23rd May, 2019

To,

The Secretary	The Manager
BSE Limited	**National Stock Exchange of India Limited**
P J Towers,	Exchange Plaza, 5th Floor, Plot No C/1,
Dalal Street,	G Block, Bandra-Kurla Complex,
Mumbai – 400 001	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 Monday, 13th May, 2019.

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 Ltd.
Q4 FY2019 Earnings Conference Call"

May 13, 2019

ANALYST:	**MR. URMIL SHAH – IDBI CAPITAL MARKETS AND SECURITIES**
MANAGEMENT:	**MR. DEEPAK ASHER – DIRECTOR & GROUP HEAD – CORPORATE FINANCE – INOX GROUP OF COMPANIES** **MR. ALOK TANDON – CHIEF EXECUTIVE OFFICER – INOX LEISURE LTD.** **MR. KAILASH B GUPTA – CHIEF FINANCIAL OFFICER – INOX LEISURE LTD.**

Moderator: Ladies and gentlemen, good day, and welcome to the INOX Leisure Q4 FY2019 Earnings Conference Call hosted by IDBI Capital Markets and Securities. As a reminder, all participant lines will be in the listen-only mode. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Urmil Shah from IDBI Capital. Thank you and over to you Urmil!

Urmil Shah: Thanks, Ali. Good evening, ladies and gentlemen. On behalf of IDBI Capital, I welcome you all to INOX Leisure Limited's post-earnings con-call for the quarter and year ended March 2019. I would like to congratulate the management for a blockbuster quarter in Q4 FY2019.

On the call, we have the senior management of the company led by 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.

Without further ado, I pass on the call to the management. Over to you, Mr. Alok

Alok Tandon: Thank you very much, Urmil. Hi everybody, I am Alok Tandon speaking. On behalf of the management of INOX Leisure, I would like to wish you a very good evening and extend a very warm welcome to all the participants on this call.

Happy to inform you that the Board of Directors has approved the quarterly results of Q4 FY2019 and the audited results for the full financial year FY2019. The results have been uploaded on the website of the stock exchanges as well as on the website of the company. And along with results, we have also uploaded an earnings presentation.

On this call, what I would like to do is walk you through some of the significant financial and operating parameters as contained in our presentation. And of course, after that we will be open to take queries in the Q&A session.

We have had a sterling Q4 FY2019. And apart from having some great results, we have also set new industry records. We have had the highest-ever new screen openings for the industry in a year, and we have opened till now in FY2019, 17 properties with 85 screens. We have had the highest ad revenue growth in the industry for the eighth consecutive quarter. We are the first national chain in the industry to be totally net debt free, and we have had the industry's highest EBITDA to capital invested ratio for FY2019, which is at 22%.

We have also achieved quite a few milestones in FY2019. We have had the highest-ever yearly footfalls of 6.25 Crores. We have had the highest yearly ATP of Rs.197. We have had the highest yearly SPH of Rs.74. Similarly we have had the highest yearly revenue of Rs.1692 Crores. We have the highest yearly EBITDA of Rs.309 Crores, and we had the highest yearly PAT of Rs.133 Crores.

Not to forget that we were one of the most awarded multiplex for the year where 2018-2019 was concerned and which is also a part of our presentation. Looking at the financial results and highlights of Q4 and for full year FY2019, let me tell you that we will be comparing Q4 Y-on-Y and full year Y-on-Y. We are doing a Y-on-Y comparison, which is of Q4 FY2019, which is being compared with Q4 FY2018, and FY 2019 is being compared with FY 2018.

For the quarter, revenues from operations went up by 48% from Rs. 324 Crores to Rs. 479 Crores. EBITDA increased by 122% from Rs. 44 Crores to Rs. 97 Crores. EBITDA margin in Q4 FY2019 has improved from 14% to 20% this year. Adjusted PAT increased from Rs.4 Crores to Rs.44 Crores for the quarter. That is an increase of 992%. PAT margins therefore increased from 1% to 9%. A point to note here is that in Q4 2018, we had an adjusted PATwhich excluded a non-recurring tax write-back.

For the full year, revenue from operations went up by 26% from Rs. 1348 Crores to Rs. 1692 Crores. EBITDA improved by 47% from Rs. 210 Crores to Rs. 309 Crores. And the EBITDA margin increased from 16% to 18%. Adjusted PAT improved by 112% from Rs. 61 Crores to Rs. 129 Crores. PAT margin, too, improved from 5% to 8%. I would like to briefly allude that this is the highest yearly Revenue, EBITDA and PAT earned by INOX. This has been a great year, and we have created several records at INOX this year.

Now if you look at the breakup of revenues, as we all know, our revenues comprise of four key streams, which is the net box office, the net food and beverage, advertisement and other operating revenues. For the quarter, the net box office figures went up from Rs. 190 Crores to Rs. 284 Crores, that was a growth of 50%. F&B revenue went up from Rs. 78 Crores to Rs. 123 Crores, that is a growth of 59%. And advertising income went up from Rs. 33 Crores to Rs. 43 Crores, that is a growth of 29%. Other operating revenue went up from Rs. 23 Crores to Rs. 28 Crores, that is a growth of 22%. And as a result of which, revenues went up from Rs. 324 Crores to Rs. 479 Crores, which is a growth of 48%.

Figures for the full year: revenues from net box office went up from Rs. 802 Crores to Rs. 975 Crores, that is a growth of 22%. F&B revenues went up from Rs. 306 Crores to Rs. 436 Crores, that is a growth of 42%. Advertising income went up from Rs. 139 Crores to Rs. 176 Crores, that is a growth of 27%. And other operating revenues went up from Rs. 101 Crores to Rs. 105 Crores, which is a growth of 3%. As a result of which, total revenues for the full year went up from Rs. 1348 Crores to about Rs. 1692 crores, which is a jump of 26%.

Net box office revenues for Q4 FY 2019 now comprise about 59.4% of our total net revenues. F&B comprises 25.8%, advertising, 8.9% and other operating revenues comprise 5.9% of our total revenues for the quarter whereas for the entire year, net box office comprises 57.6%; F&B, 25.8%; advertising, 10.4%; and other operating revenues, 6.2% of the entire net revenues.

Now this performance was largely led by the significant releases that have happened in the last quarter. These include URI The Surgical Strike, which had a footfall of 31 lakhs and a Gross Box

Office collection (GBOC), of Rs. 57 Crores. We had Gully Boy, the footfalls of which were 15 lakhs and a GBOC of Rs. 32 Crores, Simmba with footfalls of 15 lakhs and a GBOC of Rs.29 Crores. Total Dhamaal had 14 lakh patrons coming into INOX, and we had Rs.25 Crores GBOC. Kesari did 11 lakhs footfalls and GBOC of Rs.21 Crores. The top 5 films for the quarter therefore accounted for about 86 lakhs of footfalls, that is 48% of the quarterly footfalls; and GBOC of Rs.164 Crores, which is also 48% of the quarterly GBOC. As compared to last year's Q4 FY2018, the top 5 films got 51% of footfalls and 53% of GBOC.

So that was the content flow, and now coming into some parameters behind these financial numbers.

The overall footfalls for the quarter improved from 126 lakhs to 180 lakhs, that is an increase of 42%. Occupancies also improved from about 26% in Q4 FY2018 to 31% in Q4 FY2019. For the full year, footfalls improved from 533 lakhs to 625 lakhs. Occupancies, too, increased to be at 28% as compared to 26% in FY2018.

On comparable property basis, which is also called the same-store basis, footfalls for the quarter went up from 126 lakhs to 159 lakhs, that is a growth of about 26%. Occupancies, too, went up from 26% to 31% on the same-store basis. For the full year, footfalls went up by 6% from 477 lakhs to 508 lakhs, and occupancies increased to 28% from 27%.

Overall average ticket prices decreased from Rs.193 to Rs.189. That is about a 2% decline in ATP; however, for the full year, it has improved from Rs.193 to Rs.197, which is a 2% growth in ATP. For comparable properties, the average ticket prices decreased from Rs.194 to Rs.186. That is a decline of 4% for the quarter whereas for the entire financial year, it has gone up from Rs.194 to Rs.195, which is a growth of 1%.

The second component of our revenue is food and beverage. We have seen that spend per head has gone up by 9% in Q4 FY2019 to Rs.73 from Rs.67 in Q4 FY2018. For the full year, it went up by 11% to Rs.74 from Rs.66 in the corresponding period. The net contribution has fallen marginally from 74.9% to 74.3% in the quarter and from 75.7% to 74.2% for the full year.

We continue to maintain the momentum of growth on advertising income that increased in the quarter from Rs.33 Crores to Rs.43 Crores that is a growth of about 29%. For the full year, advertising income improved by 27% to reach Rs.176 Crores compared to Rs.139 Crores last year. Other operating income also increased from Rs.23 Crores to Rs.28 Crores. That is a growth of 22%. For full year, other operating income increased by 3% from Rs.101 Crores to Rs.105 Crores. These are our key revenue components.

On the cost side, tax cost, which is essentially GST, went down from 27.5% to 18.1% on NBOC basis for the quarter. For the full year, it went down from 27% to 24.9%. Film distributor share went up from 41.7% to 43.7%, and again on NBOC basis for the quarter; and for full year, 44.6% went down to 44.2%.

As far as the other overheads per operating screen are concerned, these went up from Rs.39.2 lakhs per quarter per screen to about Rs.42.5 lakhs per quarter per screen, and that is an increase of about 8.4% for the quarter. For the full year, Rs.159.3 lakhs went up to Rs.168.3 lakhs, that is an increase of about 5.6%. These are the key highlights of our financial numbers.

In terms of new properties that we opened, in Q4, of FY2019, we opened 5 properties with 28 screens and 4490 seats. These include properties in Jaipur in GT Central; Bhubaneswar in D N Mall; Jamnagar Reliance; Mumbai Inorbit Malad, where we already had an existing seven-screen multiplex and we have added 4 more over there; Bhubaneswar Symphony; and in Chennai, we opened at The Marina Mall. So in totality, we opened 5 properties in Q4 FY2019 and 28 screens with 4490 seats.

This financial year in the months of April and May, we have already opened the Lucknow Gardens Galleria Mall with 4 screens and 803 seats; on 20 April this year. We opened in Vadodara, the Taksh Galaxy, which has got 5 screens and 976 seats. As a result of this, we are now officially in 19 states, present in 67 cities with 141 properties, 583 screens and 137,365 seats, which are operational.

We expect to open 16 properties and 71 more screens in this year. Just to tell you that we've already opened 9 screens, as I just said, with 12,633 seats during the remaining financial year 2020. Beyond this, we have a very strong visibility of pipeline beyond FY 2020 based on agreements already signed. We have properties tied up to the extent of about 830 screens, 120 properties and 150000 seats approximately. And once this pipeline is fully implemented, we will be about 277 properties, 1480-plus screens and about 3 lakhs seats strong. So that it is as far as the properties pipeline is concerned.

As far as content is concerned, we expect some pretty good releases to happen over the next few months. This month, for example, we have De De Pyaar De, which will be released on 17th May. In June, we have major releases like Bharat, which is a Salman Khan starrer. In July, we have Spider-Man, which will be released on 5th July. In August, there is Mission Mangal starring Akshay Kumar expected to be released on 15th August. And so what I see is that we have quite a strong content pipeline and the year looks to be quite exciting.

In terms of the shareholder structure, FIIs own about 11.08% of the company, and DIIs own about 20.79%. We have treasury shares of 4.23%. The public owns 12.01%. The share price currently is, as of Thursday, which was the 9th of this month, Rs.316.20, which gives the company a market cap of roughly about Rs.3252 Crores.

So that, ladies and gentlemen, this is a brief snapshot of our financial and operating performance. I would now like to open this up for any questions that you might have. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. First question is from the line of Abneesh Roy from Edelweiss Securities. Please go ahead.

Abneesh Roy: Sir, congrats on extremely good set of numbers. My first question is screen addition is strongest and highest in the industry, so what is going right for you when I see some of the peers they have been slow versus initial guidance and slower than you in terms of overall addition, so what is going right, if you could share some signs behind that?

Alok Tandon: So Abneesh, we have a lot of focus where projects are concerned. We have a laser sharp focus on the entire equipments to be used, the product to be given to our guests and the way we want to take and finish a property on time after we take possession. That is very important. Also, with more people in our team, we ensure that we open properties as soon as they are handed over to us by our developers and all the procedural delays which take place normally before we start a property, for example, any architectural issues, any service issues, are closed before we even put the first hammer in the property. So that is one that we ensure that when we start a property, we are totally ready to implement and finish it on time. The second is that the property, which is signed up, our developers are developing them at a faster pace. So we are getting all the properties on time. And hence, we are able to deliver 85 screens in the last financial year.

Abneesh Roy: Will it be a function of your overall debt to equity because your net debt is zero, while the other players are having debt, so is it also linked to the overall equity situation you have so that leads to faster allotment and that is why you are able to do the capex also faster?

Alok Tandon: Yes, absolutely right. We are proud to say that we are a net debt-free company, and all our expansion is taking place at a fast pace. And we have no issues as far as capital is concerned to execute these projects.

Abneesh Roy: Sir, my second question is your metric symptoms of growth is absolutely top notch, one metric where I found that there is some lag still is occupancy if you see the other player has seen 38% occupancy this quarter, yours is 31% and on Y-O-Y basis your growth is 500 BPS while the other player has grown 700 BPS on a higher base, so what is the issue here is it the legacy screens the geography mix is different and can you do anything proactive to come closer to industry leader in terms of benchmark?

Alok Tandon: Yes. I could not understand your second question, Abneesh, but answering your first question, first. The occupancy is also a function of number of seats you have in an auditorium, and also of number of shows you give to a particular movie that is showcasing. But as you see that, we have shown an improvement in occupancy. It has gone up where Q4 is concerned and also where the entire financial year is concerned. So we are at 28% this financial year. When I look at my comparable properties, comparable properties, our occupancy for the quarter has been 31% and 28% for the entire year. So as I said, it is a function of number of seats, and it's the function of the showcasing, which one does. Sorry, I could not get your second question.

Abneesh Roy: No, I am completely agreeing to the improvement shown by you. My question is why the other player is showing 38% occupancy in the same quarter for like-to-like only. It is not that their acquisitions are inorganic. Why should they be higher at 38% and they are consistently higher? It is not only this quarter.

Alok Tandon: I agree, Abneesh. We have more seats per screen. The competition has got less seats per screen compared to us. And hence, you would see that the occupancy numbers are different when you have more seats in a particular screen because my base is a larger base. So my footfalls may be X, but if I have got a larger base, hence, occupancy percentage will come down.

Abneesh Roy: So stretching this further. In your new screens, for example, which you are planning to open, say, in FY2020, would you be having lesser number of seats because that seems to be the right setting in terms of occupancy?

Alok Tandon: Yes. In our new properties, we have less seats per screen. And also, now we are experimenting with different models with different formats, which is pulling the crowd. And where technology is concerned, we have always been ahead of the curve, whether it is MX4D, whether it is any other format like an LED. So hence, we are ensuring that we have more people coming into our theaters. And yes, going back to your whole point, we are reducing our number of seats per screen.

Abneesh Roy: Could you quantify that? What were the seats per screen earlier? And now what would be the ballpark?

Alok Tandon: Well, it is difficult for me to ballpark because that is a decreasing number. But our 250 has come down to approximately about 235 seats per screen.

Abneesh Roy: I agree it is much higher than the other player. Sir, my second question is on this premium screens. Now you have the Insignia. The other player in very same geography has opened Luxe screen very recently in the same Lower Parel geography. So my question is, are these doing as per initial expectation? How does new competition in the same geography impact? Because we all know India is all about mass consumption. Now all this kind of pricing, Rs.800 to, say, Rs.2500, I think, is extremely high for most Indians. So could you elaborate? Has it lived up to the expectation?

Alok Tandon: Well, Rs.800, Rs.900, what you are talking about is only for a few cinemas and for a few screens. Otherwise, the national average is Rs.197. Our Insignia properties have done very well. So we know that there is a market for that type of consumption. And let us not look at the average ticket price in isolation. Look at the technology behind it, service behind it, the food behind it, the ambience we give to our guests, which is there. So hence, yes, there is a niche audience. There are a few people who would like to spend that amount of money to watch a movie. And we have seen that whatever we have invested till now and the capital expenditure we have put, we have got good returns on it.

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

Darpan Thakkar: Congrats for very good results. I have two, three questions. One is can you quantify what is the number of minutes right now for advertisements that you are getting?

Alok Tandon: Well, Darpan, we do not quantify that what our minute consumption has been. But let me tell you that our overall growth has been because of these numbers, but also because our effective rate has gone up. So as we have been always saying, that we are focusing now on the advertisers who give us good rates. That has been a clear focus of the company for the last couple of quarters, and that has seen us grow in terms of total rupees. So yes, partly because of increase in number of minutes, but, more importantly, the effective rate has gone up.

Darpan Thakkar: So is it more 60-40 kind of ratio? Or it is really…

Alok Tandon: Again I would not like to answer that, but I just answered that it is a combination of these two factors.

Darpan Thakkar: Okay. No problem. And out of the current portfolio of screens, how many screens are premium screens? And what is the target there?

Alok Tandon: Well, it depends how you define premium. If I look at premium, for me, Insignia is surely premium. For me, IMAX is premium. MX4D is premium. And we have other formats. Kiddles and the LED Theater we have is premium. So I would say about 8% to 9% of our screens are premium in our total kitty.

Darpan Thakkar: And any target two or three years down the line?

Alok Tandon: No, there is no target here because all these premium formats depend on where you are opening. It depends on the catchment area. So even in a particular city, I may have a premium format in a particular multiplex but not in the other. So it depends on where we are and what type of clientele we will get into that particular multiplex.

Darpan Thakkar: Okay. And the new screens that you are running for the last year, per screen, average seats are around 180. And earlier, it was averaged at 240. So there is a huge decline from what is your historical number of seats per screen. So will it reflect a lower rental cost going forward? Or how do you see it?

Alok Tandon: Rental has got nothing to do with number of seats. Rental is as per the square foot, So maybe I have a property with less number of seats per screen, but more screens in that property. So rentals are based on square footage, not on number of seats.

Darpan Thakkar: Okay. So you are opening more screens for the same area but you are reducing seats, but increasing screens?

Alok Tandon: Yes, that is right.

Darpan Thakkar: And last question on F&B. What has gone right for you? Like F&B has increased by roughly 12% for FY2019. So what have you done differently for this year? And what have you planned there?

Alok Tandon: Okay. As I have always said, Darpan, that for us what is important is that where our guest is standing that should become the point of sale. We do not want guests to come and stand in a long concession line. And hence, we have done various things to ensure that he buys food from wherever he stands in the lobby. These having interactive kiosks which are fixed on the pillars or having a food app embedded into the INOX app, which he takes out his mobiles from the pocket and order food, which can either be served on his seat or he can go to the concession counter and pick it up. That is one. Number two is changing our menu at a regular period so that menu fatigue does not set in. Number three, having our food menu curated by a master chef, so that it is nice, easy food which you can have inside the cinema hall, which does not have odour and is enjoyed by everybody. So we are taking a lot of steps to ensure that our F&B goes up. And more importantly, how do we sell more items to our customer. How do we ensure that every transaction has got more items being sold? So these are the few steps we have taken to ensure that our food and beverage revenues go up and spend per head increase.

Darpan Thakkar: That is it from side. Thank you.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Congratulations for a superb performance. So coming now footfall growth has been one key driver for us obviously. But apart from that, there has been a pretty strong growth across ATP as well as SPH on the net basis. Now historically, if I look at SPH, we have been growing more like maybe a high single-digit sort of a CAGR over the last 3 to 4 years, while last year has been an exception there. There in we had a strong double-digit number on a net basis. So just wanted to understand your thought on that. How do you see this growth going ahead, whether we come back to the earlier average or probably such strong growth going to continue?

Alok Tandon: Ankur, I would not like to predict the future, but I would say that our endeavor is to continue with this growth. And I am using the word endeavor. I am not saying that it will be. And that is where the focus of the entire company is to ensure that we sell more items, we have point of sales everywhere as I just said, and we keep on changing our menu and offer more to our guests so that when he comes to a cinema hall, it should not happen that he says that, "I should have my dinner before or after the movie." It should be during the movie. And that is something, which we are concentrating on.

Ankur Periwal: Okay. Fair enough. A second bit on the rent including the overheads, etc. Now over the years, now in percentage terms, obviously, things have come down because the revenue growth have been much stronger. But even on a per screen basis, the escalation is not as high any specific reason here? Or probably it is a general business course?

Alok Tandon: Well, we always maintained that when we take a property we take a property with eyes wide open. It is not that we just grab a property, which has more rental. It is a business call, which we take that how much money we will be able to recover from that property, what will be our returns on it. And hence, our rentals, which we pay to our landlords, are something, which are not over the top and in line with our business decision. And that is when you see that our year-on-year growth where rentals per screen is concerned is more or less in line with inflation. That is how we have done over the last couple of years.

Ankur Periwal: That is it from my side. Thank you and all the best.

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. When you say they are 830 screens signed agreements in the pipeline, what does sign agreement means, are you given some deposit or is it normally signed, what exactly it means?

Alok Tandon: Well, you are absolutely right. These are properties where deposit has been given. And yes, there is a document which is inked, so it means both the parties have inked that particular piece of paper saying that there is a contract between XYZ developer and INOX Leisure Limited that these things will come up in this property. That is how it is. And yes, we have given a part of our deposit where these are concerned.

Keshav Lahoti: So, is there any deadline when all these properties will be operational like 5 years, 8 years something in mind?

Alok Tandon: Well, we want to open them sooner than later, very soon, I would say. And hence, we are on track where we want at least 80 screens to come up every year. And this year, we have identified those 80 screens, which we want to open in this financial year.

Keshav Lahoti: So, 80 means like 10 years it will be operational, so why do you book the property so early like after 10 years where the property is booked right now like what is the idea behind this?

Alok Tandon: Well, I would not say it is 10 years. It could be much more sooner than that. The concerned developer signs with us when he was just on a drawing board stage. And knowing the propensity of the people over there, knowing the way the mall will come up, we will sign the property. So it is quite possible that a few of them may come up after a few years, but others, I feel that should be with us in the next four to five years for sure.

Keshav Lahoti: Okay. When I see your other operating revenue, this is Rs.28 Crores for the quarter. Can you please give me the bifurcation? What is the convenience revenue of the other operating revenue?

Alok Tandon: Again, we do not give individual numbers. But you are right that , other operating revenue or the prime chunk of it is the convenience revenue and also the virtual print fee, which we get from various producers, but I will not be able to share with you the revenues and various components of it.

Keshav Lahoti: Okay. One last question when I see your ad revenue growth from last 2 years, you have done a commendable job. So is there more room left to increase the advertising ad per screen at the rate you have done in last 2 years? Will it be a double-digit growth?

Alok Tandon: Well, as I always say, our endeavour is to push the pedal hard and ensure that we continue with the growth momentum what we have done in the last 8 quarters. So whether it is advertising or food or more tickets we sold, our endeavor is to really push the pedal hard and ensure that our growth rate continues.

Keshav Lahoti: Thank you Sir. That is it from my side.

Moderator: Thank you. The next question is from the line of Devika Jain from Ratnabali Investments. Please go ahead.

Devika Jain: Devika is not there, so I will be asking the question. My question to you is that, on your new properties, you will be opening screens at the rate of 180 seats per screen. Sir, going forward, do you expect higher increases in ATP to kind of make up for this lost capacity that I must put in another other way? So do you expect basically, ATP the pricing seems to accelerate in the next 2 to 3 years rate for you to compensate for the lost capacity?

Alok Tandon: I think compensating for the lost capacity is a myth because what is happening is that we are opening more screens in a particular place with less number of seats, not that I am reducing my number of seats overall. And number two even I am doing it I am putting in new technological formats over there. We are expecting that people will pay a higher average ticket price, be it any format, which we have done so far. And I will just pick and name of a few like IMAX, MX4D, a laser projection system because we have lots of laser projectors with us and the Onyx LED, which we have opened. So I do not think that your question, where you said that will we increase ATP or things will change as a lost opportunity by having less seats. That is not right.

Devika Jain: Okay, okay. Just one more thing, Sir. So if you think ATP growth has been really flat this year. Probably a lot of it was down to jet packed customers as well. So could you just give us a sense of how ATPs could pan out over the next three years with one, should it be able replicate your historical growth rate of 5%? Or do you expect this to come down?

Alok Tandon: See historically, our ATP has been going up at the rate of inflation. So we are 4% to 5% every year. GST went down from 28% to 18%. And hence, we passed the entire benefit to our customers. That is why what you see is a dip in our ATP for Q4 FY2019 and the overall from FY2018 to 2019 we have just grown up by 2%, but that’s only for this financial year,otherwise, our ATP’s growth is in line with inflation.

Devika Jain: Thank you so much.

Moderator: Thank you. The next question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Good evening Sir. Sir, would it be possible for you to share your rent per square feet in case of malls and standalone properties?

Alok Tandon: No, not at all. Okay. Let me be blunt and say no.

Harsh Shah: Yes, I can totally understand that. Okay. Just one thing I would like to know do you have any agreement where you have to share percentage of revenue with your property owners. Or is it the rents are fixed only increase as per the inflation rate? Or whatever the rate you decide?

Alok Tandon: No. We have various types of agreements with our developers, and yes, there are few where we also share revenue with them. So it is a revenue-share basis, a couple of more models, and one of them is sharing the rent on a revenue-share basis.

Harsh Shah: And how many screens would you have in such an arrangement where you share a part of revenue?

Alok Tandon: Again, I will not be able to disclose the numbers, please.

Harsh Shah: Okay, okay. Not an issue. And Sir, when you say and actually I have been covering this company only recently, so excuse my naivety. When you say you have an ARPU of average revenue of Rs.195, does it include an element of GST to it?

Alok Tandon: Yes. When you talk about average ticket price, average ticket price is with GST. It is a gross price that I take from a patron. This was Rs.197 in FY 2019.

Harsh Shah: And the revenue of 284 Crores the main box collection for this quarter does not include GST?

Alok Tandon: No, that is net collection that is without the GST.

Harsh Shah: Last question, so we have seen some sort of decline in your average ticket price for this quarter, so despite there has been a better content and this has let to some increase in your occupancy, so is there any function that if you reduce the ATP at least to higher occupancy, have you see such sort of behavior?

Alok Tandon: Let me correct you that the ATP has not come down. It is because we have passed the entire benefit of GST reduction to the patron and as I said that the ATP, which is with GST and hence we have passed that entire amount to our patron. We believe there is no reduction in ATP.

Harsh Shah: Fair enough. Thank you so much.

Moderator: Thank you. The next question is from the line of Vikas Vardhan from Value research. Please go ahead.

Vikas Vardhan: Good evening. My question is related to accounting system. Sir, what is the changing from operating lease system to financial leasing system due to change in recent Ind-AS accounting standard?

Alok Tandon: Sorry, could you repeat that question please?

Vikas Vardhan: Due to change in the recent Ind-AS accounting system, so would you be seeking to from operating lease accounting to financial leasing accounting?

Kailash Gupta: Yes, you are right. This is Kailash. So we have to move from a operating to finance lease effective on April 1, 2019. And of course the numbers have to be worked out , we will come back to you during Q1 results when we will have exact calculation available. But this will again affect the entire industry, not only INOX per se.

Vikas Vardhan: So, you would be sharing the short-term implication of taxes and profitability later on?

Kailash Gupta: Yes, I will do that at a later stage.

Vikas Vardhan: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Apurva Mehta from AM Investments. Please go ahead.

Apurva Mehta: Congratulations. Sir, just wanted to have some colour on the advertising revenue, what is your outlook for next year and how do you see the advertising revenue?

Alok Tandon: Again, I just mentioned that we will not be able to predict the numbers and tell you that what numbers we will have in the next quarter or even in the next financial year.

Apurva Mehta: Just colour where it is moving exactly because we have grown decently last two year, so 27% kind of thing is till achievable going forward?

Alok Tandon: As I just said, we had to move north, and we have seen there is a lot of headroom in this so our effort is to ensure that we keep on increasing our advertising revenue.

Apurva Mehta: Normally our EBITDA margin is closely related to your occupancy rate, what is our threshold on that if you know currently we are at 28%, we could do around more than 20% EBITDA, so is it fair to assume that if it comes to 26% your EBITDA margin will pop to around 16% to 17%, is it fair to assume that?

Alok Tandon: Well, I do not want to discuss numbers in detail, but yes EBITDA margins are surely linked to the occupancy level, the footfalls, the topline as well as the cost, that is how we control our cost and the effort and the focus of the company is as much as to increase the topline is also to control the costs and those parameters I think would help us in increasing the EBITDA margin.

Apurva Mehta: But, now seeing the current run rate, which we are going through and the cost control we have it is fair to assume that we can easily do like 17% to 18% type of EBITDA margins?

Alok Tandon: Again, I am saying, I do not want to quote or tell any numbers. I use this word endeavour again that yes our endeavor is to ensure that we keep on increasing the EBITDA margins.

Apurva Mehta: Thanks a lot and wish you all the best.

Moderator: Thank you. The next question is from the line of Urmil Shah from IDBI Capital. Please go ahead.

Urmil Shah: Sir, I had two questions on F&B part, so if you look at the SPH growth from Q3 FY2018 to Q4 of FY2019, every quarter we did a double-digit plus kind of growth and then of course there were headwinds at the industry level, standing right now how do you see the growth to come in for FY2020, do you think that we should be able to cross double-digit SPH growth or we would see how the world grows and may be in FY2021 we should expect it?

Alok Tandon: Urmil, as I was always saying that I am not a crystal ball gazer and I do not want to predict numbers and talk about the future, but yes, double-digit growth is something, which we want to continue with. We have to focus on various ways of selling more food and ensure that people come back to us to eat more varieties which we offer and so that we have spent a lot of money and lot of effort, so whether its FY2020 or FY2021 or FY2022, as a company, as a management my endeavor is that yes, we continue showing growth rate where the food is concerned or for that matter any operational metrics is concerned we want to really press the accelerator hard.

Urmil Shah: If we look at the gross margin in this quarter that has moved up a bit after previous two quarters being slightly lower, so what is gross margin we should factor in going forward, should we expect improvement given the change in the mix or you would rather want to go for the revenue growth side?

Alok Tandon: I am sorry I could not get your question of gross margin?

Urmil Shah: Gross margin on F&B, Sir that has improved a bit versus the last quarter, so commentary on that would be good?

Alok Tandon: I know you are talking about the EBITDA margin, which is about 20%, which are there for Q4 FY2019 and 18% for FY2019. As I have said for the last three, four questions, endeavor is to increase every operational metrics whether it is food, whether it is advertising, whether it is average ticket price, whether it is more people coming in and all that will lead to a higher gross margin.

Urmil Shah: So, we should assume that for the gross margin part also, it can be improved to 74.3% in this quarter versus 73.4% last quarter?

Alok Tandon: You are talking about food?

Urmil Shah: Yes, I am sorry, I should have mentioned that, I was specifically asking about F&B?

Alok Tandon: Yes, I would say that run rate will continue. That run rate of our contribution where F&B is concerned will continue.

Urmil Shah: So, the Q4 run rate should sustain?

Alok Tandon: Yes, we are looking at it should be the same.

Urmil Shah: Got it Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Vikram M from Maybank. Please go ahead.

Vikram M: Good evening Sir. My question is along the lines with Hollywood movies, are they increasing their contribution to the box office collections and in any case is that share that you share with the film distribution share on box office collections for Hollywood, so close to this 44% to 45% mark or do you have to share less or more?

Alok Tandon: Well, contribution of our share with Hollywood or with Hindi movies or with other Indian regional movies, I would not like to discuss it that is something, which between me and the studios. Well contribution as you said depends, and it is very cyclical. We have some quarters we will get great English content and hence the contribution goes up. There are other quarters where the English content is not that good and it is skewed more towards Hindi, so it is a very cyclic thing and it vary from quarter-to-quarter that how the entire numbers pan out with English, Hindi or any other Indian language.

Vikram M: My next question is regarding ad revenues, specifically this year we saw the medium-to-small budget movies doing far better than lot of the big budget movies and I heard from the conference call of your immediate competitor that even as of date the budget and the glimpse of movies is more important than the footfalls that manages to gather, so with this being the increasing trend where the content is more important than the film budget itself, so you think it augers well for the ad income or is there any other way you can mange to still ensure the ad income increases?

Alok Tandon: Let me tell you in the first week ad inventory is sold as per the perception of the movie. It is only in the second week or third week when a movie continues to do well that advertisers feel that yes, they have to increase their ad spends and have more ads playing out in different screens of ours, so you are right that it is very important that the content has to be good and these days what we have seen is that apart from big budget movies there are lot of new genres of movies which are coming up where there is a lot of buzz about and yes, advertisers want to show their product in these particular movies.

Vikram M: Thank you. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Apurva Mehta from AM Investments. Please go ahead.

Apurva Mehta: Can you just give us a breakup of Hindi, English and regional movies for the year?

Alok Tandon: You are talking about the number of titles or you are talking about GBOC?

Apurva Mehta: GBOC

Alok Tandon: Well, if I had my numbers, which are in front of me, I would say that Hindi contributed about anything between 67% and 69% of our total collections. English was about 13% to 15% and the rest was amongst various other Indian languages.

Apurva Mehta: Sir, can you share what will be our fixed cost per screen or something like that where we can just give us ballpark figure like what will be our fixed cost for screen or per property may be you whatever it is comfortable for you?

Alok Tandon: I think you are talking about capex to be invested per screen, what we are looking at is anything between Rs.2.75 Crores and Rs.3 Crores per screen for every new bids which we are going to have.

Apurva Mehta: Sir, that is the per screen capex, but what would be fixed cost for running a screen if there is zero occupancy also there will be a cost involved in it?

Kailash Gupta: So, it will be very different, it depends on the screen.

Apurva Mehta: But, on an average when you are looking at metrics or something like that or you can say the current full number of properties and you can just give us roughly what will be our fixed cost per screen?

Alok Tandon: Let me tell you for the full year the fixed operating cost was Rs.1.68 Crores, which is there in our presentation and for Q4 FY2019 is Rs.0.42 Crores that is the fixed operating cost we have.

Apurva Mehta: Can you repeat 1.68 Crores?

Alok Tandon: Rs. 1.68 Crores for FY19 and Rs.0.42 Crores for Q4 FY2019.

Kailash Gupta: I think you can take the normal inflation in this and then you can build a model.

Apurva Mehta: Thank you.

Moderator: Thank you. We will take the last question from the line for Aasim Bharde from IDFC Securities. Please go ahead.

Rohit Dokania: Just one question, you did talk about visibility in terms of number screen addition, so I believe as of now across the 580 screens they are spread across 67 cities, so rest of the 800 plus screens that you are taking of in how many cities we will be present once assuming that these screens come through, approximately number would also help?

Alok Tandon: Well, we have to do that calculations that how many cities will be able but it is difficult to.

Kailash Gupta: It should be around some the existing 67 cities of course and we will added may few more, so may be you can roughly around some 80 to 85 cities actually across.

Alok Tandon: It may be more also, but we can get back to you on this.

Rohit Dokania: Thanks a lot and wish you all the best.

Moderator: Thank you. I now hand the conference over to the management for their closing comments.

Alok Tandon: Thanks a lot everybody and to all the participants to be on this call. We really appreciate your taking interest in our company and we will really hope that we get continued support from you in future also. Thank you very much.

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