 51 screens to it talks to about call it Rs 2.2, Rs 2.3 Crores per screen in terms of setup cost, but you mentioned that you are looking at about Rs 3 Crores per screen this year so has the cost gone up by that much?

Deepak Asher: Well I think it was primarily a function of the fact that we expect to open some premier properties over the next six months, some really high profile and again these are not announcements like I will make right now but just watch this space, I think over the next one or two months you will see some very exciting property opening news.

Ronak Shah: Got it understood and actually just wanted to ask what is the online ordering in terms of percentage of ticket sales now in terms of either app or online or BookMyShow?

Deepak Asher: For the quarter within the total online ticket sales of roughly about 31% in Q2 FY2017 as compared to around 26% in Q2 FY2016 so we are seeing a healthy growth in those numbers as well.

Ronak Shah: You are seeing that, that kind of translating into kind of lower employee cost that you can start getting more attrition fees as that number goes up probably over the next few years.

Deepak Asher: That is one, and secondly there is a revenue kicker on online because we charge convenient charges, which adds to the other operating revenues so that would actually increase our revenues and at the same time help in reducing employee cost.

Ronak Shah: Just a follow up question on that, you mentioned that the convenience charge, now when you kind of tie-up with someone like a BookMyShow or any another online portal, they charge a convenience fee as well, is there any kind of fine print in the contract you have with them which says that they cannot charge convenience fees less than what you charge on your own app?

Deepak Asher: No again let us not get into discussions of specific contracts but all I can say is it is revenue accretive whatever convenience charges are charged either by us directly or by the aggregators there is a significant part that passes back to us and therefore it only helps in boosting our revenues.

Ronak Shah: Got it. Thank you.

Moderator: Thank you very much. Ladies and gentlemen due to time constraint that was the last question I now hand the conference over to Mr. Puneet Garg for closing comments.

Puneet Garg: Thank you. On behalf of Axis Capital, we would like to thank the management of Inox Leisure for giving us this opportunity to host the call and thank all the participants for joining the call.

Deepak Asher: As on behalf of INOX Leisure Limited again I would like to thank all participants for the interest, which they have shown in following the results of this company. Hopefully the future quarters would be much better than what we have demonstrated in the past on the back of better content going forward and again on behalf of all of us I would like to wish all of you a very Happy Diwali and a Prosperous New Year.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference call for today. Thank you for joining us. You may disconnect your lines.