"INOX Leisure Limited
Q2 FY '23 Earnings Conference Call"

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MODERATOR:	**MR. ANKUR PERIWAL - AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY'23 Earnings Conference Call of INOX Leisure Limited, 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 now hand the conference over to Mr. Ankur Periwal from Axis Capital Limited. Thank you, and over to you, sir.

Ankur Periwal: Thank you, Rutuja. Good evening friends, and welcome to INOX Leisure Limited Q2 and H1 FY'23 Post Result Conference Call. The call will be initiated with a brief management discussion on the earnings performance followed by an interactive Q&A session. Management team will be represented by Mr. Alok Tandon, CEO, INOX Leisure Limited; and Mr. Kailash Gupta, CFO, INOX Leisure Limited. Over to you, Alok ji for the initial comments.

Alok Tandon: Thank you, Ankur, and a very good evening to all of you on this call. I'm Alok Tandon, and with me is my colleague, Mr. Kailash Gupta, the CFO of the company, and we welcome all the participants on this call. Our Board has approved the quarterly results for Q2 FY'23 and H1 FY'23 and the same has been uploaded on the website of the stock exchanges and the company's website.

Quarter 2 was yet another quarter that reminded us about the importance of the quality of content and how significant its impact can be on the business. But at the same time, we are looking at this quarter as one, which made us sharper and fitter, having faced new year challenges since the pandemic began. What is heartening is our performance on the F&B front which strengthens our belief that strategic efforts, innovativeness, and consistency can fetch great results.

We reported our best-ever quarterly spends-per-head at Rs.102 which was largely driven by our rigor on a lot of fronts, critical additions to the menu, introduction of seasonal specialties, timely and result-oriented marketing initiatives, interactive culinary sessions across the country with our share and numerous other process innovations have led to the solid performance on the F&B front. I would also like to make a special mention about the launch of a 3-screen multiplex in Srinagar.

As the first multiplex in the Kashmir region, it is special not only for us but also for the industry as well as for the citizens of the state who have been waiting for an entire generation to experience the magic of cinema. This opening also depicts our desire to remain present across the country and expand aggressively despite perceptional challenges and difficulties.

Regarding the proposed PVR and INOX merger, I would like to say that after the directions of NCLT, INOX obtained shareholders' approval for the merger on 12th October 2022. We are in the process of filing the second motion petition with the NCLT Mumbai branch. We expect the merger to be completed by the end of Q4 FY'23. We propose also to acquire Chennai City's largest multiplex 'Luxe Cinemas'. In H1 FY'23, we have the highest screen addition in the industry of 30 screens. And as of 16 October 2022, we have a strong liquidity position and we had Rs.167 crore in cash and cash equivalents.

We are the only chain that is net debt-free. And I would also like to add that we were recognized as the most admired retailer at MAPIC India Retail Awards and also the best multiplex chain of the year at the IMAX Big Cine Awards. As FY'22 was impacted by COVID-19, throughout our earnings presentation, we have compared Q2 and H1 FY'23 with Q2 and H1 FY'20. Also, the figures exclude INDAS 116 impact.

In Q2 FY'23, the revenue is Rs.381 crore as compared to Rs.524 crore in Q2 FY'20. EBITDA is at Rs.3 crore compared to Rs.107 crore in Q2 FY'20. PAT is at a negative Rs.22 crore as compared to a positive Rs.51 crore in Q2 FY'20. For H1 FY'23, the revenue is Rs.970 crore as compared to Rs.1,020 crore in H1 FY'20. EBITDA for 6 months is at Rs.134 crore compared to Rs.199 crore in H1 FY'20 and PAT is at Rs.52 crore compared to Rs.92 crore in H1 FY'20.

In Q2 FY'23, the footfalls were 116 lakh compared to 190 lakh in Q2 FY'20. Our occupancy is at 17% compared to 30% in Q2 FY'20, and the ATP has increased to Rs.215 as compared to Rs.196 in Q2 FY'20. Our SPH is the highest ever for a quarter, as I just said, at Rs.102 as compared to Rs.79 in Q2 FY'20. For H1 '23, the footfalls are at 300 lakh as compared to 363 lakh in H1 FY'20. Occupancy is at 23% as compared to 30%. ATP is at Rs.224, which is a 14% increase as compared to Rs.197 in H1 FY'20 and SPH is at Rs.98, which is a 23% increase as compared to Rs.80 in H1 FY'20.

Our control over fixed costs has also been phenomenal. We can see that from the numbers, and we can compare Q2 and H1 FY'23 with Q2 H1 and FY'20 on per screen basis. And we have seen that in most of it, our fixed costs decreased. Employee benefit expenses, which includes agency manpower also have gone down from Rs.71.6 crore in Q2 FY'20 to Rs.61.6 crore in Q2 FY'23. On a per-screen basis, it has reduced from Rs.12.7 lakh per screen to Rs.9.3 lakh per screen, respectively, which is a 27% reduction. Power and fuel, R&M expenses have increased in absolute from Rs.42.3 crore in Q2 FY'20 to Rs.48 crore in Q2 FY'23.
However, on a per screen basis, it has reduced from Rs.7.5 lakh per screen to Rs.7.3 lakh per screen, respectively, which is a 3% reduction. Rent & CAM has increased from Rs.97 crore to Rs.117.3 crore in Q2 FY'23. On a per screen basis, it has marginally increased from Rs.17.2 lakh per screen to Rs.17.7 lakh per screen, respectively, which is a 3% increase.

This increase is in line with the acceleration mentioned in the agreements. Other overheads have gone down from Rs.32.4 crore in Q2 FY'20 to Rs.29.7 crore in Q2 FY'23. On a per screen basis, it has reduced from Rs.5.7 lakh per screen to Rs.4.5 lakh per screen, which is a 21% reduction. Our distributor share for Q2 FY'23 and Q2 FY'20 are similar (43.5%), and our F&B contribution has shown a great improvement. F&B contribution has increased from 75.5% to 76.3% for Q2 FY'23.

In terms of shareholding structure, as on 14th October 2022, FIIs owns about 19.1% of the company, the DIIs owned 23.84%, Promoter & Promoter Group hold 44.04%, and Public and Others own 13.02% of the company. The share price as of 14th October 2022 was Rs.499.45, which gives the company a market capitalization of nearly Rs.6,110 crore.

We have opened 2 properties, 13 screens with nearly 2,000 seats in Q2 FY'23. We opened INOX Emerald Mall Lucknow with 10 screens and 1,550 seats, and we opened 3 screens with 522 seats in Srinagar, Kashmir. At present, we are operational in 18 states and 2 union territories present in 74 cities. We have 165 properties, 705 screens, and approximately 1.57 lakh seats.

We propose to acquire Luxe Cinemas, located in Central Chennai with 11 screens and 2,688 seats. This is on a Slump Sale basis, and this is subject to legal, regulatory, contractual and customary approvals and the completion of the agreed conditions set out in the agreement. Excluding Luxe Cinemas, beyond FY'23, we have signed up to the extent of nearly 117 properties, 832 screens with 1.52 lakh seats. And once this entire pipeline is fully implemented, we will have 293 properties, 1,584 screens and nearly 3.18 lakh seats. In Q2 FY'23, we had movies like Brahmastra Part One: Shiva,

THOR: Love and Thunder, Karthikeya 2 and Vikrant Rona to name a few. We have a healthy lineup of movies already waiting for release. We have movies like Black Adam, Ram Setu, Thank God, Sardar, Black Panther, Drishyam 2, Vaathi, Avatar, Cirkus, and Pathan.

As far as our CapEx is concerned, at the beginning of FY'23, we had organically planned to open 77 screens, out of which 30 have already opened. All 77 screens are being funded through internal accruals. The proposed acquisition of Luxe Cinemas would be done through a mixture of debt and internal accruals. I would also like to reiterate that our liquidity position is very strong. And as of 16 October 2022, we have Rs.292 crore, which includes an undrawn limit of Rs.125 crore. Alternatively, we own 6 cinema properties and our head office. As for the market valuation, if required, we can raise close to Rs.400 crore by doing a sale and leaseback of these properties. As of 16 October 2022, we have a gross debt of approximately Rs.77 crore.

Well, gentlemen and ladies, this was a brief about a quarter, which has gone by. And with that now, we can open up for questions and answers.

Moderator: The first question is from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.

Abneesh Roy: Yes. Thanks, sir. So the first question is on this Chennai acquisition, which you have done. I wanted to understand the thought process for acquiring this before the merger because anyway, approvals have been coming, why at this juncture because this will go to the merged entity. And the related question on Srinagar entry. It's a very tough market, and we know that 3 decades, there has been hardly any presence. Given such high risk of, say, safety and all that, plus consumer behavior in those markets, why take such a risk? And how do you see that property doing well from a medium, long term?

Alok Tandon: Okay. So Abneesh, well the thought process of trying to get Luxe Cinemas is that we have never shied away from expansion, whether organic or inorganic. And you're right that this will go into the merged entity. But we at INOX are still growing, as I always say, and we will never shy away from any growth opportunity. We got this opportunity in Central Chennai. It's the largest cinema hall in Chennai City with great footfalls. We have got a large number of seats and the location is outstanding. So that is the reason why we went in for this particular property.

When you talk about Srinagar, I know it's tough for people to come out after 32 years of not having a cinema hall over there. And slowly, but steadily, the habits of people will change over there. We all know Abneesh that cinema is the cheapest form of entertainment and every Indian loves to watch a cinema hall or loves to watch a movie in a cinema hall. And hence, we thought that this is the best time we have this opportunity. It's a management contract, which we have. And I would say that until now the response has been quite good. Yes, there were initial issues where people were not coming out. But then I don't blame them. It takes time to break a 32-year-old habit. And I'm very sure that in the next couple of weeks or next couple of months, we will have people throng into the cinemas as we have all over the country.

Abneesh Roy: Sure, that's helpful. One follow-on on Srinagar. So it's a management contract. So any details you can share and who has done the effects, et cetera? And would you have more plans for that market in terms of management contract longer term?

Alok Tandon: Yes. We are always hungry for growth. So the answer is yes, Abneesh. And as it's a management contract, the entire CapEx is put in by the owner of the property. And it is also a thing which is between the owners and us that who have to spend and what amount. But here let me tell you that the entire amount has been spent by the owners of the property.

Kailash Gupta: So Abneesh, in this properly, our risk is very limited. You need to understand, being a management contract, we normally get the management fee. We don't get into the risk in terms of running the cinema, low footfall, high footfall, or any kind of I mean

unwanted activities in the cinema. So our risk is limited, whereas the branding is with the INOX, of course, and being a management property, I mean the investment is also done by the M&P owner.

Abneesh Roy: Sure. That's useful. My last question is on the burning question of the Hindi movies. And Q2 has started and we were having a similar call for Q1. There was everyone's expectation that this quarter should be good. Now Q3, again, content on paper is looking good. My quick questions are whether content is the main issue. I understand that South movies are doing well. So is there a possibility that content, whatever core correction is needed because now everyone knows there are issues in the Hindi movie. So is there a core correction happening in terms of the industry?

And second related question is marketing spend on new movies is very low. For example, Doctor G, which got released recently, I hardly saw any advertisements and I checked with lot of people, the awareness was near zero. So I think it's a question of the health of the industry, also because so much of the impact has been there, so the ability to spend by the producer is very limited. So could you address these 2 questions?

Alok Tandon: Yes. Abneesh, let me tell you, there's no issue with the Hindi film industry, okay? The Indian film industry is doing well. Movies in other Indian languages are doing well. But Hindi, unfortunately, for the last couple of months is not doing well. But still, I'm saying there is no issue whatsoever. See, if you look at the routine industry trends, we release about 1,100 to 1,200 titles every year, and these are new unique titles and about 10 out of 100. I'm just now giving it a percentage, 10 out of 100 movies go on to become blockbusters. And 90 of those do not perform and are non-blockbusters. But unfortunately, what happened this time is that these non-blockbuster movies have got released in the last few months, and they just clubbed together.

That does not mean that the Hindi film industry has an issue or it will not do well. Remember, it's a 100-year-old industry. And there are times when things don't perform it, like in any business. But for our industry, for the last 5, 6 months, movies have not done well, which is in Hindi. However, , Kashmir Files did very well. Gangubai Kathiawadi did very well. Bhool Bhulaiyaa 2 did outstanding numbers. But yes, there are 4, 5 marquee movies, which everybody was thinking would be tenfolds, that did not perform at the box office. So that's how it is. Things in Q3 could change.

You spoke about whether the Indian film industry or the Hindi film industry, there's no publicity now. Well, Doctor G maybe one or two movies where there was no publicity, but I saw a lot of publicity for Vikram Vedha. I'm seeing a lot of publicity today for Ram Setu. We are seeing publicity for various Hindi movies, which are coming. Maybe 1 or 2 have not been publicized, which does not mean that people in the Hindi Film Industry are not going to advertise at all. It's just a prerogative of the distributor or the producer and they thought that it makes sense not to just paint the city with hoardings of Doctor G all over. That's their business call.

But let me tell you, we are multiplex operators and INOX in particular. We had a lot of I would say chattered about the movie on social media. We did a lot of advertisements on e-mailers, on Twitter, on Facebook and various other platforms. So this is where we are, not every movie is promoted by the distributor because it's his call, but we as an exhibitor, go all out to promote each and every movie.

Moderator: The next question is from the line of Jinesh Joshi from Prabhudas Lilladher Pvt. Ltd. Please go ahead.

Jinesh Joshi: I have a question on this acquisition, which we have made very recently. Can you share what is the price tag that we have paid to buy Luxe Cinemas? And whether the cinema is profitable or not and just any headline numbers on that front? And also when is the transaction expected to complete, we also intend to take some debt to fund this acquisition. So what will be that amount as well, if you can share these numbers?

Alok Tandon: So Jinesh, we're looking at the acquisition to be completed in the next couple of weeks, and I will not be able to tell you about the acquisition number. But yes, it is a positive EBITDA property. It's doing very well, and that's the reason why we wanted to have it. So that's the answer. I cannot give you more details.. It's a property that has great footfalls, great location and it's a marquee property.

Jinesh Joshi: Okay. Debt number will you be able to share, is it possible? We have stated that we may take some debt to fund this acquisition.

Alok Tandon: No. No. I'm sorry. Okay, debt. Again, that is something that we could take some debt for that. But we have also said its debt and internal accruals. So it will be difficult for me to share that number, please.

Jinesh Joshi: Okay. And secondly, on this agreement with ICC to screen the T20 matches. I mean, is this agreement exclusive in nature or other cinemas has also entered into a similar tie-up. And subsequently, will we have to pay to showcase the tournament or it will be on our regular sharing basis?

Alok Tandon: Okay. We are not paying any fixed fees. So that's the direct answer. It's on a revenue share basis. And what I've come to know is that, yes, we have signed this agreement, but it's not exclusive. So other chains also will be showing the matches if they have signed up a contract with ICC.

Jinesh Joshi: And typically, for these matches, is the ATP at par with 2D or is it lower or higher?

Alok Tandon: Well, you're talking about the occupancy?

Jinesh Joshi: ATP, ticket price.

Alok Tandon: ATP is higher. Occupancy is higher. So I would say both metrics are higher for the matches which we show of any alternate content that we have that's always higher than a normal movie.

Moderator: The next question is from the line of Kapil Jagasia from Edelweiss Broking. Please go ahead.

Kapil Jagasia: Sir, I wanted to ask about the occupancy levels. Now we are yet to attain the 30% level after COVID, like just in the pre-COVID level, which used to attain, so my question is both this 24%, 25% occupancy. Is this the new normal for us going forward? Because as you understand that even the screens have been at a decent pace.

Alok Tandon: Well, if I look at the occupancy, we had nearly touched 30% in Q1. Yes, Q2 is less. I don't think this is a new normal. We all know that occupancy is related to the content which we are showing. And we have some major challenges with the content in Q2. So the current occupancy levels are not the new normal. We should hit 30% soon. And we all are, as I said, looking forward to the lineup of Q3, where we can talk about some great movies which are about to be released and people should impact to our cinema halls pattern.

Kapil Jagasia: Right, sir. Sir, just taking this 30% occupancy ahead, have you thought of reducing the number of seats going forward which would also reduce the CapEx for you and also improve the return ratios?

Alok Tandon: So it's not a thought that we have to reduce the number of seats per screen. But if we have luxury streams couple, automatically the number of seats are reduced. So we don't want to save CapEx by reducing the number of seats. In fact, if you look at our luxury screens, the CapEx is more and the number of seats over there per screen is lower than what we have on a regular basis. So it's got nothing to do with reducing cost. But yes, with all new formats now coming in, I would say that the number of seats per screen is reduced, unless it's an IMAX. Because in IMAX we would like to go in for more number of seats, more than about 300, but in other formats, whether

it's in Insignia, whether it's in MX4D, whether it's LED, whether it's a ScreenX, we would like to have cozy viewing and compatible viewing for all our guests to have the luxury in those cinema halls. And that's the reason why we will have less seats per screen in different formats.

Kapil Jagasia: Right, sir. And sir, other question is like how is your advertising income recovery shaping this almost like one month of this Q3 has gone down. So would we still stand the full recovery in H2? Or is that getting delayed.

Alok Tandon: Well, advertising income, we are about 65% to 66% of FY'20 levels. We were hoping that Q2 would be a shade better, but it's in line with Q1 because of the movies, we all know that some of the marquee tenfold movies did not perform well at the box office. But Q3 is looking good, but I don't want to talk about a number. Q4 going forward, with great movies, there's a lot of interest shown by the advertisers. So I think that things will improve over a period of time. And yes, there has been a delay of about a month or 2 because the movies did not do well. And our estimates went haywire, but Q3 and Q4 look promising as we speak.

Moderator: The next question is from the line of Arun Prasath from Spark Capital. Please go ahead.

Arun Prasath: Firstly, if you can focus on costs. I think last year, we guided that there will be some permanent cost savings because of certain measures taken by the company during the long-term period. And we can see some of that in the first half fixed costs on a per-screen basis, there is a reduction probably except rent. So can you give few details on how this is achieved and is it sustainable? And if it is sustainable, can we expect some more reduction coming our way even before the merger is going to at least come into place?

Alok Tandon: So Arun, you have seen the way we reduced our operational fixed costs, whether it's in manpower or whether it's in Power & Fuel and R&M or other overheads. So I think the hard work we did when all the screens were shut was that we formed groups in our company to look at every P&L item with a fine-tooth comb. I think that's yielding results today. So whether it's the employee benefit expense, which has gone down from Rs.12.7 lakh per screen per quarter to Rs.9.3 lakh or if I look at the Power, Fuel and R&M, that it's come down by 3% to Rs.7.3 lakh per screen or if I look at other overheads, which has drastically come down to Rs.4.5 lakh per screen in Q2 FY'23. I think that all our measures are now yielding results.

In a steady state, yes, we will see a decline compared to FY'20. But if you look at FY'24 or '25, and when we compare it to today's numbers, there will be a marginal, marginal saving because all that saving is already now taken care of. Whether it is multitasking by our team members or whether it's initiating of energy-saving devices and energy-saving methods or any other way of saving overheads. So that's something where we are pushing the pedal hard. We are ensuring that whatever we had committed, we live up to that. And even our teams are performing in such a way that their internal targets, which they were given are being met now.

Arun Prasath: So does it mean that we are largely achieved and not much is left in the cost savings front.

Alok Tandon: No. It's not like that. We have achieved a lot, and we will continue achieving, but if you want to see a drastic reduction quarter-on-quarter, that may not happen because now the base itself is low. Remember this, the base itself is low. And going forward, you will see reduction, but not to the drastic extent that you have seen today.

Kailash Gupta: So Arun this cost, if you see this cost reduction comes despite the inflation, which is kicking in and hitting us everywhere. I mean while you see a 3% or 4% reduction in electricity, it has already had the impact of the higher digital prices as well as the higher electricity tariff effectively, the reduction is much more. So despite inflation, if we are able to hit this much, I mean, going forward, it's very difficult to commit any number or comment on that because if the inflation continues to happen the way

it is happening currently further reduction looks like very, very difficult and challenging.

Alok Tandon: And the reduction has taken place as Kailash rightly said, we are comparing FY'23 numbers with FY'20 numbers. So let's be cognizant of the fact that after 3 years, we are talking about numbers, which have reduced from what we had in FY'20.

Arun Prasath: All right. My second question is, once again, coming back to the ad revenue. We understand that it usually comes with a lag, right? So by that account, post a fabulous Q1, we should have seen a little bit more recovery, but that has not happened in Q2 for various reasons. But this lag effect is not reflecting in Q2, any reason beyond the content over quality? Because at least on the back of the good Q1, there should have been some kind of advance contracts, which should have come in RA, right?

Alok Tandon: So Arun, you're right, it should be lagged. But Q2, all marquee movies did not perform ,we knew that there were no people coming in, the footfalls reduced and if somebody gave us a contract for 2 weeks, he kept it only 2 weeks, he did not advance it for the third week. So that's how it was.

We all know that advertisement is dependent one on lag, as you rightly said, but number two, also on the buzz around the movie, on how a movie performs in the first week, then the advertiser may give you a contract for the second, third, fourth, fifth week. Here we got it only for a few weeks, but not for a larger or a longer period of time as we would have expected. What saved us, and still we did about 65% of FY'20 level is the long-term contracts which we had. And those are the contracts why we would at least get 65% to 70% of FY'20 numbers. But we have seen a little bit of change in Q3. People are talking about advertising and especially for marquee and big movies. And as I said earlier that I'm hopeful that Q3 and Q4 would be different than Q2.

Arun Prasath: Understood. Just on this ad relating a little bit. I understand the volume or the inventory fill up rate would be lower because of clients don't want to show anything in the poor footfall period. But how about the yields, yields are better? Or is it in line with the inflationary trend? Or is it slightly showing some due.

Alok Tandon: Well, it's in line with the inflationary trend. We have seen that the yields are slightly improving. It's not that it's absolutely flat. It's slightly improving. But yes, you're right that the volumes are less and the time consumed is less. And hence, there has been a hit on the entire advertising revenue.

Arun Prasath: Understood. Finally, on this transaction, Luxe transaction, I think I understand this property is great property in a very popular mall. And even you mentioned that human economics is very favorable, given that they are positive so that means are we paying far above the replacement value or market value or why the promoters of the source to sell it out when the property is very profitable. Any view on that?

Alok Tandon: So Arun, I will not be able to tell you why the Jass promoters want to sell it. I will not be the right person to answer that because even I don't know. But yes, it's a competitive price we are paying. And in line with what we normally at INOX would pay for any property.

Arun Prasath: Okay. So is it more or less in line with the past transactions that we have witnessed in the Indian multiplex industry?

Alok Tandon: Yes. So INOX is I would say it's in line with what INOX has paid. And I don't want to say that whether it's lower than that or whether it's higher than that. But I would say it made financial sense for us and hence, we went into signing this deal.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: So the first question is on the post-merger. And if we are closing this in the next few weeks, that means before INOX PVR merger, Luxe will be in the INOX portfolio.

How is this going to change the merger ratio between the PVR and INOX, which we have on earlier, which is 10:3 ratio?

Alok Tandon: Sanjesh, nothing will change. Everything will remain as the same 10:3.

Kailash Gupta: Sanjesh because it is already fitted through either internal accrual or debt, which is already a part of the purchase consideration on the valuation report, which was there for the INOX PVR merger.

Sanjesh Jain: So is it safe to assume that this merger is happening at the same valuation at which PVR INOX has done. It won't change materially. What has to be net cash will become an asset for us?

Alok Tandon: Yes, you are right.

Sanjesh Jain: Got it. The second question is on the occupancy side, 17%, not a great number to look at. But I know it's not much in our control base but is there anything that proactively INOX can do like sending if we know that the occupancies are not selling, we have a loyalty program, pushing new discount, but we see that we can bring up some occupancy there. Any efforts that we have done proactively to see that the occupancy rate grows or there is absolutely that INOX can do anything post the commercial have agreed and we have to live with occupancy, which finally comes.

Alok Tandon: So we are doing a lot of stuff to increase our occupancy, Sanjesh. A lot on the marketing front, whether it's directly communicating with our guests, sending them e-mailers, sending them WhatsApp messages, having some schemes, our 3-tier loyalty program is doing very well, and we are getting a lot of traction in that. We've seen a lot of repeat guests because of the program that we have loyalty program, so we are doing a lot of stuff where we are trying to get people back into the cinema, especially during a period when the content is nothing great. Q1, we have some great content, so people who were coming as it is, but we are really deep diving into the data we have, the consumer data we have in our loyalty program and pinging all our guests. So that's one.

Number two, to get people, we are doing a lot of stuff in the lobby, a lot of marketing activities so that every time they come to a lobby, they see something new happening, and they find a difference. So it's not only coming to watch a movie, but also to be entertained. For example, if there's a movie, so there'll be a decoration of that particular theme, using the name of the movie in the lobby, all those things we are doing.

And number three, which is important is that we are trying to have a lot of pull by having a lot of F&B specials. So we have our chefs going all around, having culinary sessions, inviting people telling them the recipes, showing what the chef is cooking and deeming it on the LEDs, which is in the lobby. So making it very, very interactive. So where people know that going to INOX, they will have something different also apart from seeing a movie. So a lots of activity Sanjesh, and I would say in a quarter which did not have great content, we had 116 lakh footfalls and that's because of our marketing initiatives also.

Kailash Gupta: And Sanjesh, just to add what Alok is saying, I mean that the things which was in our control, apart from the marketing and attracting customer was the cost actually and there we did a great job, which is visible from the numbers.

Sanjesh Jain: No, no, Kailash, it's very appreciated on the cost. I think we have done a fantastic job better than this year, no doubt in that. And Alok ji, what you just told me it's all about it's a cool factor and telling once the patent comes into the cinema, now all those experience does matter and that these are very differentiated experience, so my question was more how are you getting them in? I know when there is a great cinema, the efforts required by us minimizes and there is an automated pull factor. I'd tell you when we know that in first 2 days, the reviews have been not great. We have been seeing deteriorating occupancies. Are we doing anything proactively to increase or there is absolutely no scope for?

Alok Tandon: So Sanjesh, that's why I said, that's where our marketing loyalty program comes into play. When we are writing to every guest, we are communicating with every guest to come out and watch that particular movie. So what I spoke about various activities and various promotions which we are doing is by deep diving into the data of a loyalty program and writing to guests, talking to them directly, or having various schemes for them to come and watch a movie. So that's something which we're doing proactively to ensure that they come out and watch movies with us.

Sanjesh Jain: Any learning from the National Cinema Day, that Rs.75, I think, was phenomenal. PVR reported that they had 72% occupancy, any learnings from that we can implement in a quarter..

Alok Tandon: Yes, well, learning is that it was more of a celebrately thing we had that day. Learning is that, yes, we had lots of footfalls over there. We had nearly 5.5 lakh footfalls and the ticket prices were only Rs.75, so the learning is which we always say is that sweet spot between footfalls and the ticket price, which is important so that the GBOC is maximized. And we always believe in that, that there has to be a sweet spot between footfalls and the ticket price to get the maximum GBOC.

I would say learning, but the advantage we had was that we got a new segment of people who could experience the INOX luxury, the INOX service at a reduced rate. Whether it was the rate of our regular screens or whether it was our Insignia screens or whether it was any format. So we got a new set of guests who walk into INOX and experience that entire thing and which I think will help us in the long run because that will create stickiness, and that's important. So that's how it was. I would say that it was not celebrity rather than we're judging and we're finding out that how it benefited us. It benefited us, as I just said, by opening up a new set of customers for us.

Moderator: The next question is from the line of Rushabh Gandhi from Metaverse Equity Fund. Please go ahead.

Rushabh Gandhi: As we know, this theater industry is highly affected by OTT platforms. Are you planning something for that?

Alok Tandon: Well, I don't know what do you mean that it's highly affected, but let me tell you, OTT and Cinemas will co-exist, and that's how it is. Today, what we watch on a cinema hall is totally different than what we watch on an OTT platform. You watch docudrama, web series, or movies which you have missed in a hall or on an OTT platform because of the windowing and the time lag between the movie when it hits the screen and it comes on OTT. So that's the reason why you watch in OTT. But you go to a cinema for an experience. You go to a movie hall for a larger-than-life experience. To see the movie in a great environment to have crystal clear projection and uncompressed sound to enjoy to celebrate with the family and friends. So I think that OTT and cinemas cannot be clubbed.

They both will exist, co-exist, and they will have, I would say, the same set of audiences. But cinema is more appointment viewing, OTT is not. So it depends on what you want to do, you will watch an OTT or thing on OTT or you would watch a movie in a cinema hall. I don't think that it's affecting. The positive I see is that the quality of content will surely increase in a cinema hall because we've seen somehow are tastes where quality and quantity is concerned, in an OTT has changed, and that will rub off in the content for the cinema hall. So I only see a positive rather than a negative. And I want to just finish by saying that both of them will co-exist, and they are no threat to each other.

Rushabh Gandhi: And my second question is that you are targeting 77 screen and you already 30, already opened, how much time it will take?

Alok Tandon: Well, another 6 months to open 47 screens out of the 77, we have already opened 30 out of 77. And we have another 6 months to go and open the rest, and we are very, very hopeful Rushabh, that we'll be able to open those extra 47 screens.

Moderator: Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Alok Tandon: Well, thank you. Thanks a lot for taking interest in the company. And we are very hopeful that Q3 should be good for the entire Indian Cinema industry and there should be some great numbers that we will be talking about, and we all are looking forward to the exciting lineup of movies, which are there in the coming quarters. Thank you very much.

Moderator: Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.