"INOX Leisure Q4 FY 2017 Results Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to INOX Leisure Q4 FY2017 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 phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Puneet Garg from Axis Capital Limited. Thank you and over to you Sir!

Puneet Garg: Thank you Sanford. Good evening and thank you everyone for joining the Quarter and Year ended March FY2017 Earnings Conference Call of INOX Leisure. From the management team, we have with us Mr. Alok Tandon, CEO, INOX Leisure and Mr. Kailash Gupta, CFO, INOX Leisure. The call will be initiated with a brief management discussion on the performance, post which we will open the floor for Q&A. Over to you Mr. Tandon!

Alok Tandon: Thank you Puneet. Good evening friends. We are happy to report that the meeting of the board of directors of INOX Leisure Limited just got concluded sometime back and we discuss the fourth quarter and the full year for the period FY2016-17. We have uploaded the results on the website of the stock exchanges as well as the website of the Company. Along with the results we have also uploaded an earnings update presentation.

Talking briefly about our fourth quarter financial performance, our revenues increased by 14% year-on-year from Rs.252.4 Crores in Q4 FY2016 to Rs.288.5 Crores in Q4 FY2017. This was driven by 18% increase in net box-office collections, 15% increase in F&B revenues, 8% increase in advertising income and 4% decline in other operating revenues.

EBITDA increased by 72% year-on-year from Rs.14.6 Crores in Q4 FY2016 to Rs.25.1 Crores in Q4 FY2017. EBITDA margins improved from 5.8% to 8.7% driven by higher box office collection, F&B and advertising revenues whilst keeping operating costs under control.

Coming to full year financial performance, our revenues increased by 5% year-on-year from Rs. 1,160.6 Crores in FY2016 to Rs. 1,220.7 Crores in FY2017. This was driven by 5% increase in net box office collections, 7% increase in F&B revenues, 6% increase in advertising income and 1% increase in the other operating revenues.

EBITDA decreased by 23% year-on-year from Rs.189.1 Crores in FY2016 to Rs.146.1 Crores in FY2017. EBITDA margin declined from 16.3% to 12%. Lower operating profitability was primarily driven by relatively weaker movie content in FY2017 as compared to FY2016, which witnessed one of the best movie content over recent times.

PAT declined from Rs.81 Crores in FY2016 to Rs.30.6 Crores in FY2017. PAT margin declined from 7% to 2.5%. We witnessed some better content in Q4 compared to the prior period. The top five movies, which did well in Q4 and continued in Q4 from January 1, was Dangal, which got us a footfall of 15.73 lakhs with a gross box office collection of Rs.27.72 Crores, Raees, footfalls

of 12.04 lakhs with a gross box office of Rs.24.78 Crores, Badrinath Ki Dulhania 13.15 lakhs people coming in and it had a gross box office of Rs.23.24 Crores, Jolly LLB had 12.35 lakhs footfalls and a gross box office collection of Rs.22.22 Crores, Kaabil had 9.02 lakhs people coming in and had a gross box office collection of Rs.17.68 Crores.

You will notice that the top five movies contributed 51% of gross box office collection in this quarter compared to 42% during prior year period. Four movies that were expected to do well, but did not perform the way we wanted were "XXX-The Return of Xander Cage", "Phillauri", "Commando 2" and "OK Jaanu".

Looking at the operating parameters the footfalls increased by 13% from 115 lakhs in Q4 FY2016 to 130 lakhs in Q4 FY2017. Occupancy increased from 23% to 27% in Q4 FY2017. For the full year FY2017 footfalls increased by 1% from 534 lakhs to 537 lakhs and occupancy fell from 29% to 28%. The average ticket price went up by 4% from Rs.167 in Q4 FY2016 to Rs.174 in Q4 FY2017 and went up by 5% from Rs.170 in FY2016 to Rs.178 in FY2017. For the comparable properties, the footfalls increased by 8% from 110 lakhs in Q4 FY2016 to 119 lakhs in Q4 FY2017.Occupancies increased from 23% to 27% in Q4 FY2017. For the full year FY2017 for the comparable properties footfalls declined by 5% from 488 lakhs to 462 lakhs and occupancies fell from 29% to 28% primarily due to indifferent content. Average ticket price went up by 4% from Rs.167 in Q4 FY2016 to Rs.173 in Q4 FY2017 and went up by the same rate that is 4% from 170 in FY2016 to Rs.177 in FY2017.

For other revenue streams, F&B spend per head increased by 2% year-on-year to Rs.59 in Q4 FY2017 and increased by 7% year-on-year to Rs.62 in FY2017. The net contribution from food also improved from 75.2% in Q4 FY2016 to 76.8% in Q4 FY2017 and from 75.1% in FY2016 to 76.0% in FY2017. Advertising revenues have grown by 8% from Rs.19.4 Crores in Q4 FY2016 to Rs.20.9 Crores in Q4 FY2017 and for the full year they increased by 6% from Rs.91 Crores in FY2016 to Rs.96.2 Crores in FY2017.

Talking about the other operating revenues they declined from 24.3 Crores in Q4 FY2016 to 23.2 Crores in Q4 FY2017, but went up marginally by 1% from Rs.91.1 Crores. in FY2016 to Rs.92.3 Crores in FY2017.

On the cost side, entertainment tax from GBOC was stable on year-over-year basis at 20.6% in Q4 FY2016 and 21.1% in FY2017, distributor share as a percentage of NBOC was marginally down from 43.7% in Q4 FY2016 to 43.5% in Q4 FY2017; however, for the full year it increased from 43.9% in FY2016 to 44.4% in FY2017, this again has been because of indifferent content and shorter duration of films and since distributor share is higher for the first week. Other overheads for operating streams have gone up tracking inflation.

Talking briefly on our balance sheet the total debt increased from Rs.267 Crores as on March 31, 2016 to Rs.317 Crores as on March 31, 2017. Despite the increase in debt on overall balance sheet our position continues to remain strong and healthy with a comfortable net debt equity ratio

of 0.55x. Further we also have treasury shares worth Rs.130 Crores calculated at closing price as on April 28, 2017 which provides us additional liquidity cushion.

In terms of the new properties that we have opened during the quarter, we have added five properties with 22 screens and 5,028 seats. With this our total opening for FY2017 was at 11 properties with 48 screens and 10,279 seats. In this quarter, which is from January till March 31, 2017, we opened Aurangabad Reliance Mall on January 25 with 3 screens and 880 seats, we opened Jamnagar Crystal Mall on February 24, 2017 with 5 screens and 954 seats. We opened Gandhinagar R16 on March 31, 2017 with 5 screens and 719 seats, Bharuch, Blue Chip on March 31, 2017 with 3 screens and 868 seats and Surat Raj Imperial, which is a management property on March 10, 2017 with 6 screens 1,607 seats. Further, we have also opened one new property in Pune on April 26, 2017 with 4 screens and 652 seats. We now operate in 19 states, 58 cities with 119 properties 472 screens and 1,18,947 seats.

Our new screen pipeline includes 11 new properties with 49 screens and 8530 seats. Out of which 4 screens have already opened. Post March 2018, we have already tied-up in terms of signed agreements another 78 properties, 440 screens and 82315 seats. Once this pipeline is implemented we will have 207 properties with 957 screens and 2,09,130 seats.

The content going forward looks extremely encouraging. We already have seen strong response for the "Fast & Furious" and "Baahubali -The Conclusion", which has had a phenomenal opening collection.

Pipeline which we are looking at now starting from May talks about the "Guardian of the Galaxy Vol 2", "Sarkar 3", "Half Girlfriend", "Sachin: A Billion Dream", "Baywatch, Pirates of the Caribbean".

Pipeline for the month of June, we have "Wonder Woman", which is in 3D and IMAX; we have "Raabta", "The Mummy" in 3D, we have "Despicable Me", "Tubelight" and "Transformers: The Last Night" which is also in 3D IMAX.

Talking about the content pipeline for July, we have "Spider-Man: Homecoming", which is again in 3D IMAX, "Chef", "The War of the Planet of the Apes", again this movie is in 3D IMAX, "Jagga Jasoos", "Munna Michael" and "Dunkirk".

With this overview, I now like to open the call for question and answer.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We take the first question from the line of Ashish Kumar from Infinity Alternatives. Please go ahead.

Ashish Kumar: Thanks a lot. Congratulations for a good set of Q4 numbers. Alok the question, which I had was on the advertisement revenues we tried to regain a few things but unfortunately if I look at on advertisement revenues per screen for full year FY2017 we are at levels very similar to where we

were in FY2016, why is that, how do you see that kind of growth coming back to a double-digit growth or 20% plus kind of growth or do you see that coming back again in short-term or is that something which is a challenge?

Alok Tandon: Well, I do not think it is a challenge. What we have discussed in earlier calls was that yes, we were having resistance at that time earlier to get in revenues where advertising was concerned, but if you look at Q4 numbers, there has been a 7% increase in the screens when I talk about Q4 of FY2016 versus Q4 of FY2017 and the ad income has gone up by 8% increase in ad revenues and this is in terms of just the number of screens which have increased and the ad revenues which we have got. So, when I look at Q4, I would say it is promising now for INOX and going forward whether it is the revenue per screen or what we get out of per minute of ad being shown these numbers will increase over a period of time.

Ashish Kumar: Just from a pure modeling perspective do we kind of budget in what high teens kind of a growth in total ad revenues for next year or do we kind of budget in a 20% plus. What is the fair end target that we should be budgeting in?

Alok Tandon: Target for sure would be more than 20% but what we are saying that now we have changed the way we used to sell our advertising inventory. We have adopted a new way of selling the minutes, and we are very confident that you will see a growth in the next couple of quarters for sure.

Ashish Kumar: Thanks a lot and wish you all the best for FY2018.

Moderator: Thank you. We take the next question from the line of Karan Taurani from Dolat Capital. Please go ahead.

Karan Taurani: Thanks for taking my question. I wanted to know about the Q1 FY2018 box office number base in terms of the Regional and Hollywood content given Baahubali's recent collections would be extremely strong what are the base in Q1 FY2017 any idea on that?

Alok Tandon: Well you mean Q1 FY2018?

Karan Taurani: Yes, the Q1 FY2018 because of Baahubali Regional is going to be extremely strong so how was the Q1 FY2017 number in terms of regional content.

Alok Tandon: Well it will be difficult to predict the Q1 FY2018 numbers of Baahubali.

Karan Taurani: No 2018 is fine, but Q1 FY2017 how is the base?

Alok Tandon: When I look at Q1 FY2017…

Karan Taurani: Yes, for Regional content specifically?

Alok Tandon: Yes, for regional content we had about 27% coming from the regional footfalls in Q1 FY2017.

Karan Taurani: And from the Hollywood?

Alok Tandon: Hollywood if I remember right it was about 21%.

Karan Taurani: Secondly on the ad part, despite having screens growth of about 10% and you add about 8 screens which were opened on March 31, so let us not count that so excluding there is a screen growth of about 9%- 10% and the ad growth is still low what is your take on that. It has been declining the last two to three quarters and what makes you talk about the recovery in the next two quarters what has changed exactly?

Alok Tandon: Well, we are talking about average number of screens which have opened and these screens that has an increase of 7% year-on-year or quarter-on-quarter on the number of screens we have opened, which led to an 8% increase in ad revenues despite demonetization, renovation of our key properties and increase in our rates. So, because of all those things we have seen that the 7% increase in our screen count has led to an 8% increase in revenues in ads.

Karan Taurani: Just one last thing, do you believe you have an edge over competition because of higher presence in Andhra and Telangana because a larger portion of Baahubali collections has been accounted from these circuits?

Alok Tandon: We never compare our number with competition, but yes, the going has been good. Baahubali has got a fantastic opening and has created history at the box office and I think it will continue to do so.

Karan Taurani: Thanks. That is it from my side.

Moderator: Thank you. We take the next question from the line of Vikram Ramalingam from May Bank. Please go ahead.

Vikram Ramalingam: Mr. Alok my question is regarding with the food and beverages. I think that the footfalls year-on-year have increased 13% but should not food and the spend per head that is the SPH on quarterly basis because the food and beverage revenues are function of footfall directly so does that mean that we have taken a lot of discounts in the quarter on? I wanted to talk about the food and beverages revenue. The spend per head was Rs.59 in this quarter despite the fact that footfalls were up 13% year-on-year. My question to you is shouldn't the spend per head be seen on Q-on-Q basis because it is a direct function of footfalls so in this case have we taken any discounts on any of the food and beverages?

Alok Tandon: Well, we have not taken any discount but let me tell you the spend per head is also function of the languages and the areas in which these movies do well. So, what we have seen is that if a particular movie does well in a certain pocket where people do not spend more on food and

beverage, the SPH comes down. So, it is a function of footfalls as well as the area in which the movie has done well.

Vikram Ramalingam: But Sir this time actually we had more of blockbusters from Bollywood so should not that automatically increase the spend per head?

Alok Tandon: Well there were a couple of factors to that also if you see Dangal was a carryover from the last quarter. We had Raees and Kaabil, which were relatively good movies in this quarter but what also impacted were the after effects of demonetization and people who purchase tickets were reluctant to buy the F&B products. So hence I would attribute a little bit of SPH coming down to demonetization too.

Vikram Ramalingam: Sir my last question is based on the general spending pattern on ads as well as spends per head. So did we see a marked difference in the spending habits between let us say a March where the effects of demonetization would have been a lot lower versus the January or February?

Alok Tandon: It all depends on the quality of content. How the movie is performing at the box office and what we have seen in March yes, the movies have done relatively well. January though we had two big blockbusters in Kaabil and Raees still I would say that March had good numbers and that led us to good SPH and ATP for that particular month.

Vikram Ramalingam: That is all from my side. Thank you so much.

Moderator: Thank you. We take the next question from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: Thank you so much for the opportunity Sir. Just a quick one on the Karnataka ticket price if you could just spend two minutes on what is the current situation there now, it does not seem to have come into effect looking at the pricing of tickets of Baahubali just some thoughts on that please?

Alok Tandon: Let me tell you, Amit that we are against the principle of government regulating ticket prices. It is unfair to have a cap on ticket prices only on one form of entertainment while in other forms like, the internet television, Amazon Prime, Netflix there is no restriction in prices, so I think so it is unfair on the part of the government to regulate only ticket prices in the cinemas. Also, there is no price control anywhere else like restaurants or the air-lines or in any other form of places where people spend money. What we feel that the government has right to control prices of essential commodities, the price of essential commodities like medicines and other life saving drugs, but not on cinemas, which is a discretionary spend. We have made a representation to the government and we are hoping that this Rs.200 cap should not come into effect.

Amit Kumar: Just one sort of element, which I have also try to understand previously that there is already a cap in operation in Tamil Nadu and in the Telangana region as well, so why has the industry not sort of opposed to those price caps legally essentially and does that weaken your case the Karnataka

government essentially does impose a price cap and if you want to take a legal recourse does that weaken your case somewhat?

Alok Tandon: In Tamil Nadu, we all knew when we entered the state there is a price cap. If you see the development of multiplex industry in Tamil Nadu is nowhere compared to the development of the multiplex industry in the state of Karnataka. Karnataka was a place where everybody invested knowing fully well that the price cap is not there, hence we had our Insignia lounges, we had IMAX, we had Laser Projection, but having invested in capital, today if the government says that no your ticket is to be capped, I think that is unfair.

Amit Kumar: Just a quick sort of book keeping questions. This year from your overall annual perspective the other expenses have been slightly elevated because of couple of write-offs in few specific properties especially the revamped ones, can you just give me the overall impact for this year obviously?

Alok Tandon: Well if you look at the other overheads and I think you are talking about the overheads for operating screen, well it is majorly due to increase in rate of taxes and balance is due to inflation. I do not think that 3.5% increase from FY2016 to FY2017 for other overheads for per operating screen is very significant but as I said a majority of it is due to increase in rate & taxes.

Amit Kumar: Thanks so much. That is it from my end.

Moderator: Thank you. We take the next question from the line of Sanjeev Hota from Sharekhan. Please go ahead.

Sanjeev Hota: Thanks for the opportunity. I just wanted to get more into the advertising part, last quarter you have mentioned about a 10% kind of degrowth in volumes so this quarter also seen the kind of volumes sequential basis so how much it is attributed to the demonetization impact and how much is the volume impact this quarter?

Alok Tandon: Well, there is no degrowth. If I see there is a growth in advertising revenue and last time what we discussed was specifically for quarter three but looking at quarter four I have just said that our advertising revenue has gone up by 8%. Our average rate per week, per minute has also increased significantly. I do not think that there is a degrowth. A little bit of time consumption in minutes has decreased but that is what we want to stick with because we want to keep our average rate per week at a higher level and this is exactly what we were endeavoring for the last three or four quarters and we have seen that it has increased and in the next couple of quarters we will see a significant increase in this.

Sanjeev Hota: If you could share the number of minutes, average number of minutes we are showing in the advertisement?

Alok Tandon: Well normally we do not share it because that is not in public domain but I just tell you that our average minutes are less than 15 per screen.

Sanjeev Hota: It is similar to the industry standard or little bit lower than that?

Alok Tandon: Well again I do not even know if competition shares this data or not but we know that from our side this will surely increase.

Sanjeev Hota: A few quarters back we had also mentioned that we have hiked the ad rate so how is thing going up there about the acceptance over there?

Alok Tandon: Well the acceptance is there that is why we can see a 8% growth in advertising revenue for Q4, so people are coming back to us now and we have seen a good demand from various media planners and advertisers coming to INOX to have their ads played.

Sanjeev Hota: So you are confident of double-digit growth in FY2018?

Alok Tandon: Well yes for sure.

Sanjeev Hota: The margins because GST is coming in this year so what kind of margins do you see overall in FY2018?

Alok Tandon: Well it is difficult to quantify because till now we do not know what the exact rate percentages will be but assuming as we always talk about 18% we should be marginally better off than what we are today.

Sanjeev Hota: Better off because FY2017 was the washout year for us because this should not be the base case for our margin exemption going forward.

Alok Tandon: No.

Sanjeev Hota: So, going back to FY2016 if that is the base case we are talking about when talking about the margin going forward?

Alok Tandon: Well yes I would say the margins would improve. FY2017 was not a great year but we will be better off with GST rather than what we are today.

Sanjeev Hota: Excluding GST can we go back to the margins we have delivered in FY2016 like 16% operating margin.

Alok Tandon: Well absolutely that is the endeavor. The endeavor is to have more footfalls, higher occupancy, higher spends per head and a good average ticket price.

Sanjeev Hota: And if you could share the capex number for FY2018 what could be the capex?

Alok Tandon: Well let me tell you that our plan is to open about 49 screens in this financial year and on an average, we are looking at about 2.5 Crores per screen to be spent that is the average spend we are looking at.

Sanjeev Hota: So, there is no inflation over there because 2.5 Crores is the normal thing that is going on for the year.

Alok Tandon: Absolutely and today we have economies of scale to bring down our cost, and that is another advantage.

Sanjeev Hota: That is all from my side, all the best. Thank you.

Moderator: Thank you. We take the next question from the line of Apurva Mehta from KSA Shares & Securities. Please go ahead.

Apurva Mehta: Just wanted to know what is your outlook on average ticket price going ahead?

Alok Tandon: Apurva difficult to say, but we are looking at anything between slightly more than inflation to about 4% to 5% of growth year-on-year where ticket prices are concerned.

Apurva Mehta: Can you just share the data of what is the mix between Regional, Hindi and English for 2017?

Alok Tandon: Let me just pull that out. If I look at FY2017 65% contribution came from Hindi and 15% came from English and the balance from other Indian Regional Languages.

Apurva Mehta: Currently we have around 40 lakh per screen overhead that can go up to what is your call on that average operating cost per screen can go up to what? What means, what is your average what you are looking at around 3% to 4%, 5% kind?

Alok Tandon: This is at the rate of inflation.

Apurva Mehta: Initially we were talking that GST will be beneficial to us. Now you are saying that it will be marginally beneficial that is little bit of contradictory because we were feeling that it would be really beneficial for you?

Alok Tandon: Well even we feel it will be beneficial, as on today we do not know what the tax rates are hence it is difficult to quantify the impact.

Apurva Mehta: But assuming it is 18% then what benefit we can get.

Alok Tandon: Well if you look at our current tax structure today it is 21.1% on gross and if we look at 18%, we have benefit in our ticket revenue but at the same time there is a slight reduction where F&B is concerned but overall I am optimistic and I feel that there will be improvement for sure when GST kicks in.

Apurva Mehta: Yes, and the input cost also we will get some reductions all the service taxes which we are paying?

Alok Tandon: Absolutely all the taxes, the service tax which we are paying on rent and other things we will get a set off from that.

Apurva Mehta: So that will amount to around 40 Crores, 50 Crores which we were assuming that?

Alok Tandon: Let me talk in percentage, about 2% to 2.5% increase.

Apurva Mehta: Thanks a lot.

Moderator: Thank you. We take the next question from the line of Alankar Garude from Macquarie. Please go ahead.

Alankar Garude: Thanks for the opportunity. Couple of questions from my side firstly, you mentioned about the average capex per screen of about 2.5 Crores now we are increasingly adding more IMAX and INSIGNIA screens is there any risk of this number going up further?

Alok Tandon: We are adding IMAX and INSIGNIA screens in those properties where people can spend to buy a ticket on a higher average ticket price hence our returns also higher in that. When I talk about 2.5 Crores it is a blended average of Tier I, Tier II and Tier III and yes, we all know that for having an IMAX and INSIGNIA, the capex is more but that is offset by the revenues which we get in and the profits we have.

Alankar Garude: Agreed Sir, but just I was focusing only on the average capex per screen number because earlier we were not that much into IMAX and INSIGNIA so if the contribution of these two properties go up do you see that average number going up further?

Alok Tandon: Well I do not think so because we have signed a 5-screen deal with IMAX and two are already operational it is only three more to go and where the INSIGNIA screens are concerned these are being added only in our marquee properties not allover so that share of 2.5 Crores going up, I think is unfounded.

Alankar Garude: Got it and secondly can you comment on the split between online and offline ticket purchases pre and post demonetization?

Alok Tandon: Our blended average for the entire year is 40% online. We saw spikes during demonetization but it has come back and settled down to that average of 40% for online.

Alankar Garude: So basically, there has not been any significant improvement in the convenience fees as well as a result of online purchases?

Alok Tandon: Well year-on-year it is going up from 30% last year to 40% this year so year-on-year we have seen a increase in online penetration.

Alankar Garude: That is all from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Chirag Shah from CLSA. Please go ahead.

Chirag Shah: Thank you for taking my question. Just a quick one on the level of GST preparedness not only with us but also with our suppliers and distributors there is an entire chain that needs to be ready. Now if you can just comment a little bit around what is the level of GST preparedness across the chain not only for us?

Alok Tandon: I will request my colleague Kailash to answer this.

Kailash Gupta: Just to inform you that on the GST front, we are taking external expert help and we are also taking help from the technical team from SAP and other platforms. So, as far as GST is concerned we are working towards it and we are sure we will be live on time. We can assure you that we will be fully prepared on time technically and otherwise. On the other side, we are coordinating with our vendors and customers. We are talking to our key customers and coordinating with each other. Apart from that, at the industry level also we are checking with our distributors, our studios and we are tying up with them so that we are fully geared up and ready by the time GST goes live.

Chirag Shah: In some of the states where you have, where you enjoy entertainment exemption, have you heard from the state governments on how this would be rolled out in the post GST era?

Kailash Gupta: Basically it is not only entertainment industry exemption matter, it pertains to all other industries as well. We have met and represented to couple of state governments wherever we are present and the clue is basically that as and when the GST law is passed, the respective state will consider exemption appropriately. Most likely, it will be through a refund mechanism. So basically wherever we have the exemption it will be grandfathered completely.

Chirag Shah: Thank you so much Sir.

Moderator: Thank you. We take the next question from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: Thank you so much again for the opportunity. I have just two questions on the F&B side. There has been some sort of a court action on that side also where basically the courts have said that you cannot sort of price the same FMCG products in this case I think Pepsi, Cola or something at different prices for the same SKU or for the same product FMCG. I just wanted to get sense on how much do those packaged F&B sort of contribute to our F&B revenue?

Alok Tandon: I do not think so that is the order, which the courts have passed. Courts have said that you cannot sell more than the MRP and today what we are selling at our concession counters is at MRP and the MRP is the prerogative of the supplier and hence I have got no role to play in it so whatever MRP we get at we sell it at that and we are just following the law of the land.

Amit Kumar: I am sorry my apology. I think the government has said that the MRP is fine but right now we have differential MRP inside the multiplex and outside or rather inside the mall and outside and they have said that even that is not allowed I think Pepsi has sort of agreed to implement uniform pricing as well. I just wanted to get a sense of how much in terms of packaged goods you sell popcorn and sandwiches which are really in-house manufacturing so we have freedom to price but how much of the product essentially carry an MRP what is the share of a product that carry an MRP in your F&B revenues?

Alok Tandon: Well I would not like to tell the exact numbers but yes we sell our diet coke cans at MRP, the Minute Maid bottles or the other products at MRP, For channel partners, whether it is Coke or Pepsi, they have got a special MRP package. I do not think that anybody has agreed to sell at a common MRP and you took Pepsi's name I do not know how far that is right or wrong.

Amit Kumar: It is a media report.

Alok Tandon: Well I do not even know how true that is or how right that is but let me tell you that we have taken legal advice and what we are doing it as per the law of the land of selling a product at MRP which is already printed on that particular packaged product.

Amit Kumar: In this quarter the spend per head is just about a 2% inflation, it is a little bit surprising because in the previous quarters where you saw the majority of impact of demonetization spend per head still increased by about 6% so last quarter we did not see too much of impact of demonetization we are seeing it in the trailing in this particular quarter that does not sort of tell really any sort of impact in this?

Alok Tandon: We have had a slight change in the product mix and this 2% increase from 58 to 59 in Q4 well it is primarily that some of the movies which were expected to do well did not do well. We have some movies like Dangal in Q3, which really raised the footfalls as well as spend per head but Q4 the food is concerned has been a bit lackluster.

Amit Kumar: That is it from my end. Thanks.

Moderator: Thank you. Ladies and gentlemen as there are no further questions from the participants, I would now like to hand the conference over to the management of INOX Leisure for closing comments.

Alok Tandon: I would like to thank everybody who is on the call today to have taken interest in our company and thank you for joining us. Thanks a lot.

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