19th February, 2019

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 Tuesday, 05th February, 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.
5th Floor, Viraj Towers, Next to Andheri Flyover, Western Express Highway, Andheri (East), Mumbai 400 093, India.
Tel (91 22) 4062 6900 • Fax : (91 22) 4062 6999 • E: contact@inoxmovies.com • www.inoxmovies.com

Registered Office : ABS Towers, Old Padra Road, Vadodara 390 007 • Tel (91 265) 6198111 • Fax (91 265) 2310312 • CIN: L92199GJ1999PLC044045

"INOX Leisure
Q3 FY2019 Earnings Conference Call"

February 5, 2019

ANALYST: **MR. ANKUR PERIWAL – AXIS CAPITAL LIMITED**

MANAGEMENT: **MR. DEEPAK ASHER – DIRECTOR & GROUP HEAD – CORPORATE FINANCE – INOX GROUP OF COMPANIES**
MR. ALOK TANDON – CHIEF EXECUTIVE OFFICER – INOX LEISURE
MR. KAILASH B GUPTA – CHIEF FINANCIAL OFFICER – INOX LEISURE

Moderator: Ladies and gentlemen, good day, and welcome to the INOX Leisure Q3 FY2019 Results 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankur Periwal from Axis Capital Limited. Thank you and over to you Sir!

Ankur Periwal: Thank you Karuna. Good afternoon friends. I would like to thank all of you for dialing into INOX Leisure post result earnings call for the quarter and nine-month ending December 2018.

The call will be initiated with a brief management discussion on the quarter and the nine monthly performance followed by an interactive Q&A session.

Management team will be represented by Mr. Deepak Asher, Director & Group Head, Corporate Finance, INOX Group of Companies, Mr. Alok Tandon, CEO, INOX Leisure and Mr. Kailash B Gupta, CFO, INOX Leisure.

Over to you Mr. Asher for initial comments!

Alok Tandon: Hi. I am Alok Tandon Speaking. Thank you very much Ankur. On behalf of the management of INOX Leisure, I would like to wish you a very good afternoon 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 for Q3 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 the results we have also uploaded an earnings presentation.

On this call, what we 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 open it for any questions that you might have.

We have had a sterling quarter for Q3 FY2019 and apart from having some great results we have also set new Industry records. We have had the highest ever-new property opening in the industry and we have opened till now 14 properties with 68 screens.

We have had the highest ad revenue growth rate in the industry for seventh consecutive quarters. We are the first national chain in the industry to be net debt free and we have the industry's highest EBITDA to Capital Invested ratio for this quarter, which is at 6% (Not annualized).

As I just said this quarter has been very good for us and so have the nine months been. We have had the highest ever revenue of Rs.1213 Crores, we have had the highest ever advertising revenue of Rs.134 Crores, the highest ever ATP for the nine months, which is Rs.200, the highest ever SPH for the nine months were Rs.74, the highest ever EBITDA of Rs.212 Crores, the highest of ever PAT at Rs.85 Crores and the long-term rating has been upgraded by CRISIL to AA-/Stable and what we had promised to deliver at the beginning of the year, I can confidently say that we have delivered on all our promises.

Looking at some of the financial results and highlights of Q3 and for the nine months FY2019, let me tell you that, we will be comparing Q3 Y-on-Y and nine months Y-on-Y.

The revenue from operations went up from Rs.325.9 Crores to Rs.433.1 Crores, which is a growth of 33% from Q3 FY2018 to Q3 FY2019.

The EBITDA went up from Rs.46.3 Crores to Rs.83.5 Crores a growth of 80% from Q3 FY2018 to Q3 FY2019 and the EBITDA margins went up from 14.2% to 19.3% for the corresponding period.

PAT increased from Rs.13.2 Crores to Rs.36.4 Crores in Q3 FY2019, a growth of 177% and the PAT margin in the same period went up from 4% to 8.4%.

Comparing the nine month figures, the revenue from operations went up from Rs.1024.5 Crores to Rs.1213.3 Crores a growth of 18%. EBITDA went up from Rs.166.6 Crores to Rs.211.8 Crores for nine months FY2019, which is a growth of 27%.

The EBITDA margins went up from 16.3% to 17.5% for the corresponding period and PAT went up by 50% from Rs.56.9 Crores to Rs.85.4 Crores and we had a PAT margin increasing from 5.6% to 7%.

As we all know the revenue stream in multiplexes, we have four of them, which are the net box office, net food and beverage, advertisement and other operating revenues. For Q3 FY2018, we had a net box office collection of Rs.187.9 Crores, which went up to Rs.242.9 Crores a growth of 29.3% in Q3 FY2019.

The net food and beverage went up from Rs.73.1 Crores to Rs.106.3 Crores a growth of 45.3%, the advertisement revenues went up from Rs.40.3 Crores to Rs.55.7 Crores a growth of 38.3% and the other operating revenues grew from Rs.24.6 Crores to Rs.28.3 Crores, which is a growth of 14.8% and overall our revenues grew from Rs.325.9 Crores by 33% to Rs.433.1 Crores for Q3.

For the nine-month analysis, the net box office collections grew from Rs.612.7 Crores to Rs.691.2 Crores a jump of 12.8%, net food and beverage collections grew from Rs. 228.4 Crores to Rs.312.5 Crores, a growth of 36.8%, advertisement grew from Rs.105.7 Crores to Rs.133.5 Crores a growth of 26.3% and the operating revenues did not grow, but slightly went down from Rs.77.7 Crores to Rs.76.1 Crores. Overall the entire revenue for nine-month period went up by 18% from Rs.1024.5 Crores to Rs.1213.3 Crores.

In Q3 the top 5 films accounted for 45% of our gross box office revenues, which was 52% in Q3 the last financial year. The top 5 movies which did well were 2.0 and we had 22.18 lakh footfalls and a GBOC of Rs.49.12 Crores, Badhaai-Ho 16.11 lakh footfalls and the GBOC of Rs.33.06 Crores, Thugs Of Hindustan 9.04 lakh people coming in and a gross box office collection of Rs. 21.35 Crores. Simba, we had 7.41 lakh people coming in and a GBOC of Rs.20.2 Crores and Andhadhun 9.49 lakh people coming in and a gross box office collection of Rs.19.16 Crores, hence the total footfalls we got from the top 5 films were 64.22 lakh people and Rs.142.88 Crores.

We also had other movies like Kedarnath, Zero, Aquaman, KGF, Sarkar, Bazaar, Venom, and Sui-Dhaga, all of which did exceedingly well.

Coming to the key operational metrics now and talking about footfalls, our footfalls increased from 121.3 lakh to 152.9 lakh people in Q3 FY2019, which is a growth of 26% and the occupancies went up from 24% to 27% for this quarter.

For a nine-month period, footfalls went up from 407 lakh to 445.7 lakh, which is a growth of 9.5% and the occupancy was more or less flat at 27%. Where comparable properties are concerned, our footfalls increased by 10.4% over the corresponding quarter from 97.4 lakhs in Q3 FY2018 to 107.5 lakhs in Q3 FY2019 and the occupancy went up from 25% to 26%.

For nine-month FY2018, we had 297.1 lakh footfalls, which went up to 300.8, which is a slight increase of 1.3% and the occupancy was more or less flat at 27%. The overall average ticket price went up by 3.6% from Rs.199 in Q3 FY2018 to Rs.206 in Q3 FY2019 and for the nine-month period we had a 4% increase in ATP from Rs.193 to Rs.200.

Where comparable properties are concerned, we had an increase of 1.8% in Q3 FY2019 compared to Q3 FY2018 and Rs.197 going up to Rs.201 for this quarter. For the nine-month period, we had Rs.192 as ATP, which went up to Rs.195 for nine months FY2019, a growth of 1.6%.

Our Spend Per Head (SPH) also grew by 5.6% to Rs.74 in Q3 FY2019 compared to Rs.70 in Q3 FY2018. For the nine-month period, Rs.66 of SPH went up to Rs.74, which is a jump of 12.2%.

The food and beverage contribution was 75.8% in Q3 FY2018, which stands at 73.4% in Q3 FY2019 and it was 76% for nine months FY2018, which today is at 74.1% for nine months FY2019.

Our advertisement revenue has shown growth and in Q3 FY2018, where we clocked Rs.40.3 Crores we have done Rs.55.7 Crores in Q3 FY2019, which is an increase of 38.3%. For the nine-month period our advertisement revenue have gone up by 26.3% to Rs.133.5 Crores from Rs.105.7 Crores.

The other operating revenues for the quarter have grown up by 14.8% from Rs.24.6 Crores in Q3 FY2018 to Rs.28.3 Crores in Q3 FY2019. Though for the nine-month period, we have seen a very, very marginal dip from Rs.77.7 Crores to Rs.76.1 Crores.

The GST on NBOC was 27.4% in Q3 FY2018, which is now 27.9% in Q3 FY2019 and for the nine-month period for FY2018, it was 26.9%, which stands at 27.6% now. On gross box office collections ,the GST or the entertainment tax was 21.5% in Q3 FY2018, which is now 21.8% in Q3 FY2019 and nine months FY2018 it had a 21.2% GST on GBOC, which is now 21.6% in 9M FY2019.

The film distributor share on NBOC has come down to 44.6% in this quarter compared to 46.9% in Q3 FY2018 and for the nine months period it is 44.5% compared to 45.5% for the corresponding period last year. Where film distributor percentage on GBOC is concerned we have 36.8% in Q3 FY2018, which is now 34.9% in Q3 FY2019 and 35.9% for the nine months period of last year is now 34.9% for the nine months of this financial year.

We have also seen a slight increase, which is after inflation on the other overheads per operating screen going from Rs.38.9 lakh to Rs.41.7 lakh for this quarter and for the nine months period again it’s inflationary at 5% going up from Rs.119.7 lakh to Rs.125.8 lakh for nine months FY2019.

As I just said that we have had a great year for our openings have been concerned. In Q3 FY2019 we have opened three properties with 17 screens and till date in the new quarter we have already opened 2 properties with 11 screens.

The properties we opened in Q3 FY2019 in Mumbai we had already an operational property at metro and we added 2 more screens over there with 94 seats. We opened a new property in Bengaluru RMZ with five screens and 1317 seats, Gwalior DB mall, 6 screens of 1023 seats, Kolkata Madhyamgram we opened with 809 seats and 4 screens and in this quarter we have opened Jaipur GT Central having 7 screens and 731 seats and Bhubaneswar DN Mall having 4 screens and 762 seats.

Hence in this financial year till now, as we speak we have opened 14 properties and 68 screens. Today, we are present in 19 states, 67 cities, 136 properties and we have 557 screens with 132631 seats as of today.

We have kept our promise of opening the properties, as I said when we started our presentation and today we have already opened 68 screens and 14 properties and we are sticking to a guidance of opening 81 screens in this financial year.

We have a strong visibility from new screens and this is backed by signed agreements, which we have. So everything going on well, we should close this year at 138 properties with 570 screens, 133846 seats and post FY2019 we have a pipeline of another 130 properties with 857 screens leading to 268 properties with 1427 screens.

We are quite gung-ho and optimist about the lineup for February, March and April where movies are concerned and we are hopeful that movies like Gully Boy and Total Dhamaal will do great business in February. March we have movie like Captain Marvel and Kesari, which should get in great numbers and April we are looking forward to Avengers-The Endgame and Kalank, which people are already excited about and we are just hoping that it will get in great numbers for us. May, again we are looking forward to Student of the Year-2, Godzilla: The King of the Monsters and Aladdin. So all in all I would say that the next 4 months look very exciting for the entire industry.

Going to our shareholding structure, the promoter group today holds 51.89%, which is an increase from 48.7%, which was reported last quarter. The public and others hold 10.84%, the Inox Benefit Trust has got 4.23%, DIIs hold 20.98% and FIIs hold 12.06% as per the shareholding pattern as of December 2018.

As per yesterday's price at the stock exchanges, our market capitalization is Rs.2,701 Crores, and we have seen a slight change in the possession of the shares of the key institutional investors in December 2018 compared to the last quarter.

Going forward, the Promoter & Promoter Group have been issued 6,400,000 equity shares on preferential basis at a price of Rs.250 per share. The monies generated from the equity issue (on preferential basis) to the Promoter group, has been utilized to repay the debt. The debt repayment would lead to reduction of the interest burden, thereby increasing PAT. Inox has got a very sound and a robust balance sheet, which will help us for future expansions.

So this, ladies and gentlemen, this was our presentation, and we are open to take any questions from your side.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Abneesh Roy from Edelweiss Securities. Please go ahead.

Abneesh Roy: Congrats on great performance. My question is the GST rate cut from 28% to 18%, how do you see that, is it really helping in terms of the footfall, also I see in Kerala, there is a 10% local body tax being introduced, so will States use this GST rate cut to their advantage and we will see more and more States having local body tax in the coming quarters?

Alok Tandon: Abneesh, thank you very much and answering your second question first. We are approaching the Kerala government for LBET and hopefully it should not have a cascading effect with other states and as MAI, we will go to Kerala to meet the Finance Minister and persuade him not to charge the LBET that is number one. Number two, reduction is GST will really benefit the entire film industry and as we always said that we are thankful to the Government that the taxes has been reduced and we at INOX have passed on the entire benefit to our customers and we are hopeful that with this reduction of the GST, we will have more footfalls coming in and watching the movies.

Abneesh Roy: But what happened in Madhya Pradesh on similar topic?

Alok Tandon: Well, in Madhya Pradesh there is a circular, which has come out in two cities we have given our representation to the State Government and hoping that very soon they should talk to us and as the new government has come into place we are speaking with various people over there and ensuring that they do not levy the LBET out there.

Abneesh Roy: But, for the past few months we are already following that right, the new circular?

Alok Tandon: Well, we approached the erstwhile BJP government over there and the government we requested that it should put in abeyance and as of today we are not paying LBET in Madhya Pradesh.

Abneesh Roy: but, if you lose will it be from, as in you will have to pay for the past few months?

Alok Tandon: Well, that we do not know, that will just depend on what the government tells us to do.

Abneesh Roy: Tell me Sir, why does the State Government agree, because they are extremely short of taxes we all know, farm loan waiver and farm crisis, why should they agree, what is the benefit they get by agreeing to removing this?

Deepak Asher: This is Deepak Asher, I thought I will take the opportunity of responding to your question on LBET. First of all, as a matter of principle one must recognize that the LBET flies in the face of the principles behind GST. The principles behind GST were there would be 'one nation one tax', LBET clearly contradicts that. The principles behind GST were that there would not any cascading impact of taxes, there would be a complete pass through across the value chain and LBET contradicts that. The principle of GST was apart from other things, because there was one tax, there was an ease of doing business, LBET contradicts that, so on all the principles that this Government stood for, LBET is actually violating those principles and therefore we have been so fairly successful and ensuring the LBET is not imposed by States. We as an industry association, which has the multiple associations are representing to all the Governments that even remotely considered a possibility to ensue that there is no LBET enforced. To answer your question, as to what those states gain, I think that is a very myopic view, very short-term view, what those states gain by not levying tax or levying reasonable level of tax, what states gain is that they encourage more investments in those states. They encourage more employment in those states and the states have actually nothing to lose because under GST for the first five years, their entire revenue loss has been compensated by the Central Government, so even if they do not impose LBET there is no loss, in the sense their deficit is going to be compensated by the Central Government. The reason we were able to convince the Central Government to reduce even the GST rate from 28%

to 18% is to demonstrate that while the revenue loss from the multiplex industry were extremely minimal. The positive impact that it would have had on the industry would become very strong leading to much higher investments and much higher employment and much higher entrainment options for the patrons and again, just to give an example in China over the last 10 years, the number of screens have actually gone up 10 times on the back of reduced tax rate, whereas in India it has actually reduced, so I believe there is a strong argument and support to the fact that the tax rate should be lower and certainly there shouldn't be multiple taxes on the sector.

Abneesh Roy: That is quite useful Sir. I will come back in the queue. Thanks a lot.

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

Urmil Shah: Hi Sir, congrats for a very strong quarter. Sir, my first question is on the ad growth, given that Q4 has a strong slate, would it be reasonable to expect over nine months performance to be repeated for Q4 as well?

Alok Tandon: Well, it's our endeavor and we all are surely working towards that goal.

Urmil Shah: Right, secondly my question was more on longer term basically, FY2020-FY2021, as regard the screen addition while this year did see a benefit of spillover of some of the screens from the previous year, what is the kind of screen addition, which you are absolutely confident of adding on a sustainable basis?

Alok Tandon: Our plan is to add 80 screens every year and we as a company are working towards it, that we open 80 screens and as you said there is a spillover from the last year, that is an effect that happens every year, so this year also there will be some properties, which are ready and waiting for licenses, which we will open next year, but our endeavor is to open 80 screens every year.

Urmil Shah: Lastly wanted your commentary on the gross margin on F&B, it has slightly improved on a Q-o-Q basis, now that there should be a growth in SPH when would it be reasonable to factor revival of gross margin to the previous levels?

Alok Tandon: When we look at the gross margin you see that the COGS, which we had was 24.2% in Q3 FY2018, which is 26.6% in Q3 FY2019, so that will continue to happen because the reason is that we had an issue of input tax credit for this quarter, we had 45 days of last Q3 where we were getting input where GST was concerned and this quarter that becomes zero, so the benefit or the COGS which we have which was 24.2% as marginally gone up to 26.6% is basically because of the input tax credit not being there, where SPH is concerned we will keep on growing the SPH and this time we also have a shown a 5.6% growth and we as a company in every quarter have shown as SPH growth compared to the previous quarter and that will continue to happen.

Urmil Shah: Sir, I may try to rephrase my question while yes, the GST impact on the input tax credit will be there, but Q2 FY2019 saw an impact on cost margin also because of the price discounting, which we had to implement, I was specifically asking as to when can we expect that impact to go away?

Deepak Asher: I think from a long-term perspective it will be reasonable to expect around 25% COGS or about 75% margin on food, give or take 0.5% to 1% on a quarter-to-quarter basis you know frankly you cannot fine tune it to such meticulousness, but in very broad terms around 75% margins is sustainable.

Urmil Shah: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ashish Kumar from Infinity Alternative. Please go ahead.

Ashish Kumar: Thank you and congratulations for your great set of numbers. What I wanted to understand was that the margins that we have seen, a growth in footfalls to comparable properties after longtime, do you think this growth in footfalls is comparable given the fact that the content pipeline is getting more diversified now?

Deepak Asher: Again, I think it should sustain for two reasons, one is of course the content pipeline is extremely strong and second of all because of the lower GST rates and as you might know in excess of 90% of our tickets were sold at more than Rs.100, which now suffers an 18% GST rate versus 28%, which means while our net of tax realization remain what they were, so we do not suffer on that account, but the tickets become more affordable to the patrons and therefore one would expect there to be more footfalls because of lower cost of admission and hence you would see improvement in footfalls.

Ashish Kumar: So, you think that comparable properties we can continue to expect a positive number let us say in the next year, year and a half?

Deepak Asher: Yes.

Ashish Kumar: All the best going forward. Thanks a lot.

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

Yogesh Kirve: Thank you for the opportunity. Sir, on the food and beverage, we are seeing some of your peers, the gross margins have actually declined over the last two quarters, there is some look to pass more value to the customers, what are our thoughts on this particular issue, especially because of all the F&B related discussion we had last year on account of various state government what we are trying to do control the pricing or those kind of discussion, which came up, so how are we looking at this thing?

Alok Tandon: Well Yogesh, yes there were some press reports that people were looking at capping the price, but that has not been, the prices or the outside food has not entered the entire F&B revenue, but yes there were few places where we reduced the F&B prices in the last quarter. We did that and hence the gross margins came down slightly, going forward it all depends, the pricing, which I will always say will remain the same, it depends on the cost structure for property and that is how we will always price ourselves and going forward also that will be continuing be the case.

Yogesh Kirve: The point I am trying to make us compare to peers our margins have not come up by as much, so are we comfortable now in our pricing or there would be some efforts going forward to pass more value to the customers?

Alok Tandon: Well, our pricing would remain the same, we have never priced ourselves as to what peers have done, as I just said that we do our pricing strategy and going forward whether it is a COGS or whether the pricing, our entire effort would be there to maintain it and yes, to ensure healthy margin with food and beverage is concerned.

Yogesh Kirve: Secondly on the advertisement revenue, trend has been fairly stronger during the current year, so what should be our expectations going forward, if you can talk in terms of the ad revenue per screen or overall ad revenue growth, how should we look at it from a medium term perspective?

Alok Tandon: Yogesh, we always say that there is a lot of headroom and we are working towards it to increase our advertisement revenues. I cannot give you any guidance that how much would it increase every quarter, but whatever track record we have shown till now, our effort is to sustain that.

Yogesh Kirve: Finally you already talked in terms of the screen addition outlook, but based on the developments on the ground, I mean are you quite confident that the rate of additions that we had during the current year or last couple of quarters so that can be sustained? In terms of the screen addition we have seen fairly good momentum over the last couple of quarters, so based on the developments on ground in terms of the mall development activity, are we confident of sustaining that and I understand there are lot of things which we have done, but based on these ground reality would we expect the screen addition growth to sustain our even increase from here?

Alok Tandon: Well I think so, 80 screens a year is a good number and we will continue adding 80 screens year-on-year and what we are taking about is of the agreements, which we have already signed and which get into the pipeline and the malls, which have already come up for construction, so most of the malls, which we have signed have come up for construction and which we have not we are very hopeful that in our next few years we will get the possession to start our fit outs and 80 screens per year does not seem to be a challenge as of today.

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

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

Darpan Thakkar: Thanks for the opportunity. I have three questions, one is can you share SPH number for comparable properties? Second is on what is the status of deal with BookMyShow, PayTM if you can throw some light there? Third is, what was the thinking behind the increasing promoter stake to more than 50%, it was just to reduce that or was there any long-term target there?

Alok Tandon: To answer your third question first, yes, it was to reduce debt that is the reason why the promoter shareholding was increased. Where, BMS and PayTM is concerned they are our aggregators and INOX tickets are available on BookMyShow and PayTM and for comparable properties, I am just digging out the data, that how the entire SPH has grown, so for comparable properties we have grown from Rs.68 to Rs.70 where SPH is concerned.

Darpan Thakkar: On BookMyShow and PayTM, in last quarter you have mentioned that you will be revising the deal so that is why this question, what is the revised status and how much amount you are getting if you can share?

Alok Tandon: Look, I will not be able to share those numbers in specific, but we had got the numbers of BookMyShow and PayTM what we wanted and today as I just said that our tickets are available on both BookMyShow and PayTM.

Darpan Thakkar: Ok. Thank you.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from Natverlal & Sons Stock Brokers. Please go ahead.

Keshav Lahoti: I can see that your other operating revenue have increased, I believe it is because of increasing convenience fees, can you please tell me what is the amount of convenience fees for this quarter?

Alok Tandon: Again, yes you are right, that the convenience fees has increased, we have shown an increase in VPF income, which are the main components of other operating revenue, but for me to be very specific what the heads have contributed will not be possible, but you are right that the other operating revenues have increased and basically because of convenience fees and VPF,.

Keshav Lahoti: What is the percentage of box office revenue from Regional, Hollywood and Bollywood for this quarter?

Alok Tandon: Well, for the Hindi movies contributed about 63% and English was about 12% to 13% and the rest was Tamil, Telugu and others, which contributed about 27% in this quarter.

Keshav Lahoti: One last question from my side, I can see the comparable properties occupancy is 26% while overall is 27% for this quarter, it means that your new properties are performing better than older ones, what is the reason for this?

Alok Tandon: Well, I would not say that the old properties are not performing well. Our old properties have got a steady clientele and our footfalls have remained stable over there. In fact, we have shown a growth in that. The new properties, yes, have added much more to the entire kitty and the footfall and occupancies have definitely gone up because of the new properties we have opened.

Keshav Lahoti: Any specific reason for more occupancy in new properties?

Alok Tandon: Well, it is a new mall, which is there. The locations are good, which we have signed. We have had some great footfalls whether it is Kakinada or Bengaluru or any other city. So Madhyamgram did extremely well the moment we opened it. So it is a combination of good quality of content as well as the location of these properties.

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

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

Vikram Ramalingam: Good evening Sir. Congratulations for the good set of numbers. I wanted to ask about the ad revenue in general, so far the general belief has been that if there is a upcoming big budget movie, so ad bookings that happen for those movies are usually on the higher side, but now we saw this year had a lot of the hits were mostly based on content rather than the budget, so how do you think in future the advertisers would work or how would our pitch now be any different?

Alok Tandon: Historically, people would like to advertise on a perception of a movie. When the movie is supposed to do well and that is the time when advertisers come to us and that is the reason why we had a good Q3, but there are some hits, there are some misses always in any quarter and going forward also the trend will continue. If a movie, becomes a hit, it may be a slow starter, but becomes a hit over a period of time, then advertiser surely come to us in week 2 and week 3, but the amount of bookings we get on the perception that a movie will do well. I think will continue to happen in this industry.

Vikram Ramalingam: What about the perception of whether a theatre is premium or not does that also impact now?

Alok Tandon: Well, it does, actually a premium theatre will get in more revenues and people would like their ads to be seen in those particular theatres, so that has always been the case and that will continue to be so.

Vikram Ramalingam: All right. That is it from my side.

Moderator: Thank you. The next question is follow from the line of Ashish Kumar from Infinity Alternative. Please go ahead.

Ashish Kumar: Just wanted to understand a little bit more on the convenience fee. As we saw in the case of the other operators, there was a minimum guarantee, which kicked-in and gave a big booster to the bottomline. Do we also have a minimum guarantee with the convenience, the ticket aggregators and as that also kicked in for us in this quarter?

Alok Tandon: Well Ashish, our deal is totally different what we have found with the ticketing aggregator and we cannot compare the two deals, but I just earlier said that we are happy with how we have negotiated.

Ashish Kumar: What I was trying to understand Alok is there is an income, which is not linked to volumes in the current set of numbers that we have?

Alok Tandon: Ashish, again I would not like to answer these specifics whether it is linked to the volume, whether it is not linked to the volume, whether we have a MG or not. It is a separate deal and going forward where other operating revenues are concerned or not, I have always said that our endeavor is to get more box office, advertising, SPH as a company. I really will not be able to get into the nitty-gritty's of the deal with any of the aggregators.

Ashish Kumar: Thanks a lot.

Moderator: Thank you. The next question is from the line of by Vaibhav Kacholia from VK Capital. Please go ahead.

Vaibhav Kacholia: The January onwards quarter, all these movies Uri and Manikarnika, the numbers which they are showing are they unexpected and is there is a possibility that overall box office numbers are getting a step up or is there is normal business in your opinion.

Alok Tandon: January has been very good. We have had some great footfalls for both Uri, Manikarnika and other movies which have come in this month. Normally January 26, there is always a big blockbuster, which is released, but this time Uri has added to the entire data pie where footfalls is concerned and the GBOC is concerned.

Vaibhav Kacholia: Sir, my question basically was Uri has done numbers, which are slightly unexpectedly large, so if this like normally just because of this movie or is there is a possibility that the entire Bollywood box office numbers are going up?

Alok Tandon: Well, it all depends on the quality of content. The Uri started very slow, but then it is really picked up. It is a fourth week, which is going on, and the numbers are just increasing week on week. It is nothing to do with the film industry or the numbers of Bollywood going up. It is all related to the content which is there and today's audience has become very, very discerning and they would like to see a good story and Uri has lived up to all the expectations and I think that there could be other movies also in this financial year, which could do easily well, but movies like Thackeray did exceedingly well, Manikarnika you just named did well and these were movies, which were expected, especially Uri to do, I would not say the way it has done at the box office, but it was supposed to do good numbers.

Vaibhav Kacholia: Thanks a lot and Sir one more question when we put up a new screen, what is the kind of IRR returns that we expect from the project?

Alok Tandon: Well let me talk about payback. We look at anything between about 4 to 5 years of payback period. That is what we look at when we sign the new property.

Vaibhav Kacholia: It is also payback 4 to 5 years would be an IRR of 15% or 18% something like that?

Alok Tandon: **Well,** it depends on property to property.

Vaibhav Kacholia: No, but on an average on the entire scale of kind of things?

Alok Tandon: Well, different people calculate the returns differently. They look at payback differently, but the way we do it we look at anything between 4 to 5 years of payback.

Vaibhav Kacholia: Thank you.

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

Urmil Shah: Thanks for the follow up. Just a book-keeping data point wanted the share of online and split between aggregators and our portals?

Alok Tandon: Well let me tell you, online for Q3 footfalls contributed about 46% that was what we had online for Q3, the GBOC contribution was 50% from online ticket sales. I would not be able to give further breakup. I know this question, which comes every quarter, but we will not be able to answer that, but the 50% of GBOC came from online ticket sales.

Urmil Shah: Thanks.

Moderator: Thank you. The next question is from the line of Girish Pai from Nirmal Bang. Please go ahead.

Girish Pai: I have two questions, one was regarding this property and conducting fee number, how much it would be the contribution? The property in conducting fee how much is contributed by conducting fee?

Alok Tandon: Well, that was very, very nominal part, very nominal number.

Girish Pai: You know, in terms of how much do you think you can leverage?

Alok Tandon: Sorry, I could not get that question. Leverage in terms of?

Girish Pai: Your balance sheet.

Alok Tandon: Girish could you just repeat your questions?

Girish Pai: In terms of net debt to equity, what are you comfortable with going forward, I mean what kind of leverage do you think you can take?

Alok Tandon: Well, we have very strong balance sheet. If you look at it there is hardly any debt on our balance sheets and it is a net debt free company..

Girish Pai: No Sir, I agree on that. I am saying if it requires for you to take on debt, what level of debt would you be comfortable with from a debt to equity perspective?

Alok Tandon: Well, let me talk to you about the debt to EBITDA and that's how we look at in our company. We are comfortable with debt to EBITDA ratio of 1:1.

Girish Pai: Thank you.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I now hand the conference over to the management for closing comments. Over to you Sir!

Alok Tandon: Thank you very much everybody for taking interest in the company. As we said that we have delivered on all our promises and we continue to do so. Thank you very much for being a part of this call.

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