

**“THERE WILL BE AN AUDIENCE WHICH WILL GO TO THE CINEMA JUST FOR THE EXPERIENCE AND THE TECHNOLOGY IS GOING TO HELP BOTH -HOME USER & THE EXHIBITION BUSINESS. IT IS NOT GOING TO CROSS”**

**- VISHNU PATEL**



*Vishnu Patel is the CEO - Special Projects at UFO Moviez Ltd. He has been one of the driving force behind the UFO digital cinema, which now holds 70% of the market share. Now, he is spearheading the exhibition chain brand of UFO - NOVA Cinemas. A thought leader and visionary, who believes everything is possible with common sense and honesty.*

**You initiated NOVA CINEMAZ in 2016 catering to Tier II, Tier III cities and Tier IV towns of India. How successfully it is evolved and being implemented and what are the future plans for the NOVA CINEMAZ brand?**

We are already in the digital cinema business and India is now hundred percent of digitized country, as digitization process is almost over, as far as the cinema is

concerned. It is natural that we want to expand into other verticals of the cinema business and as, exhibition business is being one of them, we decided to study the market and slowly start with Nova brand. Initially, we thought of creating franchisee based offering to people, who wanted to set up a cinema or renovating cinema or getting into cinema business. The biggest service a theater requires is the programming where to get the film. Our background of cinema technology required us to deal with distributors and producers every Friday, and as we were already connected with them, the programming part was well taken care of

Programming is one service we can provide very easily and the other is we can help them set up the theater with a little financial support (20% to 25% of total set up cost). So we started helping with the initial investment which is required to set up a cinema, not with the building and all, but only in the interiors and the fit outs (chairs, sound, acoustics). This was also a learning process for us. Also, because major metro cities are catered by the big players, we thought there is no point competing with them and moreover, there is no need to and focus on where the real need is. So, we targeted the Tier II and Tier III cities and Tier IV cities, where the big players are not going to enter and this leaves us competition free. This way we identified our target segment.

If you see our past, why UFO was set up? Yes, UFO was set up as a business no doubt about that but, also partly, to do something for the industry, for the people who set up the business. We are from the media, we are from the

industry, we saw a need and we set up the business. Our idea is to make money by helping the industry. With digital cinema, we did that and now with Nova also we want to do the same. What we want to do is expand the footprint of the cinemas, as metros and all are taken care by rich guys, neglected market we will go in and we will try to hide. The first two years of Nova was into learning the tricks, as it was a new business for us also and helping entrepreneurs to set up the theatre. We had a fairly good success currently in the franchisee model and we are close to 50 screens now, but 50 screens is not a measure of our success, measure of our success is that we helped a lot people to set up their business and be on their own, by way of helping them with the design part, by way of teaching them how to run a theater. Not that everyone joined us with a franchisee but we were very free with our knowledge, as our ultimate goal was to increase the foot print for the industry because the more cinemas you have the more movie business will be generated, more movies will be made and it is good for everybody and of course, it helps our other businesses, which are digital cinema and advertising. So, basically that was the whole idea of setting up the Nova. Now we are ready to the plunge and become a mini-PVR or a mini Inox right now not a kind of a thousand screens network, but start our full fledge exhibition business where we control everything. Now, we take a premises on the lease, do the interior and run the cinema. Under this model, since we have started, we have 2-3 properties. In the interior phase, we have about 20 -25 screens, and also others, which are under construction phase, where people have tied up with us but the building has to get over before we get into the operations. In these last 9 months, we have now started getting into the exhibition business full fledge and floated two brands- NOVA and NOVA LITE. NOVA is going to be the premium brand where we take on the properties, where civil work is done and we take complete control on what we create in terms of the comfort and

cinema experience. Under NOVA LITE we are going to do lot of single screens which are closing now. The market is not there that you spend 2 crores INR and expect a return, but by investing about 40/50/60 lakhs INR, we can help them get onto their feet, take over their management and keep them alive. So, NOVA LITE is a separate brand where we will only do a partial kind of investment but we will manage those theaters. This is where we are with NOVA at present and will build it up for next 3 to 4 years, with no numbers in mind as if now, but we will build it up and want to be a major player in next 5 years.

**Do you think mobile theatres have scope in India? If yes, how do you think the mobile theatre industry will evolve over next few years?**

There's a lot of scope because a prominent cinema business makes sense, even if you take a 75 seater or a 100 seater or 125 seater cinema requires a certain amount of catchment area which should be nearly about 20000 to 25000 of catchment and even if you expect to, a cinema business can breakeven at about 25% occupancy. The smaller the cinema the higher the occupancy so 25%occupancy if you're saying you're running 4 shows a day you have 100 seats than you're talking about at least 100 people should come and watch movie in your cinema in a day and about 3000 to 4000 people in a month. So when you take a population of 25000, cut it half to 12000 because the kids and the elders who will not watch movies, so you have like 10000 people. Out of 10000 people, you want 3000 people to watch a movie in your cinema, thus looking at 1 in 3 person watching a movie and this makes a lot of sense. Today also, the all India average would be about 1 in 10 or 1 in 6 people watching a movie. For cinema business, you need a certain catchment area. In India, there are more than 6 lakhs villages, there are around 5000 to 7000 people, who don't want to watch it, but, you can only

do one show a week, that is where the mobile cinema comes in to the scenario. There is a huge footprint, which requires a mobile cinema and if somebody wants to invest. We have invested in Caravan Talkies and we are growing that business very rapidly and other people also might be doing that and couple of people had tried and closed the shop, because it is a little infrastructure oriented project.

Yes, mobile cinema has a very big scope in India. Though, one thing of mobile cinema you need to remember, it can not be ticketed and that is also the drawback, but yes, very big scope because of the advertisement and if you see today everyone wants to reach to the rural market.

**Do you think the exhibition chains will be mobile driven in future?**

People are having access of content through mobile technology or the other technology. But actually, it cannot be compared, because ultimately cinema business will have to survive on providing an experience. It cannot be just a contact where people move and talk, so cinema business will have to find a notion, providing an experience and that is where everything is going today, as people are spending on technology, investing INR 60 lakhs putting up surround sound, in Atmos and more. If you see the US model post 90s, cinema business has become an experience. Everybody says, 'if this has come, cinema will be effected, that has come, cinema will be affected', but cinema has grown. US box-office is growing, last year it was 15 to 17 billion dollars and now this year it is going to grow more. It is a distinction, there will be audience for your smart TVs, mobile phone and there will be an audience, which will go to the cinema just for the experience. Therefore, I don't think that is going to cut in here and this is going to cut in there. The technology is going to help both -home user and the exhibition business and is not going to cross.

**All your initiatives have been B2B friendly and now you getting into B2C.**

Yes, until now we've been Business to Business and now, we starting with Business to Consumer with the exhibition business. There was a focused attempt to do the digital cinema, so we did that quite successfully and now there is a next phase, which is coming, B2C and hopefully, we will do well over here also.

**Your approach has been business supportive for the industry and associated contributors. How do you see both -business and support?**

Helping is one aspect of life and business is a business. We were lucky to get into this business and contributing to the film industry. Today, if you talk about a 100 crore film club without UFO or without digital cinema for that matter it wasn't possible. UFO has played a big role towards the crore film clubs. We had a first- mover advantage but yes we hold 100cr club, 200cr club but that was only possible with digital cinema. So our business has always contributed to the industry. When we started UFO Moviez, we started charging for our services but overall if you see, we were charging for the services from the savings, we brought in for the distributors & the exhibitors, it was never a burden on the industry and all the basic infrastructure investment we did. Our businesses are kind of associated with helping the industry and the same thing we are trying to do with NOVA. We could easily raise funds of INR 500cr and compete with all the big ones, but, our idea is to grow the footprint which will ultimately help the industry and if industry thrives, we all thrive too.

**What is next target for the brand NOVA?**

We are not working towards a target, we are working towards increasing our footprint as much as possible because targets are the things that is not going to work out for us. We are in a research phase, mapping each and every city - where theaters are there, where Monopoly theaters are and where closed theatre are there and systematically approaching them. So, there is no target but we are here now and how we got digital cinema to 65% - 70% of market share, going forward we will also do a fairly good market share in this also. We are also doing lot of research on how to setup a cost effective theatre. We also spent on a prototype, creating a theatre in INR 80 Lakhs including the building. We would like to utilize our learning and experiences to keep moving in the business and how best can we create something big.

**During your career span, have you ever felt of stepping back/ holding any initiative, as it is not going in right direction?**

I have been fortunate enough that my career has been with the initiatives, which have always been successful, so I do not know as that part I have not faced. I started with STAR Tv (Hongkong), which was a success. I started with ZEE Tv which was a success and then I started with UFO. I have not worked with too many organizations, so I do not know. I was fortunate enough.

**Can we say you are the person behind making these initiatives successful?**

Not really. I think everywhere I have worked, basically it's a teamwork. Only people who can take credit for success of a business are the ones, who invent something and can truly say, this I have done, otherwise it is always a teamwork. At UFO also, we were fortunate enough to have a team of 8 to 10 people, who were experts

and experienced in their own ways. There is nothing, which I can say I have done, as I am not an inventor. It is always a teamwork.

**What qualities do you think are important for a business leader?**

There are no qualities required, common sense is required. You see a need and fill the need honestly, it is as simple as that. Make sure you are a long time player in the industry, don't want to just make money and exit and don't look back because you know what happens. Today, UFO has earned that reputation, as we are always trying to support the industry, we try to be best and honest. Even, if somebody's INR 10 refund is there, the person will definitely get his INR 10 back from us.

**Do you get time to watch films?**

I use to get time to watch films but last two years have been little tough, due to travel. But, I still do keep track of it because of the industry. We know what is being produced, what business they are doing and what is going on. Few years back, I use to watch almost every film because as I was Quality Control incharge at UFO, so I would end up watching films in pre-trial for quality check purposes, before even you guys would get to watch, but last 2 years I have not been able to find time.

**Any message for our readers?**

I think the only message is that whatever mess we are in- politically and economically today, everybody has to play their part. You should not blame the other person, first blame yourself and you will be happy.

# Article

## UFO MOVIEZ' EXHIBITION BRAND NOVA CINEMAZ DEBUTS IN UTTAR PRADESH WITH KUNWAR NOVA CINEMAZ

NOVA Cinemaz, the exhibition brand of UFO Moviez, India's largest digital cinema distribution network & in-cinema advertising platform, recently launched its first miniplex, Kunwar NOVA Cinemaz in Gonda, Uttar Pradesh. The latest miniplex from NOVA comprises of 2 screens and a total seating capacity of 434 seats and began its operations on 6 September. Located in Kunwar Picture Palace, Circular Road, Janki Nagar, Gonda, UP, Kunwar NOVA Cinemaz has already become a one-stop entertainment destination for local movie buffs. Hindi movie - Chhichhore was screened in its opening week.

Kunwar NOVA Cinemaz is one of the most technologically advanced theatre with most modern amenities and facilities in the region. Equipped with the state-of-the-art projection & sound technology, it has

revolutionized the cinema-viewing experience in Gonda. The theatre offers a mix of Bollywood and regional movies, all under one roof.

Kunwar NOVA Cinemaz leverages UFO Moviez' existing strength in industry relationships and its unmatched ability to seamlessly distribute film content across India. The multiplex offers world-class amenities which include:

- Mesmerizing Ambience - State-of-the-art viewing experience
- High-tech digital projection technology
- Enhanced with Dolby 7.1 Digital sound technology
- Comfortable & spacious seating arrangement - Has a



total seating capacity of 434 seats

- Appetizing Snacks Options - Cafeteria
- Trained ushers and housekeeping staff will add to the pleasant movie-viewing experience.
- Ample Parking space

With this launch, NOVA Cinemaz now operates 49 screens at 23 properties in 21 cities across India. The other NOVA properties across India include - CineRoyale Cinemas-NOVA Cinemaz (Moga, Punjab) Rockstar NOVA Cinemaz (Virar, Maharashtra) Y Screens NOVA Cinemaz (Kovvur, Andhra Pradesh) NOVA Cinemaz (Nagpur, Maharashtra) Raj NOVA Cinemaz (Karjat, Maharashtra), Raj Mandir Nova Cinemaz (Jalna, Maharashtra), Niharika NOVA Cinemaz (Korba, Chhattisgarh, Vinay NOVA Cinemaz (Balod, Chhattisgarh), Kantishiva NOVA Cinemaz (Betul, Madhya Pradesh), Kantishiva NOVA Cinemaz (Sarni, Madhya Pradesh), Ankita Nova Cinemaz ( Bhuranpur, Madhya Pradesh), Pearl NOVA Cinemaz (Palampur, Himachal Pradesh), Aradhaya NOVA Cinemaz (Mundra, Gujarat), Prabhat NOVA Cinemaz (Raipur, Chhattisgarh), Neelam NOVA Cinemaz (Moga, Punjab), 4G NOVA Cinemaz (Mullanpur, Punjab), OHM Orbit NOVA Cinemaz (Fazilka, Punjab), NOVA Cinemaz (Doraha, Punjab) Dreamz Nova Cinemaz (Daryapur, Maharashtra), Shiraz NOVA Cinemaz (Hoshiarpur, Punjab) and Mohan NOVA Cinemaz (Aurangabad, Maharashtra).

UFO's asset-light franchise model, NOVA CINEMAZ, has been envisaged to stabilize the demand-supply gap in the local cinema business. The aim of NOVA is to make the movie-going experience affordable, entertaining and accessible. NOVA Cinemaz encourages local entrepreneurs to own and operate NOVA branded theatres in various parts of the country. As per the arrangement, the franchisee shall make the primary investment, and UFO shall ensure that the theatre is set up at a competitive cost.

## About UFO Moviez India Limited

UFO Moviez India Limited (BSE Code: 539141; NSE Code: UFO) is India's largest digital cinema distribution network and in-cinema advertising platform in terms of number of screens. UFO operates India's largest satellite-based, digital cinema distribution network using its UFO-M4 platform, as well as India's largest D-Cinema network. As on June 30, 2019, UFO's global network, along with subsidiaries and associates, spans 5,646 screens worldwide, including 5,244 screens across India and 402 screens across the Middle East, Israel, Mexico and the USA. UFO's digitization and delivery model has been a key driver of extensive digitization of Indian cinemas and has enabled wide-spread, same day release of movies across India. UFO adds value to all stakeholders in the movie value chain, spanning movie producers, distributors, exhibitors and the cinema-going audience. UFO provides value to movie producers and distributors by reducing distribution costs, providing reach to a wide network, providing a faster method of delivery of content and reducing piracy through encryption and other security measures. We provide value to movie exhibitors throughout India by providing access to first day release of movies on our digital platform. Audiences benefit from faster access to new movie releases and a consistently high quality viewing experience. UFO has created a pan India, high impact in-cinema advertising platform with generally long-term advertising rights to 3,600 screens, with an aggregate seating capacity of approximately 1.47 million viewers and a reach of 1,249 cities and towns across India, as on June 30, 2019. UFO's in-cinema advertising platform enables advertisers to reach a targeted, captive audience with high flexibility and control over the advertising process. UFO's in-cinema advertising platform also allows small exhibitors who otherwise are not able to effectively monetise their advertising inventory due to their limited scale and reach to receive a greater share of advertisement revenue than they are able to using traditional advertising methods.