



UFO Moviez India Limited
Q3&9MFY26 Earnings Conference Call

January 30, 2026



MANAGEMENT:

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SR. ANALYST:

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- Moderator:** Ladies and gentlemen, good day, and welcome to the UFO Moviez India Limited Q3&9MFY26 earnings conference call hosted by Ventura Securities 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 the 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. Tushar from Ventura Securities Ltd. Thank you and over to you, Sir.
- Tushar Pendharkar:** Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities Ltd, I welcome you all to the Q3&9MFY26 earnings call of UFO Moviez India Limited. The company today is represented by Mr. Rajesh Mishra, Executive Director and Group CEO of the company, Mr. Ashish Malushte, Chief Financial Officer, and Mr. Siddharth Bhardwaj, CEO-Digital Cinema Network business of the company. I would now like to hand over the call to Mr. Mishra for opening remarks, post which we can open the floor for Q&A. Thank you and over to you Sir.
- Rajesh Mishra:** Thank you, Tushar. Greetings everyone and thank you all for joining our Q3&9MFY26 earnings call.
- Q3 FY26 once again highlighted how critical the right content and release timing are for theatrical performance. The quarter played out against an uneven festive calendar, which resulted in selective audience traction across the period.
- October saw steady momentum led by the strong performance of “Kantara: Chapter 1”, while other releases such as “Sunny Sanskari Ki Tulsi Kumari”, “Thamma”, and “Ek Deewane Ki Deewaniyat” delivered mixed results.
- November was relatively softer, reflecting a muted post-Diwali phase. Films like “De De Pyaar De 2”, “Tere Ishq Main” and “120 Bahadur” saw steady but moderate footfalls, while a crowded slate of mid-scale and regional releases delivered average performance overall.
- December clearly stood out and drove the quarter. “Dhurandhar” delivered a strong and sustained run through the holiday period, reinforcing the power of event-led cinema. While “Akhand 2: Thandavam” added regional support and “Tu Meri Main Tera Main Tera Tu Meri” underperformed, overall momentum improved meaningfully toward the year end.
- Overall, Q3 FY26 saw stable footfalls supported by select marquee titles and resilient underlying demand. With a stronger content pipeline ahead, improving advertiser sentiment, and continued focus on efficiencies, we are well positioned to drive consistent performance and growth in the coming quarters.
- In total, 457 movies were released (including versions/languages) during the quarter, compared to 404 in Q3FY25 and 462 in Q2FY26.
- On the screen network front, our advertising footprint now stands at 3,783 screens. This includes 2,304 multiplex screens and 1,479 single screens.
- Turning to the key figures for the quarter and nine months ended December 2025 –
- The consolidated revenue for Q3 FY26 stood at ₹1,319 million, compared to ₹1,387 million in Q3 FY25. and ₹1,113 million compared to Q2 FY26.
 - EBITDA stood at ₹106 million in Q3 FY26, compared to ₹208 million in Q3 FY25, and ₹116 million compared to Q2 FY26.
 - The company reported a net profit of ₹64 million in Q3 FY26, compared to a net profit of ₹153 million in Q3 FY25 and a net profit of ₹75 million in Q2 FY26.
 - Regarding nine months year ended performance, consolidated revenues amounted to ₹3,522 million, compared to ₹3,300 million in 9M FY25. EBITDA for 9M FY26 was ₹620 million, compared to ₹473 million in 9M FY25. On the PAT front, the company reported a net profit of ₹204 million in 9M FY26 against a net loss of ₹103 million in 9M FY25.
 - The consolidated cash as of 31st December was ₹1,271 million, and the net cash was ₹491 million after considering outstanding debt.
- Looking ahead, the Q4 began on a positive note with the release of films such as “Ikki”, “The Raja Saab”, “Rahu Ketu”, “Border 2” etc. The outlook for the upcoming quarter remains positive, with several high-profile releases, including “Mardaani 3”, “O’ Romeo”, “Dhurandhar - Part 2”, “Toxic”, “Peddi” etc. With this robust lineup, we remain confident about continuing with the momentum.

I would like to take this opportunity to thank all our stakeholders for their continued trust in the Company.

With that I open the floor to take your questions. My colleagues, Mr. Ashish Malushte-Chief Financial Officer and Mr. Siddharth Bhardwaj – CEO and I will be happy to take your questions.

Moderator: First question is from Shilpa Saboo from Ananta Capital. Please go ahead.

Shilpa Saboo: Thank you for taking my question. My question is to the CEO. So, the company has good cash, approximately 100 crores on books and with low working capital requirement and CAPEX requirement, we have an asset-light model, right? So, if the company does buy back from open market, the ROE, EPS for the investors can be improved because huge wealth has been destroyed in the past. Along with that, we have sufficient CAPEX cash flows available. So, what is your take on the same?

Ashish Malushte: Hello, Shilpa. This is Ashish Malushte, CFO of the company. So, if you permit, I will take this question. You are absolutely right on when you have analyzed the financial situation of the company, except for just one small correction. The model is not fully asset-light. Partly, we can go asset-light. But most of our things are where we invest into the CAPEX that goes into the theatre. But having said that, the fact is that we are sitting on 100 crores plus gross cash and about 50 odd crores of net cash. And this has been the situation for last 10 years, except one quarter during COVID. And yes, philosophically, in fact, when we went public at that time also, we had said that whenever the company will not find a meaningful utilization opportunity of the accumulated cash, the same will be used to reward the shareholders.

And in other words, what we meant was we will not get into any unrelated or a related expensive or risky kind of propositions like say production of movie, something like that. And we stood by what we had promised. And between 2016 to 2019, substantial amount of dividend was distributed upward of 200 crores to the shareholders. And yes, at that point in time, certainly, even at that time, there was an option of doing buyback. However, for whatever reasons attributable to it, we thought it appropriate to reward the shareholders in the form of cash, because we were freshly listed. Having said that, yes, there is an opportunity to do buyback and buyback at the current valuation at which the company is, would be a better proposition than distributing dividends.

So yes, you are right. The question is whether we are at that stage. In terms of cash availability, yes, but in terms of technicality, which means the P&L supporting buyback, or distribution of dividend, we are not at that stage, even today because of the accumulated losses that we had, which are slowly behind us now. But maybe the stage at which the company will be in a position to return the money back to the shareholder in the form of dividend or a buyback would be sometime soon, not immediate, because last year, we turned profitable, meaningfully. This year, we have continued in all the three quarters, the back level profitability. So, when this continues, for some more period of time, yes, there will be a meaningful accumulation of cash. And at that point of time, buyback can certainly be considered, especially because the valuation parameters and multiples are at a relatively lower level as compared to industry.

Shilpa Saboo: Yes, sir, I understand your point. Just one thing. So can we go for a buyback in a smaller amount, like 3, 4, 5 crore per quarter, that would not impact the cash also much along with the plans that the company has?

Ashish Malushte: Yes, again, I will say that yes, that can be one of the strategies and one of the ways forward. But all depends on whether your financials allow you to reach that level. In my opinion, by year end, we would be. Then whether it should be one go bigger chunk distribution of dividend or buyback or doing dividends in a shorter span or buybacks in a shorter span will be a tactical decision which need to be taken by the board. But all I'm trying to tell you is that this company has always believed in returning the cash to the shareholders. It could be in the form of, it was in the form of dividend in the past and I'm saying it to the tune of 200 crore plus, that is the money that we have returned.

To be precise, 255 crores were distributed in the four years. And that is what we wanted to bring it to shareholders and the investors and analysts notice that this is the philosophy of the company. Unfortunately, the whole industry went through a very bad patch from 2020. Now, luckily, we are out of it meaningfully last one and a half year. So yes, once we are again back in that situation, we will take that call. But tactical calls, whether it should be in our trenches or at one go, should be dividend or buyback, that would be driven by the board level discussion.

Shilpa Saboo: Okay, sir. Thank you. Just one suggestion. I think that dividend won't improve the EPS and ROE for the shareholders as much as buyback can do. So just one suggestion from my side.

Ashish Malushte: I fully agree with you on this. More because of the level of lower valuation that we currently have, considering the consistent performance that the company is giving.

Shilpa Saboo: Yes, sir. Thank you so much.

Moderator: Thank you. Next question comes from Vedant Bangar. Please go ahead.

Vedant Bangar: Good morning, sir. In the last Q2 call, you said we shouldn't expect the same numbers in Q3 as we saw in last year's Q3. Specifically, you mentioned that the December 2025 numbers shouldn't be compared directly. We weren't expecting the numbers this quarter to match because last year's December quarter had a massive release called Pushpa 2, which boosted the numbers significantly. This quarter, there was a release on exactly the same day—December 5th—with the same number of days to capitalize on it in the form of Dhurandar. Yet, the numbers still didn't match last year's quarter. Can you explain why? The quantum of the higher grosser was almost the same this year as well. I'd like your take on that."

Rajesh Mishra: I appreciate your astute observation on this point. With reference to last quarter's Q3, if I may discuss it briefly: A couple of key differences this year were that the Diwali releases didn't pan out. Normally, releases during Diwali perform well and give us much better returns. That was one reason. You're absolutely right about Dhurandar, it did work very well. The primary difference between Dhurandar and Pushpa 2 is that Dhurandar was a single-language film released only in Hindi, whereas Pushpa 2 was multilingual, released in Hindi, Tamil, Telugu, Malayalam, and Kannada. It had a much wider footprint, which delivered much higher numbers for Pushpa 2 than Dhurandar could achieve. So, this is the two primary differences that we see.

Ashish Malushte: Okay, so if I can add on to this, one thing which Siddharth would be able to better articulate which I will leave it to him is about the point that Dhurandar when it was released, it had a limited hype when you compare it with Pushpa 2 and most certainly Dhurandar became a great hit once it was released. But the allocation of the advertisement resources that happened is based on a hype as perceived by the advertisers. So therefore, just to take a corollary, Pushpa 2 would have got a better advertiser's attention than Pushpa 1 and of course Pushpa 2 was considered to be one of the super hyped and super expected doing better movies. But Pushpa 2 had a better outlook from advertiser's point of view versus Pushpa 1 and same would probably happen for Dhurandar which probably Siddharth would take up. But before that quickly, second thing that has happened is the government and state and central government vertical that we have within the advertisement which used to be 100 crores plus till 2020, that had come down to the range of 30 crores last year, full year and that continues to underperform.

So, on a quarter-on-quarter basis, the government segment has reduced by about 4 crores if I am correct. So that has been a major reason why during the quarter, the performance on the advertisement front looks challenging. And then this explanation about Dhurandar which probably Siddharth will be able to explain in more detail.

Siddharth Bhardwaj: So, as Ashish and Rajesh just mentioned, there are two different genres of movies. One is more national, another one limited to Hindi speaking markets. So, which provides lesser opportunity for advertisers to take advantage of. And second, Pushpa-2 was eagerly waited for over more than a year. And advertisers were, you know, but there was a lot of excitement pent up, which came out when the movie was released at the end of the year. So, it worked on the hype of more than a year, whereas Dhurandar, like any other blockbuster, anticipated blockbuster, carried the buzz was there in the market, which we took advantage and word of mouth spread and it turned out to be the biggest blockbuster Hindi cinema has ever seen.

I'm sure it will create a similar hype for Dhurandar 2, which is due for release within this fiscal itself. So, you can anticipate equal, if not more response from advertisers in the month of mid-March, and the results of that should show in the next quarter. Hope this answers your question.

Vedant Bangar: Yes, sir. One more thing I need to ask. Sir, our margins of the past five or six quarters has been a little erratic. I mean, they're strong from 22% to 12% to again, 16%. So, what's the normal trajectory of margins that we should expect in the future? Operating margins, I'm talking about.

Ashish Malushte: Ok, so when you look at operating margin and it moving erratically, the erratic movement would only and only because of the movement in advertisement revenue. And the reason for that is there is a sizable fixed cost associated with the advertisement revenue in our case, which is the sharing that we do with the theaters, which is called advertisement revenue share as I had in the books. Now that is an annually it is in the range of about 75 crores of which almost 80% is fixed. So, what happens is when you have a Q3 of last year, my margin from advertisement revenue shoots up because this cost being fixed, more or less being in a near fixed scenario.

But when that advertisement revenue on an annualized basis comes to a lower level, say against 160 crores annualized, it comes down to 100 crores annualized, then the margin contracts from 75 crores annualized to 25 crores annualized. So that would directly translate into, now this is one key margin because the rest of our business is quite predictable. Both my revenue streams from distributor fee revenue and my theatrical revenue is relatively predictable. And the expenses are also predictable. So there is a certainty to the kind of margin that will draw from this segment. It's not a segment, but this section of my revenues. But the only differentiating factor is my ad revenue, how it pans out. And that exactly now if you go back and try to correlate with the ad revenues, you would see a similar kind of movement in my margins. One small addition, there would be a betterment in the margins when you see my sale of product revenue going up in a particular quarter, because that generally fetches me around 21 to 22 percent average margin.

So, these are the two factors. If you link it with the number that you analyzed, you will probably get the answer. And if there is anything still outstanding, then we will be happy to discuss your question.

Vedant Bangar: So, one last question. In March 2021—for FY 2021 and FY 2022—we had accumulated losses of more than ₹200 crore combined. Why are we paying taxes? We have accumulated losses exceeding ₹200 crore from those two years. Shouldn't those offset our tax liability until the ₹200 crore is recovered?

Ashish Malushte: Thank you. Good question. Many investors may have this point, but the answer lies in accounting principles. So, what do you see as a tax expense is not a tax payout. So, there is a concept of deferred tax sitting in the balance sheet. So basically, the books of accounts say that whether you have profit or loss, that period's profit or loss must represent a true picture. And therefore, when we were incurring losses, you would see that if you open those numbers now, the loss before tax and loss after tax, you will find the loss after tax being lower than loss before tax. Obviously, nobody is paying me taxes, but still why my loss before after tax lower is we create a fictitious asset called deferred tax asset in the books, which primarily says that whenever in future you will

make the profit, you will reduce this deferred tax asset fictitious. And in that period, though you don't have to pay tax in the books of accounts, you will show that there is a tax payment.

This is an accounting principle. So therefore, when you see in the current period, there is any tax hit in the books, that doesn't mean that my tax hit translates into cash outflow. What it means is, correspondingly, my deferred tax asset sitting in my balance sheet will go down. And now if you see my, of course, for Q3, you will not be able to see, but Q2, if you see the balance sheet is reported, even year-end balance sheet would be reported, you will see the deferred tax asset going down. Still, since we are on this point, still there could be one question, then why is there an outflow in cash flow for tax? That is purely because there are TDSs. So even though I'm not liable to pay any tax, when I render a service, the service recipient is supposed to deduct tax as per the Provisions of Income Tax Act.

So, although I'm making profit or no, he's supposed to deduct tax, we obtain a lower deduction certificate, so the tax deduction in many cases goes down. But that amount gets treated as TDS paid by us. But that entirely comes as a refund from government. So long story short, till the time I'm recovering my losses of those two years, I am not required to make any payment of taxes in cash flow. But in books of accounts, in that period, my PBT or loss before tax was reduced artificially, deferred tax asset was created, and that gets written back as I start making profit. So, this is simply accounting thing. We don't pay any taxes from cash.

Vedant Bangar: Thanks a lot, sir. I wish you a great year ahead and you've been great. Thank you so much.

Moderator: The next question comes from Mr. Sagar. Please go ahead.

Sagar: Sir, my question was, I wanted to know on an annual basis. So, your advertising revenue, how much comes from Hindi movies and how much comes from, you know, other regional language?

Siddharth Bhardwaj: So, you know, we try to monetize not films per se, but screens. So, there may be a screen where multiple movies run, some of different languages. So, when the proposition is offered to an advertiser, it is to advertise on a screen for a specific week. And by default, the leading movie on that screen would yield the maximum amount of eyeballs for an advertiser. You know, it depends from year to year, what is the pipeline of content, right? So, depending upon what genre, what language is performing, this ratio changes. However, you know, since our screens are split between Hindi market and southern markets, we can say, we can definitely provide you insights into what is the kind of revenue that the screens down south, five states of south yield to us, and what is the amount of revenue the balance set of screens yield to us.

But it will be difficult and unfair to share that whatever comes on, revenue is burnt or built to an advertiser for Hindi market is only for Hindi content. It is a result of mixed content that is running on those screens. Similarly, for screens down south. I won't have the number right now of the cuffs to share with you what is the kind of revenue southern screens yield to us and the Hindi markets screens yield to us. But we can definitely share the same with you, right? Hope this answers your question.

Sagar: Yeah, so 3,700, how much of the screen is available, present in Hindi market and how much into south?

Siddharth Bhardwaj: So, some 1,590 screens are in the southern market, five states of south and balance screens would be in the Hindi speaking market.

Sagar: So, I wanted to understand: How many advertisers do you currently have? Also, how sticky is the business? In other words, do advertisers come sporadically—time to time, by seasons, or by

years—or are they more consistent? Can you share details on advertiser stickiness, the total number of advertisers, and the kind of growth you're seeing in that area?

Siddharth Bhardwaj: So, there are two sets of advertisers. One set consists of advertisers who consistently use cinema as an advertising strategy and are more or less present or active on the cinema network relevant to their markets around the year or during their season. The other set advertises on cinema only during peak impact periods, tentpole opportunities, or tentpole movies. These are the two different types of advertisers.

Both types have different strategies to leverage cinema as a medium. Tactical advertisers depend on the buzz around content and advertise on cinema, but they vanish when the buzz reduces. Mature advertisers, however, view cinema as a consistent medium to use through the season or year and remain actively present over long periods. Post-COVID, tactical advertisers returned faster because it doesn't take long to build conviction around big blockbusters. Consistent advertisers, on the other hand, took longer to come back on board.

But this has been a year where these advertisers have embraced cinema. They realize that cinema has bounced back and that big hits will come periodically; over time, audiences will even out. So, they've returned. Impact advertisers—who take advantage of tentpole properties—embrace cinema only when the big films arrive on screens. That depends on the content flow. I hope that gives a clear picture of what has happened and what to expect going forward.

Sagar: Sir, any long-term agreement that you have with your advertisers or it just, you know, changes season by season?

Siddharth Bhardwaj: So, yes, like I said, two types of advertisers, one consistent advertiser. So, these are the guys who do either annual deals or season-specific deals. Supposing there's a Hodri client who's active only for four months, he will do a four-month deal. There are other advertisers who may want to work, who advertise around the year. They do year-long deals, but only for screens which are relevant. Supposing to somebody, a brand is active only in Bengal, he will only do for Bengal screens. So, they are the guys who do annual deals or long-term deals. And the others, they come on content and they pay basis, the pricing that exists on that specific week. So, yes, we have long-term advertisers and, you know, just simple advertisers who take advantage of specific reels or specific movies.

Sagar: And, sir, the lady that asked the first question about the buyback. So, I mean, your company looks interesting and next year it's kind of going to be big because Dhurandhar 2 is lined up and both the two Khans and Ramayana movie, a lot of good movies are coming next year. And your stock is trading below book value. So that's one suggestion as I, you know, if you have the money, you can do buyback because if, you know, your financials come next year, good. Then the stock will already run and, you know, then your stock will become possible for you to buy back. So, it's cheaper now, but the future really looks interesting. And, yeah, that's it from my end. Thank you so much, sir.

Moderator: The next question comes from Ashish Bhuj. Please go ahead.

Ashish Bhuj: I just wanted to know a couple of things. One is the slippage on the margin front on Q3 QBZs. In spite of higher ad revenues, our margins have shrunk on Q3 QBZs. Secondly, I just want to have a color on the non-advertising revenue as to what are the factors impacting those. Why the margin in Q3 is lower.

Ashish Malushte: So, let me take the first question first. So, well, from 19%, it seems that it has gone down to 15.9%. And the simple answer to that is, I mean, mathematically three reasons which I can quickly back off the envelope and tell you. One is that there is slight reduction in ad revenue. And my increase

in ad revenue as well as decrease in ad revenue impacts the EBITDA as well as PBT margins to the tune of 80% of reduction or increase.

Because as I had explained in one of my previous call, mission, that my fixed cost is significant of sharing. So, if I earn 100 more rupees, then a major portion of the sharing is already fixed. So, the incremental 100 rupees may contribute around 70 to 75 rupees as margin. The same happens when it is reversed. When my ad revenue reduces, it will bring the profitability down by almost 70-75%. And therefore, on quarter-on-quarter basis, when there is a slight reduction in ad revenue, that has translated to the reduction in the absolute margin. And that absolute margin in turn leads to reduction in the proportionate margin. So, therefore, out of 19 to 16, one component pertains to the fact that the sales, the advertisement sales itself has come down by some portion.

The second reason is that, the sharing which is again on a quarter-on-quarter basis, it gets neutralized with the ongoing discussions with certain of the bigger chains, can move the quarterly hit by some basis points. So, in this quarter, there is some increase in the sharing versus the previous quarter. And therefore, on a net level, though the ad revenue is having a lower reduction, the net advertisement revenue will see a higher reduction. And that is the second element that you see.

And the third element, which is not directly seen in the numbers, is my profitability margin from international business. So, if my international business has contributed slightly better in Q2 versus Q3, that will push the margin higher. So, while I have not built that bridge straight away for you, but often I know that these are the three key reasons why the margins would come down from 19% to 16%, plus some amount of increase in provisioning that we have done on a conservative basis towards certain expenses in Q3 over Q2. But that is not a significant amount. So, these are the three or four key items why you see the margin difference. The advertisement part is more important to note that any increase will disproportionately contribute to the margins and vice versa.

Ashish Bhuj: And for advertisement revenue, how is the revenue sharing done with the exhibitors? Is it on a variable basis or minimum commitment basis?

Ashish Malushte: So yeah, so it's a minimum commitment. But the way it goes is when we sign up a theater, mostly as a part of our business proposition, we provide an entire infrastructure and invest in the infrastructure. This is one category of a deal. In that case, there is a fixed minimum guarantee that we commit to him, which is nearly equal to the rental that we charge to him. So, the theater gets those equipment's at either near zero rental or marginal rental, depending upon what kind of equipment he has bought. But that component of minimum guarantee will always be compared in the books versus my books, my advertisement revenue. So, this is one category.

There is also a second category where if the investment is not done by us, then there will be a higher minimum guarantee plus sharing that we have to do. And there could be certain theaters which is a small in proportion where we sign up for no minimum guarantee, but 25% of the net advertisement revenue being shared with them. So, it's a composition of seven, eight different key categories. But I have explained to three key categories out of that.

Ashish Bhuj: Thank you, Sir.

Moderator: Next follow up question comes from Mr. Sagar. Please go ahead.

Sagar: Yeah. So, sir, I just wanted to understand, I was going with your numbers and I just wanted to understand the long-term growth of your UFO Moviez. So, as I said, you know, the corporate, like, can you tell me before COVID and after COVID, how many corporate clients that you have? Is there a growth in that? And, you know, how do you see yourself into five years down the line? Are you focusing on the local shops, advertising on, you know, on the screens or you're targeting

the multinationals and long-term agreements with corporate? So, just wanted to understand like a five-year horizon.

Siddharth Bhardwaj: So, I think very interesting observation by you and cinema being very hyper-local, relevant to hyper-local advertising, you know, that it's very relevant, hence more than a place to advertise for local advertisers. So, that's an area of growth, not only for us, but for all cinema chains. So, the challenge has been to get to these advertisers and create a channel to actually source these advertisers from these local stores, which are in the catchment area of a specific screen. So, a few years back, we set up a DSA network across the country to source slide advertising. This was mainly because local advertisers didn't have audio-visual content to advertise on cinema screens. We created a DSA network and a digital platform to schedule advertising on cinema screens—where a DSA could source a slide from a mom-and-pop store near a cinema and schedule a campaign on a UFO screen via an app. But it was limited to slides only, as retailers lacked AV content. However, the market has matured since then: Local advertisers now use audio-video tools, often honed on digital media, and have the capability to run such content on a medium like cinema.

So, we're getting back to this channel using our legacy Frames platform to attract advertising from local catchment retailers. That's a segment we're slowly building around key cinema properties across the country. These are early days, but over a five-year horizon, it should mature into substantial revenue—providing decent, stable growth. It's a highly relevant advertising area for local retailers and far more consistent than corporate advertising on cinema screens. We understand this fit between our screens and local retailers.

We were trying to bridge the gap in sourcing these advertisements and overcoming the challenge of retailers lacking AV content to run on cinema screens. Thankfully, digital platforms have helped—retailers now have AV capabilities—and our efforts to build a channel to deliver it on cinema screens are in progress. Over a five-year period, I believe your company should contribute substantially on this front. I can't provide specific numbers or guidance, but a large part of our growth should come from local advertising. I hope this answers your question.

Sagar: Yeah, I understand. I mean, the opportunity looks good because I look around and there are billboards and all. People have gone truly digital, so I really think that it's a big opportunity. The second question was, there are almost 9,000-10,000 cinema screens, if I'm not wrong, and I think 3,000-4,000 is... So those remaining 5,000, who are the competitors, and are these 5,000, are you looking to expand new screens too? And there's one more competition that has recently listed on the market, that complex, so are you also, they're also one of your screens?

Siddharth Bhardwaj: We constantly strive to add to our advertising screen network. As you have seen, we just added the Mirage Screen Network that is currently 230 screens, and it's poised to expand to another, by another 75 screens. And I also would like to point out that we have been consistently improving the product mix by increasing the number of multiple screens, which, you know, gather more attention from the advertisers. So that is there, and as you mentioned complex, yes, complex, we have some of the screens with us, and some of the screens are with another network, which I've already done. So it's an ongoing process. As the screens open up, we consistently try to engage with them and bring them on board with us for advertising purposes.

Sagar: Yeah, and for the last question, so before COVID and after, so you are sharing like 25% revenue with the screen guys, right? So are there any chances that this ratio of them, like the revenue sharing can fluctuate and their share of revenue can increase? And what was before COVID and after COVID, like the revenue sharing?

Ashish Malushte: So, revenue sharing percentages before COVID were in the range of 30, 29, 31, 32 in '17, '18, and '19, but during this time, my advertisement revenue was quite sizable. Old advertisement revenue, '17 was about 180, '18-'19 230 and 237. When we were at a level of 200 crore of advertisement revenue, my sharing percentage was around 30, 29, 31, and 32. So the same equation, which I was

trying to explain to you sometime back, currently you are seeing in FY 2025, my sharing percentage was 63.83, and in the current period, my sharing percentage would have again come down in the same range. In Q3, it is 59, but in Q1, it was 67.

So, what's happening now is that my ad revenue has dropped substantially from ₹200 crore to ₹120 crore levels. As a result, my sharing percentages have gone up because of the significant fixed component. Having said that, the base percentages themselves have increased and will continue to do so. To answer your question about ongoing business: The sharing percentages or minimum guarantee amounts we agree on don't remain static. As the business grows, theaters rightfully expect a slightly higher share, and those are negotiated and paid. Yes, the reported percentages may appear to be rising, but the absolute net margins generated have also increased in that scenario.

So, two parts to the answer. First, the sharing percentage appears to have doubled post-COVID because revenues were halved. At the same time, part of this increase is attributable to key chains—who are performing better over time in terms of higher revenue contribution—rightfully asking for a slightly higher share during renewals. This is how it works. For ongoing business as well, percentages will adjust, but those changes will align more closely with growth in the company's absolute ad revenue.

Sagar: Regarding your capital expenditure, may I know where your CapEx goes? I think your CapEx goes into renewal, into new year equipment's and all. So, what will be the CapEx this year and maybe even the next year, you expect?

Ashish Malushte: We had given a guidance in the very beginning that during the year, our CapEx would be in the range of 40- 45 crores. Last quarter also, we had indicated that we are on the budgeted track, and this CapEx is something which is in our hands to some extent. And therefore, if you see far too better performance, then we can become aggressive if we have to replace certain of our equipment's. As you must have noticed that we have 3,000 plus theaters. And a major chunk of that is where we have our own investment in projectors, servers, and the ancillary equipment. And those need, you know, to be upgraded or replaced in our cycle. But that cycle is something which is in our control, depending upon how profitability is. But having said that, a minimum level 40-45 crores of CapEx is necessary to maintain the network that we have.

Moderator: Thank you. There are no further questions. Now, I will hand over the floor to Mr. Rajesh Mishra for closing comments.

Rajesh Mishra: Thank you all for joining today's call. We value your time and continued engagement with our business. Our team remains available for any further queries or clarification. We appreciate the support and look forward to updating you again next quarter. Thank you very much, everyone.

Moderator: Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation.

The transcript has been edited for language and grammar; it, however, may not be a verbatim representation of the call.