

Management Discussion

Rajesh Mishra - Executive Director & Group Chief Executive Officer, UFO Moviez India Limited

Thank you. Greetings everyone, and thank you all for joining our Q1 FY27 earnings call. Q1 FY27 witnessed encouraging theatrical momentum. The quarter commenced with a continued strong theatrical run of Dhurandhar: The Revenge, while films such as Bhoot Bangla contributed to the healthy audience engagement across key markets. May maintained good theatrical momentum, led by the success of Malayalam film Drishyam 3 along with strong performance of Marathi film Raja Shivaji. While a few Hindi films delivered moderate box office performance, regional cinema continued to attract audience and highlighted the growing appeal of films across languages.

June concluded the quarter on a positive note, supported by strong performance of Welcome to the Jungle, Main Vaapas Aunga, and Cocktail 2. The diverse content slate helped sustain audience interest and advertiser engagement during the quarter. Overall, Q1 FY27 reflected encouraging theatrical trends to the industry despite southern regional cinema remaining subdued. The continuing blockbuster performance of Dhurandhar: The Revenge, along with the performance of select Hindi and regional titles, supported improved advertiser participation, contributing to a 33% year-on-year growth in our advertisement revenue.

Looking ahead, a healthy pipeline of releases across languages coupled with improving advertiser sentiment gives us confidence in the growth prospects of advertising over the company's coming quarters. The last quarter saw lesser number of movie releases. In total, 399 movies were released including versions and languages during the quarter compared to 456 in Q1 FY26 and 459 in Q4 FY26. On the screen network front, our advertisement footprint now stands at 3,891 screens comprising 2,565 multiplex screens and 1,326 single screens.

Turning to the key figures for the quarter ended June 2026, consolidated revenue for Q1 FY27 stood at INR1,118 million against INR1,090 million in Q1 FY26 and INR1,342 million in Q4 FY26. EBITDA for the quarter was INR189 million as against INR193 million in Q1 FY26 and INR182 million in Q4 FY26. PAT stood at INR56 million compared with INR65 million in Q1 FY26 and INR45 million in Q4 FY26. The consolidated cash at the end of the quarter was INR1,462 million, and the net cash was INR624 million after considering outstanding debt.

Looking ahead, Q1 FY27 has commenced on an encouraging note with the release of films such as Alpha, Dhamaal 4, and Jana Nayagan. The outlook for the remainder of the quarter remains positive, supported by an exciting slate of upcoming releases including Batwara 1947, Toxic, Haiwaan, Awarapan 2, and others. With a healthy content pipeline and improving industry sentiment, we remain confident about the theatrical business and our ability to capitalize on the opportunities ahead. I would like to take this opportunity to thank all our shareholders, exhibitors, advertisers, business partners, and employees for their continued trust and support.

With that, I would now like to open the floor for questions. My colleagues, Mr. Ashish Malushte, Chief Financial Officer; and Mr. Siddharth Bhardwaj, CEO, and I will be happy to take your questions. Thank you.

Questions & Answers

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. [Operator Instructions] The first question comes from the line of Mr. Shailesh Naik from S Code, please go

ahead, sir.

Shailesh Naik - Analyst, S Code

Yeah. Thank -- good call, good performance in advertising this year. So we have grown by 33%. That's a good start. How much of that would be [Speech Overlap]

Rajesh Mishra - Executive Director & Group Chief Executive Officer, UFO Moviez India Limited

Can you speak a little louder, sir? We are not able to hear you.

Shailesh Naik - Analyst, S Code

Can you hear me now? Hello? Can you hear me now?

Rajesh Mishra - Executive Director & Group Chief Executive Officer, UFO Moviez India Limited

Yeah, yeah. Please go ahead.

Shailesh Naik - Analyst, S Code

Okay, fine. Yeah, so it has been a good performance on the advertising part. So, just wanted to see how much of it is because of the Dhurandhar and what is the rest -- of the rest. That was one question. Second question is, can you just update me on, what is the trade receivables because it was very heavily, as on March 31st. So how it has progressed and what has been the cash generation in this quarter? These are the two questions which I have.

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

So, yeah, answering the first question, in terms of what is the quantum of revenue that can be credited to Dhurandhar, so we'd like to concede here that, you know, the spillover of Dhurandhar, which actually released in the fag end of quarter 4 of last financial year, did actually spill over into the first quarter. And it definitely helped us, you know, build the foundation for this quarter and this financial year. So we can definitely credit, you know, the performance on advertising front to the momentum that was built by Dhurandhar. But what it essentially did was created a positive sentiment towards the cinema at the most critical juncture in the marketing fraternity. Because at the end of the financial year, most marketeers are planning for the subsequent year. So, you know, a film like Dhurandhar 2, you know, positively disposed most of these decision makers, and which not only probably helped us but will help the industry at large in terms of advertising revenue. So it -- it -- you, you can credit the good performance in terms of advertising revenue to the positive momentum created by Dhurandhar.

So I hope that answers your question, the first part. And Ashish, can you...

Ashish Malushte - Chief Financial Officer, UFO Moviez India Limited

Yeah, about your question on the debtors, so you're right, in the first quarter, the financial numbers are not required to be disclosed, but on the debtors front, the situation is a lot under comfort and control. 31st March -- just to give you specific numbers, 31st March '26, the net debtors were INR93.5 crores for Indian operations. That have come down to INR89.4 crores as on 30th June. Now, one important point to notice, this is despite a very heavy and good performance on the advertisement front, which happened, as Siddharth explained, towards the fag end of Q4, which obviously would lead to debtors getting generated in the last week of March. And we have at least 120 days to 150 days realization period. But in spite of that, the overall debtors have reduced from INR93.5 crores to INR89.4 crores. And even on a consolidated basis, the situation is good.

Internationally, the debtors reduced by INR10 crores. So on a consol level, the net debtors which were at INR152.4 crores have come down to INR148.1 crores.

Shailesh Naik - Analyst, S Code

Okay, so basically you are saying that we would be by next quarter we should be in line with that historical number of days of debtors? That is one. Second is on the reason why I asked the earlier question of Dhurandhar was this is basically to see, is there the thing that 33% growth is entirely attributed to one such mega hit, and then the next quarter onwards we might again fall back? That is the reason why I asked if the percentage -- just wanted to understand if the percentage is 10%, 20%, or 30%, so that understanding the next quarter, what kind of a repeat in terms of advertising we can look at. That was the only reason. The third -- another question is sales of product has dropped dramatically. Is there any concern there, or is it something like we have a sequencing differently across the year? Is there a seasonality pattern in that?

Ashish Malushte - Chief Financial Officer, UFO Moviez India Limited

So let me take the first and third question -- or first point and the third -- third question. First point where you said that it would come back to the historical trend by Q2. In fact, even now we are very much in control on debtors, and that is something which we make sure that anything which is more than 1 year old is 100% provided for. And that's the reason why we always have this comfort. So even as we speak, in spite of a much stronger performance on advertisement front, we have -- we are very much under control on historical term -- historical trend on the debtors aging.

Third part, your observation on sale of product is correct. There is -- there is a dip when we compare on YOY basis. Over year, one important aspect that happened was the sale of product at a consol level has two -- two pockets. One is Indian sales, and second is that the sale of product that happens internationally. Till last year, international sale of product constitute a -- used to constitute a significant portion, almost 80% plus of the overall sales. Last year strategically we decided to focus on -- in fact, last 1.5 years ago we started to focus on this revenue line in India, and that's the reason why last year you have seen a significant growth in this revenue line in India.

The drop that you see this year in this quarter is predominantly the drop in the international sales. Indian sales have reduced but not reduced significantly. They have gone down by -- aha, it has gone up. Indian sales have gone up marginally, but internationally there has been a significant reduction, about 7 crores, and that reduction is only and only on account of the -- the war situation which was ongoing there, and as a result of which the deliveries could not be completed. I mean, the imports could not be completed in -- in Dubai, and as a result of which the sales could not be completed.

So the comforting factor is the sales have not evaporated. The orders are very much there and they were waiting to be executed. So maybe in Q2 and latest by Q3, all those pending orders will get executed and booked as same. So this is one part which I want to tell you. I think about the second part of your question where you're talking about the advertisement whether a blockbuster, to what extent it gives an impetus and push, Siddharth would explain a little bit in detail.

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

So just to give you a background of how your company actually -- how the revenue bucket within advertising revenue bucket, how the different revenues trickle in. One is business that is, you know, consistent across the year, the annual spenders on the platform. And second is tactical money

which comes on, you know, the spike that comes in revenue because of major releases, actually major titles getting released, right? So Dhurandhar, what it essentially did yes, there were a lot of tactical advertisements that happened on Dhurandhar which was for one week, two week, three week, four week period. But at the same time, you know, across cinema, most of the platforms were able to lock in annual clients on the platform, so which will help not only us but across the industry revenues to, you know, consistently flow in. But given the nature of our business, you know, the tactical business actually comes on the major blockbusters and which will definitely be dependent on, you know, when, what time -- what time of the year and quarter these films come in. But generally, we all know by now that these are major, you know, the tentpole films come around major holidays and major festivals, and we don't see any aberration this year.

There's a consistent flow of content that we can see going forward, and there aren't any gaps there. So we feel that the tactical thing would also flow in, and the annual spenders which got locked in on Dhurandhar will give -- give us consistent revenue right through the year.

Shailesh Naik - Analyst, S Code

Thanks. Last question [Speech Overlap], a follow-up to this. So what is the percentage of tactical versus annual in advertising?

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

It's, you know, it all depends. Bigger the film, more tactical is contributed. So it -- you know, the tactical component generally is dependent upon the excitement around the film. Generally, most, you know, through the years we have seen that at least 30% to 40% revenue is -- comes in from annual deals and annual spenders, and balance is contributed by tactical spenders or, you know, the short-term seasonal spends that happen on specific films or specific seasons, right? So that's been the trend and which is expected to continue, but we can definitely see a spike in terms of tactical spenders depending on what's the excitement around the film, right?

So like Dhurandhar was a -- Dhurandhar 2 was a complete outlier and we had never seen that kind of tactical spends coming in. And so very difficult to put a number to it. But historically, I've already spelled out that is how things look, 30% and 60%. Going forward, things may change.

Shailesh Naik - Analyst, S Code

That's all. Thanks.

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

I don't think beyond that it will be possible to give any clarity. Thank you.

Shailesh Naik - Analyst, S Code

Okay. Thanks. Thanks.

Rajesh Mishra - Executive Director & Group Chief Executive Officer, UFO Moviez India Limited

Thank you.

Operator

Thank you so much. [Operator Instructions] The next question comes from Mr. Ashish, an angel investor. Please go ahead, sir.

Unidentified Participant

Hi, sir. I have one suggestion, like, for pumping up advertisement revenue, can we have --

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

Ashish, we are not able to hear you clearly.

Unidentified Participant

Hello, am I audible?

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

Yes.

Unidentified Participant

Hello. Am I audible now?

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

Yes, yes, sir.

Unidentified Participant

Yeah, I had one suggestion, like, for pumping up our ad revenues, can we have digital ad boards placed in the theater outside the screens?

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

Digital billboards, you're talking about?

Unidentified Participant

Yeah, within the theaters, outside the screens, since we have such a huge network.

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

[Speech Overlap] in the lobby. In the lobby.

Unidentified Participant

Yeah.

Siddharth Bharadwaj - Chief Executive Officer, Digital Cinemas Network Business, UFO Moviez India Limited

Yes, I think most of the chains, you know, that we all go to, they have that opportunity available. However, you know, that's -- there is one, one spend is called on-screen advertising. Second is off-screen, that is a separate revenue stream, and that can definitely be built into a new revenue opportunity for the organization. But, you know, currently as of now, you know, it is -- that's an opportunity that we are yet to explore because our arrangement with the theater is largely about on-screen. The relationship has to be expanded to include the rights of actually advertising in the lobby area, which will be a new arrangement between us and the theater. And thereafter, we need to invest in, you know, the infrastructure in these lobbies and monetize it separately as an opportunity

with the advertisers. So yes, that is an opportunity available. So, but till now we have been focused on maximizing our, you know, on the largest mean that is available in a cinema property, which is the cinema screen. Because if inventory is available on a cinema screen, the best place to advertise for an advertiser is the cinema screen. Rest everything is, you know, is good to have, but the must-have is the advertising option on the biggest screen available, right? So we are trying to focus there and maximize the utilization of that inventory. But yes, your company can explore the opportunity of doing that in some time in the future.

Unidentified Participant

Thank you. Thank you, sir.

Operator

Thank you, sir. As there are no further questions, I now hand over the floor to the management for closing comments.

Rajesh Mishra - Executive Director & Group Chief Executive Officer, UFO Moviez India Limited

Thank you all for joining today's call. We sincerely appreciate your time, continued engagement, and support. Should you have any further queries or require any additional clarification, our team will be happy to assist you. We look forward to updating you on our progress next quarter. Thank you and have a great day.

Operator

[Operator Closing Remarks]