

May 31, 2024

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**NSE Symbol: UFO**

Dear Sir/ Ma'am,

**Sub: Transcript for the Q4&FY24 Earnings Conference Call held on May 24, 2024**

In continuation to our letter dated May 21, 2024 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A of Schedule III of the Regulation, please find attached the Transcript of Earnings Conference Call held on Friday, May 24, 2024 for discussing the Company's Q4&FY24 financial results.

The above information is also available on the website of the Company: [www.ufomoviez.com](http://www.ufomoviez.com)

Request you to take it on record and disseminate it on your website.

Thanking you.

Yours faithfully,  
For **UFO Moviez India Limited**

**Kavita Thadeshwar**  
**Company Secretary**



UFO Moviez India Limited  
Q4&FY24 Earnings Conference Call

**May 24, 2024**



**MANAGEMENT:**

MR. RAJESH MISHRA – EXECUTIVE DIRECTOR AND GROUP CEO, UFO MOVIEZ INDIA LIMITED

MR. ASHISH MALUSHTE - CHIEF FINANCIAL OFFICER, UFO MOVIEZ INDIA LIMITED

**SR. ANALYST:**

Mr. TUSHAR PENDHARKAR – VENTURA SECURITIES LTD

**Moderator:** Ladies and gentlemen, good day, and welcome to the UFO Moviez India Limited Q4&FY24 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. Tanuj from Ventura Securities Ltd. Thank you and over to you, Sir.

**Tanuj Khiyani:** Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities Ltd, I welcome you all to the Q4&FY24 earnings call of UFO Moviez India Limited. The company today is represented by Mr. Rajesh Mishra, Executive Director and Group CEO of the company, and Mr. Ashish Malushte, Chief Financial Officer 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, Tanuj. Greetings everyone and thank you all for joining our Q4&FY24 earnings conference call.

"The fourth quarter of FY24 started on a decent note with movies like "Hanuman" (featuring Teja Sajja), "Captain Miller" (featuring Dhanush), and "Fighter" (featuring Hrithik Roshan) in January. Following these, movies such as "Teri Baaton Mein Aisa Uljha Jiya" (featuring Shahid Kapoor), "Article 370" (featuring Yami Gautam), "Shaitan" (featuring Ajay Devgan & R Madhavan), and "Crew" (featuring Kareena Kapoor & Tabu) were released in February and March, contributing to a steady quarter along with sleeper hits like "Madgaon Express" and "Manjummel Boys."

However, movies such as "Merry Christmas," "Main Atal Hoon," "Crakk," and "Yodha" failed to make a mark at the box office. Overall, the fourth quarter had a mixed bag of content, closing the year with a blend of successes and underperformance.

The year FY24 showcased a diverse range of film releases across languages and genres, from big-budget spectacles to regional gems and sleeper hits, demonstrating the industry's resilience in meeting changing consumer demands. Despite significant content volatility, the overall business saw improvement, marking the first profitable financial year since FY20.

Strategic cost optimization, along with steady theatrical revenue and a 62% year-over-year growth in advertising revenue as compared to the previous financial year, has helped strengthen the financial position of the company. Corporate advertisement revenue grew by 40% as compared to the last financial year. Government advertisement revenue also marked a growth of 85% on Y-o-Y basis due to traction from state governments and PSUs. Caravan's advertisement revenue sustained the momentum and marked the highest advertising revenue since FY19.

Along with the growth in advertising revenue, the screen network also expanded significantly, surpassing 3,800 screens for the first time in over five years. The Advertisement screen network was at 3,859 screens as compared to 3,348 screens in FY23 and 3,792 screens in FY20 with a notable boost in both Prime Screens by 419 and Popular Screens by 92 screens as compared to FY23.

Now, moving to the headline numbers for the quarter and full year ended March 31, 2024.

Consolidated revenue stood at ₹1,192 million, compared to ₹884 million in Q4FY23. EBITDA after considering one-time provision in Q4FY24 was ₹152 million, compared to ₹115 million in Q4FY23. The loss at PAT level was ₹12 million in FY23, compared to a profit of ₹60 million in Q4FY24.

For the full year FY24, the consolidated revenue stood at ₹4,101 million, compared to ₹3,978 million in FY23. EBITDA improved to ₹676 million, compared to ₹339 million in FY23. The EBITDA Margin improved by 796 bps from 8.5% in FY23 to 16.5% in FY24. PAT stood at ₹164 million, compared to a PAT loss of ₹132 million in FY23.

Regarding the consolidated funds position, the balance at the end of the quarter stood at Rs. 1,098 million. As of March 31, 2024, the company continues to be net cash positive after considering outstanding debt.

Looking ahead, with the upcoming movie line-up including releases like Mr and Mrs Mahi, Chandu Champion, KALKI 2898 AD, Despicable Me 4, Safira, Vedaa, The Sabarmati Report, Pushpa 2, Stree 2, Bhool Bhulaiya 3, Sitare Zameen Par, among others. We are seeing a good slate and we are optimistic to see a continued positive 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 colleague, Mr. Ashish Malushte, CFO and I will be happy to take your questions.

**Moderator:** First question is from Ankit Kanodia. Please go ahead.

**Ankit Kanodia:** Thank you for taking my question and congratulations for good set of numbers. In the film industry, as seen with PVRINOX, the quality of movie releases greatly influences business performance. The general consensus is that Q4 didn't see many good releases, and even contributions from the Hollywood were lower as compared to previous quarters. Given that backdrop, I think we have done a commendable job. Could you shed some light on what factors contributed to our revenue growth in Q4 year-over-year? Any additional insights would be very helpful.

**Ashish Malushte:** Good question. I am glad you brought this up for discussion. I have two main points. Firstly, you're absolutely right that we are an integral part of this industry, providing critical services. Consequently, our fortune is closely linked to the industry's overall performance.

In Q4, we have two primary revenue streams: services we render to the industry and advertisement revenue. Our service revenue, which falls under content delivery charges, is not dependent on the success or failure of individual films. Instead, it increases with the number of films released. For example, in Q4, we generated almost INR 4 crores more compared to Q4 last year because around 500 movies were released across various genres and languages. Annually, this is close to 2,000 movies, up from around 1,800 pre-COVID. This increase in movie releases significantly boosts our service revenue, which has an EBITDA margin of over 90%.

One of the reasons we performed well despite the industry's box office challenges is the higher number of movie releases., .

The industry's recovery, with more theaters fully operational this year compared to the previous year, also contributed to our improved service revenue.

Regarding advertisement revenue, we performed slightly better than our peers, although there was a slight disappointment in Q4. Our ad revenue decreased from INR 38 crores in Q3 to around INR 31 crores in Q4. While this still represents a 24% year-over-year growth from INR 25 crores, it's a quarter-over-quarter decline. We had hoped that better content would drive higher ad revenue, but that didn't happen.

In Summary, we could have achieved much more if the content had performed better and the industry had done well overall.

- Ankit Kanodia:** Thank you so much, sir. That was extremely helpful. Just to clarify: if I understand correctly, our content delivery charges will increase with the more movie releases, regardless of whether they are hits or flops. Additionally, if there are more blockbuster movies, we are likely to see a rise in ad revenues. Is that correct?
- Ashish Malushte:** Absolutely correct, with one small caveat. When a blockbuster runs for multiple weeks, our content delivery charges (CDC) revenue decreases in the subsequent weeks due to our rate card. Therefore, while blockbusters significantly boost ad revenue, they slightly reduce content service revenue in the following weeks. However, on a net basis, blockbusters are always beneficial when considering both revenue streams together.
- Ankit Kanodia:** My next question pertains to our cash flow generation. Last quarter, our cash flow generation notably increased. I understand that INR 20 crores of that increase is attributable to a tax adjustment. However, even setting that aside, our cash flow generation has been much better compared to previous quarters. What factors do you attribute to this substantial year-over-year difference in cash flow generation?
- Ashish Malushte:** There are two points to address here. Firstly, regarding the tax refund you mentioned: Till last year, we had approximately INR 48 crores of taxes deducted, which were due for refund. During the COVID period, despite continued TDS deductions, accumulated losses resulted in this amount remaining with the IT department. In the last quarter, we received almost INR 30 crores of this amount. So, it's important to note that this isn't a tax adjustment.
- One factor contributing to our cash inflow is this receipt of outstanding amounts. Secondly, our working capital dynamics play a significant role. For instance, with advertisement revenue, there's a longer cycle of around 5 months, leading to more funds being tied up. However, in other revenue streams, particularly service fees, we often operate with negative working capital, as payments are received before the movie's release.
- Over the past 5-6 quarters, as our business has stabilized post-COVID, we've reached a point where incremental working capital requirements have not significantly increased. This efficiency has contributed to higher cash generation. Additionally, last year, we consciously controlled our capital expenditures (CapEx) to observe industry performance.
- With our working capital now stabilized, we've seen improved cash flow. While a significant portion of this cash is allocated towards CapEx, it's encouraging to observe growth across the exhibition industry, indicating the need for increased CapEx in the future. Overall, controlling CapEx last year has positively impacted our cash flow.
- Ankit Kanodia:** Another question pertains to Caravan. We initiated Caravan some time ago, but during the COVID period, operations came to a halt. However, in Q4, we witnessed a significant surge in Caravan activities. How do you foresee its trajectory in the future? Do you anticipate it becoming a substantial contributor to our overall revenues in the coming years?
- Rajesh Mishra:** Yes, as we previously discussed in our calls, we were awaiting Caravan's empanelment with the CBC (Central Bureau of Communications). This empanelment was granted last year, enabling us to garner business from governmental entities. We have seen advertising from both central and state governments, and we anticipate continued positive growth from both government and corporate advertising fronts. We remain optimistic about the future of our Caravan business.
- Ankit Kanodia:** Speaking generally, there's a prevailing perception, which I might be mistaken about, regarding the increasing emergence of new multiplexes like PVR. Simultaneously, we're witnessing a decline in single-screen theaters. Considering this industry backdrop, how do we assess the long-term trend

in our business model? Do we not perceive this as a long-term risk when we cater to single-screen theaters?

**Rajesh Mishra:** The industry was primarily composed of single screens 20 to 25 years ago, before the advent of multiplexes. Over the years, we've observed that the overall number of cinema screens has remained relatively constant. This means that as some screens close down, an equivalent number of screens open up. Interestingly, while some screens permanently shut down, many single screens undergo conversion into multiplexes. Therefore, the closure of a single screen often results in the emergence of two or three screens within a multiplex.

In general, we're observing a continual increase in the number of multiplex screens within our network. Particularly, in prime locations, especially in the southern market, single screens still dominate the landscape. In the northern market, we're witnessing a significant trend of conversions into multiplexes. Consequently, we anticipate a general trend of single screens transitioning into higher-quality cinemas or converting into multiplexes. This trend will enhance our product mix in terms of cinema quality and advertising potential.

**Ashish Malushte:** To give you some data points, there's a prevailing perception that UFO primarily caters to single screens, leading to the belief that as single screens decline, the company is in a sunset business. While we at the management level may not fully grasp the intricacies of the equity market, we believe that this perception is not helping our positioning.

In Q4FY20, out of a total of ~3,800 screens, over 2,000 were single screens, and 1,565 were multiplex screens. This indicates a significant transition from 100% single screens when we started in 2005. Despite this shift, UFO was still perceived as a single screen company. Now, post-COVID, as of Q4 FY24, our screen count has returned to or exceeded pre-COVID levels, totaling 3,859 screens. Of these, 1,742 are single screens, marking a decrease of almost 500, while multiplex screens have increased to 2,117, representing a rise of approximately 550. Consequently, the proportion of multiplex screens now around 55%.

It's essential to recognize that with over 2,000 screens in our Digital Cinema Advertising Network, UFO is the largest network of multiplexes in the country. Despite these compelling data points presented in our presentations, there seems to be a gap in effectively conveying this information. It's important to understand that UFO serves the entire exhibition sector, which is gradually transitioning towards multiplexes, mirroring the evolution of our network.

**Ankit Kanodia:** It might help to include a breakdown in the presentation, showing how many of the 3,859 high-impact ad screens are single screens versus multiplexes. This would provide clearer information for investors.

**Ashish Malushte:** On slide 11, when I mention the prime and popular screen categories, of the 2,492 prime screens, almost 85% of these are multiplexes. While I didn't explicitly state which screens are multiplexes, your point is valid. We may not be able to adjust it this quarter, but we'll include this breakdown from next quarter onwards.

**Ankit Kanodia:** So, if I understand correctly, the addition of more multiplex screens to our network benefits our business. Could you provide more details on how having more multiplex screens benefits us compared to single screens?

**Ashish Malushte:** Absolutely. While both single screens and multiplexes contribute to our business, the construction of new single screens is becoming increasingly rare. Therefore, any addition to our network, whether a single screen or a multiplex, is advantageous as it doesn't significantly increase our manpower or operational costs. However, multiplexes offer additional benefits. They enable our

ad sales team to present our network more effectively to advertisers, offering a strong mix of multiplexes and single screens.

**Ankit Kanodia:** In previous calls, we've noted that the government portion of our advertisement revenue has not been picking up. However, I noticed a decent increase in government and PSU advertisement revenue in FY24 compared to FY23. How do you anticipate this trend evolving in the future? Pre-COVID, government advertisement revenue was a significant portion of our total revenue, but now it seems relatively low. Could you provide some insight into this?

**Ashish Malushte:** You're right. There has been an improvement in the government segment. Previously, when we mentioned low government spending, we were primarily referring to the central government, which historically has been a major advertiser on our digital cinema network. This year, our total government ad revenue increased from INR 17 crores in FY23 to nearly INR 41 crores (including caravan). Of this INR 24 crores increase, INR 12 crores came from state governments and PSUs, and about INR 8 crores from Caravan. The central government contributed over INR 2 crores to this increase.

The positive aspect is that our sales teams successfully tapped into various state governments to boost sales in this segment. If the central government decides to increase its ad spending, the entire digital cinema industry, including us, could greatly benefit. Given our extensive network, we could expect a substantial revenue boost if the central government adjusts its advertising strategy. The current growth is largely due to new segments developed by our teams, particularly with state governments.

**Moderator:** Thank you. Next question comes from Niteen Dharmawat from Aurum Capital. Please go ahead.

**Niteen Dharmawat:** We noted an increase in revenue from the government sector last quarter. Is this growth sustainable? And given that the current quarter is an election year, do you anticipate any changes in government spending on cinema advertising?

**Ashish Malushte:** Firstly, it's important to note that this growth stems from our ability to engage new advertisers within this segment, particularly state governments. This year, our total revenue from state governments and PSUs stands at INR 28 crores out of the total INR 32 crores of government spends, excluding Caravan.

Regarding whether this segment is likely to grow, the answer is yes. Currently, only about 4 or 5 states have started utilizing this network, and they haven't yet fully leveraged its potential. Therefore, many other states could begin to allocate more funds to this network. Additionally, while the central government has yet to resume its campaigns on digital cinema networks, we're optimistic given past acknowledgments of this medium's effectiveness by various ministries.

The timing and extent of the central government's spending remain uncertain, especially with the ongoing election period limiting government expenditure. We anticipate clarity on this matter post-June, with further allocations within ministries expected to take 3-4 months to materialize.

Looking at the long-term perspective, we remain hopeful that there will be a reallocation of funds back to this segment. For context, our best year saw INR 100 crores in revenue from the central government, compared to just INR 3.6 crores this year. The network remains the same, so there is significant potential for growth once government spending resumes.

As for the current quarter, government spending is restricted due to the code of conduct during the election period. However, political parties often utilize this network to reach voters during elections, which has been a consistent trend in both general and state elections. We take pride in the fact that political parties view our network as an effective medium to reach the public. We hope

that when these parties come into power, they will continue to recognize the value of this network in their government communication strategies.

**Niteen Dharmawat:** Regarding movie distribution, how many movies are we distributing now, and how many of these are dubbed?

**Ashish Malushte:** So, there are two parts. First, we have distributor revenue, also known as content delivery charges, which contributes almost INR 90 crores to our top-line revenue. Here, we charge distributors a fee to use our network for distributing movies to theaters connected to us; we are not the distributors ourselves. Any movie, in any language, from any distributor, must use our network if they want to distribute their movie in a theater connected to our network. We charge a small fee, ranging from INR 200 to INR 450 per show. Last quarter, we released 550 movies, which includes multiple versions of the same movie in different languages.

If you need specific information on how many of these were unique movies, my IR team will connect with you to provide that. For context, we released 550 movies last quarter, compared to 512 movies in Q4 of the previous financial year, and on a full-year basis, we handled 2,117 films, up from 1,762 in FY20.

We also have a small business line that we started two years ago where we act as a distributor, but without taking on P&L risk. We focus on smaller movies in smaller centers. If you're asking about the number of movies we have distributed ourselves, that number is very small this year.

**Moderator:** The next question is from Aditya Sen from Robo Capital. Please go ahead.

**Aditya Sen:** Given that we have an idea of the number of movies scheduled for release this coming year, could you provide some guidance on the revenue we are aiming for in FY25?

**Ashish Malushte:** Hi Aditya. You may have noticed that we don't provide projections or estimates for future years. This is a strategic decision we've made. While we can certainly make estimates, we choose not to share specific numbers. However, we can offer directional views to help analysts and investors form their own projections.

Our business model is straightforward. We have two key revenue lines, with costs divided into fixed costs (manpower and SG&A) and variable costs linked to these revenue streams. Incremental advertisement revenue typically yields a 65-70% operating margin, while incremental CDC revenue fetches nearly a 90% margin. So, this is how my business is and unfortunately, we don't provide precise revenue forecasts for the quarters or the year.

**Moderator:** Next question comes from Sunil Kateshiya, an Individual Investor. Please go ahead.

**Sunil Kateshiya:** Given that we're now operating in the digital world where technology evolves daily, and considering that most internet advertising is driven by programmatic technology, are we looking into enhancing our technology to charge a premium for such advertising? Are there any plans in that direction?

**Rajesh Mishra:** You're absolutely right that advertising technologies and measurement techniques are evolving rapidly. We have been working on a programmatic solution for advertisers that will offer better value for money and enable sustained and regular advertising, not just during big blockbuster films. Our goal is to engage advertisers on a long-term basis, facilitating extended contracts rather than just film-based campaigns. This will be a valuable tool for our marketing team as we move forward.

**Ashish Malushte:** To add to that, programmatic advertising is used in the digital era to target ads to specific audiences, improving the efficacy of ad spend. This is why digital ads have grown significantly. Advertisers



can select a particular region, genre, or age group and target their ads accordingly. This precision is the essence of programmatic advertising.

**Sunil Kateshiya:**

Yes. And so that we can charge a premium for that?

**Ashish Malushte:**

Correct. I'm pleased to say that the concept of targeted advertising, which is now often referred to as programmatic advertising, has been part of UFO's approach from the beginning. While the term "programmatic" has gained popularity in the last 3-4 years, our network was designed to enable targeted advertising from the start.

For example, if an advertiser wants to target a specific region in Mumbai, they can choose theaters in that area, knowing the type of audience likely to attend based on the content being shown. For instance, if a film like Chhota Bheem is playing and an advertiser wants to reach parents and young children, they can place their ads in all the screens showing that movie. This targeted approach has always been a feature of our network.

Previously, we didn't charge a premium for this targeted advertising; the pricing benefited from network sales, but individual segment targeting didn't incur extra costs. What I'm highlighting is that digital theaters, including ours, can offer programmatic advertising by combining theater selection with specific content.

Advertisers can select their preferred theaters and upload their content through our provided tools. While we review the content internally, it gets played in the selected theaters. This approach offers a level of control similar to digital programmatic advertising. Although we've had this capability, we haven't emphasized it vocally. Our sales team has already started communicating this feature in the market with the new tools we've developed.

**Moderator:**

Next question comes from Vipul kumar from Sumangal Investment. Please go ahead.

**Vipul Kumar:**

My question concerns ad revenue. Referring to slide 21, in FY15 ad revenue was INR 1,167 million, and in FY24 it is at INR 1,116 million. Given the strong government finances and significant spending in various areas, I wanted to check if contracts are being lost due to value proposition, or are they choosing to advertise elsewhere? Has market share been lost? Your insights would be appreciated, sir.

**Ashish Malushte:**

Pre-COVID, in late 2019, the government implemented austerity measures, halting nearly all advertising spend. Consequently, in 2020, although we had INR 150 crores of ad revenue. Only over 34% of total government ad revenue came from the central government, down from over 57-58% in previous years. This significantly impacted total revenue.

Regarding whether this revenue shifted to other networks, during FY19-20, austerity measures were applied across the board. Post-COVID, while spending resumed slightly, it remains significantly reduced. Up to December last year, government advertising dropped by 60-80%.

In parliamentary responses about 1.5 years ago, the government confirmed the reduced spend. However, I hope this isn't their long-term strategy, as this network remains crucial for communicating important schemes to the public. So, the value proposition hasn't weakened; rather, the government's overall advertising budget has shrunk, affecting all platforms, not just ours.

**Rajesh Mishra:**

I would like to add that the shrinkage in advertisement volume is primarily from the central government. On the other hand, state governments have continued to advertise, and we have observed growth in this area. We remain optimistic about the continued growth in state government advertising. Thus, the overall reduction in government advertising is mainly due to the central government, while state governments continue to contribute positively.

**Vipul Kumar:** I have a small suggestion, sir. In future presentations, could you please split the government spending between the central and state governments? That would be really helpful.

**Ashish Malushte:** That's a good suggestion. We will start doing that.

**Vipul Kumar:** My last question is about the parts and spares you supply to theaters. How do you source them? Do you have any distributorship arrangements, or can theaters directly source from the manufacturers? Why do theaters need to come to you for parts, bulbs, and similar items?

**Rajesh Mishra:** Our business model is structured such that 90% of our network equipment is supplied to cinemas on a lease rental basis, meaning we retain ownership of the equipment. As part of our arrangement, we are responsible for all maintenance. We have agreements with suppliers to provide us with parts, which we source directly from manufacturers, stock, and distribute to ensure our network remains operational nationwide.

Cinemas cannot independently purchase parts from other parties; maintenance and part replacement must be handled by us. Additionally, the specialized skill set required to maintain this equipment is within our organization. Therefore, all maintenance and sourcing are managed entirely by us.

**Moderator:** We have a follow-up question from Ankit Kanodia from SmartSync Services. Please go ahead.

**Ankit Kanodia:** My question is related to NOVA Cinemaz. Can you provide some insights into its future prospects or any current developments?

**Rajesh Mishra:** NOVA Cinemaz is a long-term infrastructure project. Currently, we have around 16 screens, spread across 8 properties, in the pipeline. We expect to open a couple of these properties in Q1 of this year. The project is on track, and we anticipate significant progress soon.

**Ashish Malushte:** To clarify, when Rajesh mentioned Q1, it's just a few weeks or months from now. One property is ready and awaiting a cinema license, which was delayed due to the elections. The second property is about 95% complete, and the third is 60-70% ready. All three properties are near Meerut, UP, and this is where the first phase is getting rolled out.

We haven't provided detailed information in our earnings presentation because we're waiting for these developments to finalize. However, this project is progressing well. We want to set it up right, and then we hope entrepreneurs across the country will adopt this business model to establish many centers in smaller urban areas nationwide.

**Ankit Kanodia:** Could you provide more details on the business model? Specifically, how much capital is required for this type of business, what kind of margins we can expect, and the amount of working capital that gets tied up? Additional clarity on these points would be very helpful, especially considering our other businesses.

**Ashish Malushte:** The Company has always opted not to heavily invest in either content or infrastructure. In the NOVA business model, we focus on infrastructure costs. A local business partner invests in the setup, while our investment is limited to the digital cinema equipment, sound, acoustics, and screens. This keeps our investment minimal. So that should give you comfort that we are not going to be pouring money starting theaters.

As for the business model, we have finalized and implemented it in Phase 1. However, it's important to allow us some time as the primary challenge lies in ensuring the establishment of quality centers in smaller urban areas. These centers must be sufficiently appealing to draw foot

traffic, much like how cinemas serve as anchor tenants in malls and larger cities. Similarly, we envision NOVA centers becoming focal points or crowd magnets in urban areas, thereby stimulating a variety of commercial activities around them.

And this contributes to the overall ecosystem, as we've witnessed in malls, showcasing the transformative impact of a well-established theater. Rest assured, there's no significant capital expenditure burden on our end. The business model for these exhibition centers remains largely unchanged, with lower operating costs and ticket prices. Moreover, these centers are strategically designed to capitalize on foot traffic through additional revenue streams such as food, retail, and digital services.

So, that's the composite model. I request some more time to provide detailed insights once the theaters are operational. We expect the first two centers to be up and running soon, maybe one month. Once operational, we'll provide a detailed explanation of this model. As Rajesh mentioned, this is a long-term infrastructure project, and we are hopeful that when this picks up, it will provide a captive audience or captive network to UFO's core business. We are very carefully building this business.

**Moderator:** Thank you. That would be the last question for the day. Now, I hand over the floor to Mr. Tanuj for closing comments.

**Tanuj Khiyani:** Thank you. On behalf of Ventura Securities Limited, we would like to thank the management of UFO Moviez and the participants. Good day.

**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.