



# UFO Moviez India Limited Q4&FY26 Earnings Conference Call

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**MANAGEMENT:**

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**Moderator:** Ladies and gentlemen, good day, and welcome to the UFO Moviez India Limited Q4&FY26 earnings conference call. 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.

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. Greetings everyone and thank you all for joining our Q4&FY26 earnings call. Q4 FY26 witnessed a meaningful improvement in theatrical momentum, supported by a stronger content pipeline and better audience engagement across markets. January started on a healthy note with films such as “Ikkis”, “The Raja Saab”, “Border 2” and “Mardaani 3” driving theatrical traction across key circuits. The month benefited from a balanced mix of commercial and regional releases, which helped sustain footfalls and advertiser interest. February witnessed comparatively lower theatrical momentum, as releases such as “O Romeo” and “Do Deewane Seher Mein” generated moderate audience traction. The month remained softer in terms of box office performance and advertiser engagement. March was clearly the strongest month of the quarter, led by the exceptional success of “Dhurandhar: The Revenge”, which emerged as one of the biggest box office successes of the year. The film delivered strong and sustained footfalls across markets and significantly improved advertiser traction during the quarter. Overall, Q4 performance reflected improving theatrical trends for the industry, supported by stronger content-led audience engagement and better advertiser sentiment. During the year, improvement in theatrical revenues, advertising revenues and product sales contributed positively to the Company’s overall performance. Looking ahead, with a healthy content pipeline and continued focus on strengthening our advertising network and premium cinema initiatives, we remain optimistic about sustaining growth momentum going forward. In FY26, a total of 1,834 movies were released (including versions/languages) against 1,808 movies in FY25. In total, 459 movies were released (including versions/languages) during the quarter, compared to 458 in Q4FY25 and 457 in Q3FY26. On the screen network front, our advertising footprint now stands at 4,049 screens, comprising 2,597 multiplex screens and 1,452 single screens. With this, UFO continues to maintain the largest multiplex screen advertising network in the country with the highest number of multiplex screens under the UFO network. Turning to the key figures for the quarter and year ended March 2026 –

- Consolidated revenue for Q4 FY26 grew by 43% to ₹1,342 million, compared to ₹940 million in Q4 FY25, and increased by 2% on a quarter-on-quarter basis from ₹1,319 million in Q3 FY26.
- EBITDA for Q4 FY26 grew by 55% to ₹182 million, compared to ₹118 million in Q4 FY25, while declining by 13% on a quarter-on-quarter basis from ₹210 million in Q3 FY26.
- Net profit for Q4 FY26 stood at ₹45 million, compared to a net loss of ₹7 million in Q4 FY25, and was lower by 30% sequentially from ₹64 million in Q3 FY26.
- For the full year FY26, consolidated revenue grew by 15% to ₹4,864 million, compared to ₹4,240 million in FY25. EBITDA increased by 36% to ₹803 million in FY26 from ₹591 million in FY25. Net profit for FY26 grew by 161% to ₹249 million, compared to ₹96 million in FY25.
- The consolidated cash as of 31st March was ₹1,362 million, and the net cash was ₹590 million after considering outstanding debt.

Looking ahead, the Q1 FY27 began on a mixed note with the release of films such as “Bhooth Bangla”, “Raja Shivaji”, “Pati Patni Aur Woh Do” etc. The outlook for the upcoming quarter remains positive, with several high-profile releases, including “Peddi”, “Hai Jawani Toh Ishq Hona Hai”, “Welcome to the Jungle”, “Sarpanch”, “Cocktail 2” etc. With this robust lineup, we remain confident about continuing with the momentum of last year.

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 Aanchal Jalan. Please go ahead.

**Aanchal Jalan:** Thank you for taking my question. My question is for Sanjay Gaikwad, sir. I have two questions. Firstly, overall when we see our employee costs and operating costs are increasing faster than revenue and profit, we feel like we are invested in a cooperative society, not a corporate company. Sir, in trading distribution business, our employee costs should be 5-7%. So, how are you planning for cost optimization? And if there is some disagreement internally, why don't you hire a third-party external consultancy to improve this profitability?

Secondly, our caravan business is loss making, and 50 odd drivers are used there. So why are we not closing it as it is further driving costs and eroding shareholder value? What is the future forecast here?

**Rajesh Mishra:** On the cost front, we have been conscious about this, and over the last two years, we have already optimized and continue to optimize manpower costs. The slight increase in manpower cost that we are seeing pertains largely to incentives and variable pay. A part of employee compensation is variable in nature.

Last year, there was no variable payout or incentive, whereas this year, with us achieving better numbers, variable payouts and incentives were paid. That is what is reflecting in the year-on-year increase.

To answer your question, yes, this remains an area of continuous monitoring and optimization for us, and we will continue to focus on it.

Secondly, on the Caravan front, we have discontinued the Caravan business operations because there was significant inconsistency in the business pipeline. Considering that, we had already substantially curtailed the business over the last year and have now completely shut it down, along with the related expenses, from this year onward.

As and when Caravan-related business opportunities come to us, since we continue to remain empaneled because of our experience in the segment, we may operationalize the business through third-party tie-ups. Otherwise, there will be no cost associated with it.

**Aanchal Jalan:** So, sir, for the caravan business, when are we planning to sell the assets and how much?

**Ashish Malushte:** Yeah, on the previous question, there was one data point I wanted to bring to your notice. If you refer to Slide 18 of the investor presentation, we have highlighted that, on a full-year basis, there has been a variable payout of around INR 9 crores during the current year.

That is the reason why, in isolation, the employee cost appears to have increased from INR 87.3 crores to INR 94.7 crores. Out of this increase, approximately INR 9 crores pertains to incremental variable payouts.

The reason for this payout is evident from the numbers themselves, where there has been a significant improvement in profitability across parameters. Accordingly, the employees were paid their variable compensation.

So, that was one point I wanted to highlight. You were asking another question as well, if I remember correctly.

**Aanchal Jalan:** Yes, sir, okay. And I just wanted to understand for the caravan business, when are we planning to sell the assets and how much money can we realize from that?

**Rajesh Mishra:** We have already disposed of the assets, and these vans were quite old, more than 10 years old. So the amount of realization on that front totally would have been around INR 2 crores to INR 3 crores.

**Aanchal Jalan:** Ok, sir. Thank you.

**Moderator:** Thank you. Next question comes from Mr. Shailesh Naik from SCODE. Please go ahead.

**Shailesh Naik:** Good afternoon. It's an excellent performance this time on both revenue and profitability. I had a couple of questions on operating metrics. These trade receivables are going up at a very fast pace. This year we are ending at INR 162 crores versus INR 115 last year. So why this is going up? I just wanted to understand. I mean, it seems to be going at a faster pace than as compared to revenue.

Second area is revenue per screen, that was dropping both in CDC and VPF. What is the reason for this? Is there a way to work it out and improve on this?

The third area which I wanted to understand is revenue sharing with executors on ad revenue. Now, I understand that we have entered into different contracts with newer executors, but earlier it was 33%. Now it was coming to around 59.5%. I mean, is there a way to improve on it, or is there any efficiencies, or are we losing pricing power in this? These are the three -- first operating related questions. If you can answer, I'll continue the next one.

**Ashish Malushte:** So, your observation with respect to the increase in trade receivables in absolute terms is correct. One of the key reasons for the increase is that advertisement sales typically have a realization cycle of anywhere between 110 to 150 or even 160 days, depending on whether the client belongs to the corporate or government segment. This has historically been the case.

In the current year, there are primarily two reasons why receivables appear higher. First, advertisement revenues themselves have increased in absolute terms. More importantly, a significant portion of the revenue was booked from Dhurandhar, which, as you may recall, was released towards the end of the financial year, specifically towards the end of March. As a result, most of the revenue booked for that movie was still sitting in receivables at year-end. Dhurandhar turned out to be one of the best-performing movies for the overall film industry, including digital cinema service providers, and therefore a sizable amount of revenue was booked on that title. That is one of the primary reasons why receivables appear elevated.

To give you some perspective on DSOs, or Days Sales Outstanding, the consolidated DSO for the current year stands at 147 days, compared to 121 days in FY25, and this increase is largely attributable to the reasons I just mentioned.

However, if you compare this with the pre-COVID period, which we often refer to as a normalized operating environment for the film industry, the consolidated DSO in FY19 was around 134 days. So, the current level of 147 days is not materially out of line historically.

There is nothing concerning from a provisioning standpoint. Adequate provisions have been made wherever required. The increase of roughly 12–14 days over normal DSO levels is largely attributable to the higher revenues booked from Dhurandhar.

So, that addresses the first part of your question. And what was your third question?

**Shailesh Naik:** The third question was, revenue sharing with executors, I know there has been certain agreements, the license, the rate case with Miraj and all, which you add higher absolute amount or rather given

to them. But still, reserve is 33%. Now it is at 59.5%, right? Is there a scope for improvement, or are we losing pricing power in our negotiation. That was the only thing, yeah.

**Ashish Malushte:**

Firstly, we are certainly not losing pricing power. In fact, the increase in our advertising network itself validates the point that theatres and chains continue to prefer being associated with UFO. That was the first point I wanted to clarify.

Coming to the numbers, yes, the sharing percentage has gone up, and there are primarily two reasons for that. First, the UFO business model operates in a manner where we charge rentals to theatres while also providing them with a minimum guaranteed share of advertising revenue. In other words, there is one billing flow from the theatre side and one revenue-sharing flow back to the theatre side.

The contracts are structured such that, in non-DCI installation cases, the minimum guarantee is generally aligned with the rental charges levied on the theatres. Over a period of time, because better and more advanced equipment has been deployed, rentals have also increased, and correspondingly, the sharing amount has gone up. However, this is a relatively smaller component of the overall increase. The larger reason is that we have been very successful in aggregating advertising rights across chains and theatres where the investment has not been made by us. In such cases, since the investment is not from our side, the revenue-sharing percentage with theatres is naturally higher, and rightfully so.

Going forward as well, we intend to encourage both models of growth. One, where we invest in the infrastructure, in which case the sharing percentage is relatively lower and typically ranges between 35% to 45%, depending on revenues. The second category is also important for us because in those cases the investment is minimal or nil from our side, and we are essentially expanding our advertising inventory. Thirdly, you will notice that the sharing percentage tends to moderate as revenues increase. This is because a large part of the arrangements currently operate under minimum guarantee structures, and at present, many of these are not significantly above the minimum guarantee thresholds.

Therefore, nearly 80% of the revenue-sharing expense falls into this category, and that is the reason why, as revenues scale up, the sharing ratio should gradually decline.

**Shailesh Naik:**

Just before you answer the second revenue per screen, on the trade receivables, is there a possibility to share with us DSOs which are above 120 days, or DSO which is above, let's say, 160 days. If that is the metric which is there, whichever is the right metric, because looking at the absolute trade receivables and if the film is released closer to the quarter, as you said about Dhurandhar. So it might cloud our view. Can you share in the presentation what is the DSO above, let's say, 120 days or whatever the right metrics which you'd like to show, so that we understand that there is an improvement and that is not a problem then. You can answer the third part.

**Ashish Malushte:**

It's a very valid and useful solution, especially in the quarters where we have a positive situation like Dhurandhar, we need to provide this information, and it will be included going forward in such quarters. Siddharth wanted to add a data point with respect to sharing.

**Siddharth Bhardwaj:**

So, I think that's a very valid observation regarding ad-sharing increasing from the earlier 30–35% range, which used to be our legacy percentage, to now being in the 50%–60% range. This change is largely on account of the evolving nature of our network.

Earlier, when the revenue-sharing percentage was lower, a large proportion of our screens were single screens. At that time, the multiplex contribution to our network was significantly lower. Today, however, the company is largely identified as a multiplex-focused network. In fact, we

currently have around 2,500 multiplex screens, compared to nearly 1,000 multiplex screens during the period when the revenue-sharing percentage used to be in the 30–35% range.

As you would appreciate, multiplex screens offer a better viewing experience and superior infrastructure, and therefore naturally command a higher revenue share. That is one of the key reasons for the increase in ad-sharing percentages. At the same time, what should provide comfort is that a stronger multiplex network also gives us better monetization capabilities, which enhances the overall advertising revenue opportunity for us.

**Shailesh Naik:** I appreciate that point. So, I think in that context, our ad revenue per screen should also go up. Because if you have a higher quality of screens, the kind of output or the return per screen should also go up from what it was earlier. That is not visible. That maybe -- probably, it might be content related, but that was one point in that direction, yeah. You had something to say on the revenue per screen?

**Ashish Malushte:** CDC and VPF revenues have gone down. So, that observation is correct for Q4. However, if you look at the full-year performance, revenues in both the CDC as well as VPF categories have increased.

The reason for the decline in Q4 is something that generally happens whenever a major blockbuster is expected to release. Typically, other movies avoid releasing around such large titles.

In this particular case, if you look closely, February was almost entirely blank, with no meaningful movie releases during the month. As a result, our CDC revenues were impacted during the quarter. However, this was compensated quite strongly through growth in advertisement revenues.

That said, lower movie release activity translates into lower per-screen revenues, and that is what is reflected in the Q4 comparison. On a full-year basis, however, you will see growth, largely driven by the improving performance of movies overall.

**Siddharth Bhardwaj:** So, to help you understand this a little better, VPF and CDC are functions of two factors — one, the number of movies released, and second, the scale and spread of those releases. While the number of movie releases remained largely consistent, what we observed was that because of movies like Dhurandhar and Border, which had very wide releases, many other films did not opt for wide releases during that period. As a result, VPF and CDC revenues saw a slight impact. However, these fluctuations generally even out over the course of the year, and we believe the business has now stabilized and should continue to deliver fairly consistent performance going forward.

**Shailesh Naik:** The second, regarding this future, I mean, earlier we used to talk about this initiative that we would have some software for monetizing the ticketing or a footfall monitoring, and possibly some theme store in the theater advertising also, in terms of just like you have an outpost advertising, you have something to use that real estate which the theater has, which is not just use the screen for advertising, there might be possibly other options. I remember discussing this. Hearing this discussion in an earlier conversation, I don't know which year. But these three things, software, footfall monitoring, and all those things are not nowadays covered in the presentation or -- any development on those?

**Siddharth Bhardwaj:** So, footfall measurement is basically a tool to catalyze.

**Shailesh Naik:** Yeah, segmentation. Earlier I noticed that you were trying to segmentize the theaters and try to get higher revenue from advertisers. There were certain initiatives which were made. You did some surveys and all that stuff.

**Siddharth Bhardwaj:** Yeah. So, these are tools which we use to evangelize cinema as a platform and our network, right. What is the value that we deliver to the advertiser, and the revenue impact that these tools make, are reflected in the numbers of this year and this quarter.

**Shailesh Naik:** Yeah. Have you done something like that? Earlier there were some plans that we are going to do this and categorize, so that we can get it closer to, let's say, what PVR runs and all, right, that was the plan.

**Siddharth Bhardwaj:** We have a tool called ProCAT, which is a performance measurement platform for advertisers. We have been using this tool to evangelize cinema advertising among advertisers by demonstrating the value and impact delivered through our network. Essentially, it helps create excitement around content as well as around our own network by showcasing the kind of outcomes it delivers.

For example, for any major blockbuster movie, the UFO network contributes nearly 40–45% of the overall footfalls. However, historically, we were not receiving a proportionate share of advertising revenues associated with those movies. Using this tool, we are now able to demonstrate to advertisers that we deserve a better share of advertising revenues because we deliver a disproportionate impact. For movies such as Dhurandhar, we were successfully able to showcase this value proposition, and we have consistently seen our revenue share improve.

Just to give you an example, we believe we received nearly 30% of the advertising revenue share for Dhurandhar, while our network contributed approximately 38% of the footfalls. We see this as a very positive trend. This was made possible because we had the right measurement tool and were able to effectively market the ecosystem and build advertiser confidence around it. These are essentially trade marketing initiatives that help enhance and catalyze our revenue generation efforts, and we are seeing encouraging traction across such initiatives.

On your other point regarding activation and off-screen advertising, we have also initiated work in those areas. However, those initiatives are currently at a relatively early stage and progressing in phases. As and when we see more substantial developments, we will continue to keep you updated.

**Shailesh Naik:** Alright. And so just final, one last thing. Can you just tell me what is your free cash flow that was generated this year, and this one data point. Thanks sir.

**Ashish Malushte:** So, should I answer your free cash flow right now?

**Shailesh Naik:** Yes, please.

**Ashish Malushte:** That can be better understood from our net cash position. Our net cash has improved from INR 48.3 crores to INR 59 crores during the year, despite nearly INR 11 crores getting further tied up in working capital. In fact, if we also include approximately INR 4.5 crores of TDS receivable, which remains refundable, nearly INR 15 crores in total is currently stuck in working capital. Despite that, our net cash position improved from INR 48.3 crores to INR 59 crores, reflecting an improvement of about INR 11 crores during the year.

**Shailesh Naik:** But when the cash is improved, then why we have gone for higher borrowing discount, both long term and current?

**Ashish Malushte:** Yeah, so that's a very interesting question. We have always followed this policy. If you closely look at our numbers over the last 10 years, we have consistently maintained both cash as well as debt on our books. The reason we initially adopted this approach after listing was that some of the initiatives we were evaluating at that time, particularly on the M&A front, could not be easily funded through regular bank lines. Therefore, we maintained cash as a reserve or kitty for such

opportunities. Whenever that cash was not required, we also distributed dividends to shareholders, to the tune of over INR 300 crore over a period of five years.

However, what we realized during COVID was that because we had net cash, or gross cash, on our books, we were able to survive one of the worst-hit industries — the entertainment industry — through an extended period of nearly three years. That reinforced our conviction that we should continue to maintain cash while also carrying debt.

Now, at times, you may notice debt increasing during a particular year. The reason for that is the way debt procurement is structured in the company. The debt is taken specifically to fund the expensive equipment installed in theatres. Typically, we open an LC, which subsequently gets converted into a loan. Therefore, movements in debt are not always tracked quarter-on-quarter in a linear manner.

As a result, in a particular quarter or year, it may appear that while cash generation has improved, debt has also increased. That is because both these elements operate independently and run parallelly.

But I wanted to explain the philosophy behind why we continue to maintain cash on the balance sheet. And obviously, whenever excess cash is not required and there is an opportunity to reward shareholders, as we have done in the past, we will continue to evaluate that. Hopefully, with the turnaround in profitability, we should be able to reach that stage again soon.

**Shailesh Naik:** Thanks a lot. If there are any other question, I'll come back. Thanks a lot.

**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.