

Date: February 23, 2018

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Fax: 022 – 2272 3121
BSE Scrip Code: 539141

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G
Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Fax: 022 – 2659 8237 / 38
NSE Scrip Code: UFO

Dear Sir / Ma'am,

Sub: Transcript for the Earnings Conference Call held on February 15, 2018

Attached herewith Transcript for the Earnings Conference Call held on February 15, 2018.

Kindly take the same on your records.

Thanking you.

Yours truly,

For **UFO Moviez India Limited**



Sameer Chavan
Company Secretary

Encl: a/a



UFO Moviez India Limited Q3&9MFY18 Earnings Conference Call

February 15, 2018



MANAGEMENT:

SANJAY GAIKWAD – FOUNDER & MANAGING DIRECTOR - UFO MOVIEZ INDIA LIMITED

KAPIL AGARWAL – JOINT MANAGING DIRECTOR - UFO MOVIEZ INDIA LIMITED

ASHISH MALUSHTE – CHIEF FINANCIAL OFFICER - UFO MOVIEZ INDIA LIMITED

ANALYST:

URMIL SHAH – IDBI CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to the UFO Moviez Q3&9MFY18 Earnings Conference Call, hosted by IDBI Capital. 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Urmil Shah from IDBI Capital. Thank you and over to you Mr. Shah.

Urmil Shah: Thank You. Good day ladies and gentlemen. On behalf of IDBI Capital, I welcome you all to UFO Moviez India Limited’s Q3&9MFY18 Earnings Conference Call and apologise for the technical glitch that happened yesterday. The Company is today represented by Mr. Sanjay Gaikwad – Founder & Managing Director, Mr. Kapil Agarwal – Joint Managing Director and Mr. Ashish Malushte – Chief Financial Officer.

I would now like to hand over the call to Mr. Gaikwad for his opening remarks, post which we can start the question and answer session. Thank you and over to you Sir.

Sanjay Gaikwad: Thank you, Urmil. Greetings, everyone and thank you for re-joining us on UFO’s Q3&9MFY18 earning call. Our sincere apologies for canceling yesterday’s call. We faced a technical issue with the conference facility yesterday. So, thank you again for your continuing support.

Let me run you through the headline numbers and key operating highlights before we open the floor for questions. Consolidated Revenues stood at ₹1,402 Mn, lower by 6.6% Y-o-Y. EBITDA stood at ₹367 Mn, lower by 17.2% Y-o-Y primarily on account of planned D-Cinema sunset losses, lower other operating revenues as a result of lower commission income and expenses related to the Scheme of Arrangement and Amalgamation between UFO and Qube. PBT and PAT stood at ₹179 Mn and ₹120 Mn respectively.

Our advertisement revenues grew by 16% Y-o-Y to ₹494 Mn during the quarter primarily driven by improvement in volumes. Contribution from advertisement stood at 36% compared to 28% last year. Both, Corporate and Government advertisement revenues grew by 16% Y-o-Y.

In Cinema Advertisement inventory utilization during the quarter grew to 4.54 minutes per screen per show compared to 3.88 minutes in Q3FY17, higher by 17% Y-o-Y.

The advertisement share as a percentage of advertisement revenues appears higher at 37.12% compared to 30.83% last year. The absolute advertisement share has grown by ₹45 Mn Y-o-Y on account of share paid to UMW and certain south screens. The higher share paid to south screens as MG in lieu of the rental income which was earlier zero pre GST. On a like for like basis the advertisement share has grown only by ₹15 Mn Y-o-Y. Consequently, the comparable advertisement share as a percentage of advertisement revenues is now at 31.99% compared to 30.83% last year.

Caravan Talkies operated a peak of 41 vans in Q3FY18. The business contributed ₹24.4 Mn of advertisement revenue during the quarter compared to ₹8.4 Mn in Q3FY17. The yield per van has more than doubled over last year. As a result of higher revenues, VDSPL's Q3FY18 losses have reduced to ₹7.6 Mn from ₹19.6 Mn in Q3FY17. This is an investment for future growth and we are currently establishing the price.

During the quarter, D Cinema VPF gross revenue declined by ₹121 Mn YoY and the net revenue was down ₹79 Mn YoY on account of planned D-Cinema sunset.

The Company's DSOs stand at 104 days as on December 31, 2017. Net Cash stood at ₹649.3 Mn as on December 31, 2017 compared to ₹519.7 Mn as on September 30, 2017.

Finally, we expect the overall business to perform well on the back of a strong content pipeline in CY18.

With that, I open the floor to take your questions.

Moderator: The first question is from the line of Abneesh Roy from Edelweiss Financial Services Ltd.

Abneesh Roy: I do not see an increase in the advertisement yield as advertisement minutes have increased ~17% and advertisement revenue has increased ~16%, why are we not able to command a premium since multiplex growth is much stronger?

Kapil Agarwal: The quarters post-GST and post-demonetization have been very difficult. We had negative advertisement growth in Q2FY18. Currently, we are utilizing 4.54 minutes of inventory as compared to multiplexes which are utilizing 15 to 20 minutes as they are a mature medium. We are focusing on volume led growth rather than price led growth. 50% of the business comes from the Government and PSU's which has a fixed price. The remaining 50% comes from the corporate sector where the prices are not fixed. We are glad that we delivered 16% total advertisement growth and 17% in-cinema volume growth in terms of minutes utilization.

Abneesh Roy: Is yield strategy a function of the economy or is it a function of the inventory levels? Will you take a yield hike after reaching a certain inventory level?

Kapil Agarwal: We are concentrating on volume led growth rather than price led growth. Pricing is variable on the corporate side while Government pricing is fixed. Yields are lower when contracts are annual or for four to six months irrespective of the movie which is releasing as they utilize the inventory week after week. We charge higher prices during 10 to 12 peak weeks in a year when big movies release. As a result, there is a gap between the lowest and highest price we charge. Our overall strategy is to start hardening the price once we achieve 7 to 8 minutes of inventory utilization per screen per show. We are currently a push medium but we are trying to become a pull medium where advertisers want to advertise on our network.

Sanjay Gaikwad: In addition to that, we are parallelly working on creating a measurement currency. Once measurement is in place, we will be able to increase the yield substantially.

- Abneesh Roy:** Are you working on a product to achieve measurement and how long will it take to have measurement in place?
- Sanjay Gaikwad:** We are working on an in-house product as well as a third-party research agency IMRB will be involved. Advertising agencies are also involved, that will make them comfortable in accepting the measurement.
- Abneesh Roy:** Will there be a cost implication?
- Kapil Agarwal:** There is measurement in certain screens which have an online ticketing system. Also, there are certain products within UFO and Qube which will help in measurement that will cover a certain number of theaters. For the rest, we have appointed IMRB and a pilot is currently running. Once the results of the pilot are out, we will be instituting the annual research. We will have a measurement as a result of the combination of these three.
- The online ticketing system has no cost. The products which will help us with measurement will have a very small Capex. Finally, we will have to pay IMRB but the returns will be disproportionate to what the cost of the research will be. As a major advertisement agency is part of this research, there will be higher acceptability as this will be an industry research. With all these measures being taken, we are hopeful that they will bring good results in the next few quarters.
- Abneesh Roy:** Q3FY18 has been a very tough quarter from the Government's advertisement perspective for the industry. For UFO, it has grown ~16%, how did you manage that? Do you expect this momentum to continue as there are general elections next year?
- Kapil Agarwal:** Our medium is appropriate for the Government because Government advertisements are meant for masses. Swachh Bharat Abhiyan, Pradhan Mantri Jan Dhan Yojana, National Aids Control Organization, etc. are messages for the masses. Five years ago, 80% of the advertisement revenues were from Government sources and now it is 50% of the expanded revenue base. The Government continues to be a significant advertiser on our medium. Our reach is very deep and no other medium has a similar reach. All other advertising is very generic and Government advertising is very specific as they can go up to the village level. This quarter has been very tough for UFO's Government advertising also and our expectation was that the growth would have been much higher than 16%.
- Abneesh Roy:** What is the outlook?
- Kapil Agarwal:** Q4FY18 should be better than Q3FY18.
- Moderator:** The next question is from the line of Rishi Maheshwari from Aksa Capital Advisors LLP.
- Rishi Maheshwari:** In the last concall, you mentioned that Government advertisement budget started increasing from the middle of Q3FY18 and yet you have shown advertisement growth of ~16%. Advertisement inventory being perishable, I presume that we had half quarter advertisement revenue only. Therefore, I am not able to extrapolate a decent growth in Q4FY18. During the Q2FY18 concall, you mentioned that pre-

demonetization you were running at 50% plus advertisement revenue growth. But it dropped post-demonetization and post-GST. Isn't there enough scope for advertisement growth beyond 16% growth?

Kapil Agarwal:

If you study the pattern of our business, it is dependent on the number of film releases and various external events like Cricket World Cup, IPL, festive and non-festive period and exam period. We may deliver 8% growth in one quarter and 50% growth in the subsequent quarter. 50% growth was in context of the first 40 days of Q3FY17.

Q4FY18 will be better. I won't further speculate and won't extrapolate this. We are already one and half months into Q4FY18 and we are seeing that the numbers are better. We can see that the overall impact of demonetization and GST is slowly waiving away. Government advertisement is slowly coming back. In absolute terms, Q4FY18 will be a much better than Q3FY18. However, our base will be higher in Q4FY18 as Q4FY17 was better than Q3FY17.

Rishi Maheshwari:

You had earlier mentioned that you will start taking advertisement price hike once you establish a certain threshold of inventory of ~8 minutes. Is it possible to move from 4.54 minutes of inventory utilization to 8 minutes in two years?

Kapil Agarwal:

We are considering all factors like measurement, consolidation and uptick of the inventory. Once measurement is in place, we will be able to garner a much better pricing. Earlier, consolidation was a major issue. Earlier, we were very weak in south India since all the key south screens were with Qube and we were very strong in non-south India. Once we combine, we will be the only all India platform in the country. If you compare with television or newspaper, most are regional. Our media is the only all India network which will be end-to-end in 2,600 cities, towns and villages, which will help us to increase the price. There are various factors which affect pricing. It is a qualitative and slow process.

Rishi Maheshwari:

Why have E-Cinema VPF revenues dropped from ₹30 Cr in Q2FY18 to ₹27 Cr? Why have margins not performed as per expectations in Q3FY18 and what is the margin outlook?

Ashish Malushte:

Similar was the trend last year. The E-Cinema VPF revenue as it pans out over four quarters primarily follows the pattern of the quality of movies that release and on a Q-o-Q basis there was a change in the previous years also. As the movies start becoming better, the revenue would again pick-up.

Rishi Maheshwari:

You had mentioned that Q2FY18 was weak because of content and Q3FY18 was not as movies like Golmaal Again released. Was the content really weak in Q3FY18?

Kapil Agarwal:

The content was very weak in Q3FY18. If you see Q4FY18 or CY18, the content is very strong. Q2FY17 and Q3FY17 both had weak content. Even the multiplexes suffered because of the quality of content. Everyone was banking on Padmaavat for advertising and box office collections which got delayed. But when it came, there was uncertainty whether the movie will release and as a result the advertisements did not get booked.

- Rishi Maheshwari:** What is the outlook on margins? Over the last three quarter, the expenses have not reduced commensurate to the revenue. How will the margins look if advertisements grow 15% to 20%?
- Kapil Agarwal:** As far as expenses are concerned, UFO is an infrastructure Company. In an infrastructure Company, field overheads is the largest expense. For example, the bandwidth cost remains constant if we release 1,000, 1,200 or 1,800 movies or a movie is released in 4,000, 5,000 or 7,000 screens. Being an infrastructure Company, major overheads are actually fixed and when we grow, the variable cost does not go up. Thus, we have been constantly operating at a 30% plus EBITDA margin.
- Moderator:** The next question is from the line of Kashyap Javeri from Emkay Fincap Ltd.
- Kashyap Javeri:** D-Cinema VPF per screen has declined in Q3&9MFY18. What is the reason behind it? The advertisement sharing as a percentage of advertisement revenue is at 37% in Q3FY18 but with similar revenue size, we have seen a significantly lower sharing in the past, why is the sharing high this quarter? Will Avengers: Infinity War release only D Cinema or in E Cinema also?
- Ashish Malushte:** D-Cinema reduction is exactly in line with the estimates we have given in the past. The major decline is because of the D-Cinema sunset impact. This year, the total estimated impact was ₹24 Cr. The revenue which we could have charged to a certain set of distributors goes away under a contract. Thus, number of screens will remain same and revenue becomes lower.
- Kapil Agarwal:** Suppose there are 50 movies releasing in a particular screen and we are charging for 50 movies. Now we will charge only for 40 movies. Number of screens will remain the same but since we will now charge only for 40 movies instead of 50 movies, the overall VPF will go down.
- Ashish Malushte:** On the advertisement sharing, there are two components aligned to it. Post-GST our business offerings in south India was re-aligned and earlier there was no rental being charged there. Now, we have started charging a marginal rental. This was for addressing the material related issues arising out of GST and as a result the theaters were not required to pay anything in the form of rental. On the other hand, advertisement revenue share contractually increased. Thus, when the rental income increases, correspondingly the advertisement share also goes up. In isolation, if we look at advertisement share as a percentage of advertisement revenue, it looks higher. In Q3FY18, rental was absent in Q3FY17 to the tune of ₹1 Cr. Total incremental advertisement share was ₹4.5 Cr out of which ₹1 Cr was attributable to this aspect. The second element is the incremental advertisement share which is now going to UMW screens which we have strategically acquired for advertisement inventory monetization from the beginning of Q2FY18. These theaters are in the process of getting integrated with UFO's network. The revenue generation on these screens is yet to reach to a level of UFO's revenue. However, contractually the sharing is fixed. Therefore, in terms of percentage, higher sharing goes to these screens even in Q3FY18. In the next couple of quarters, it should align with the average sharing we have on UFO's network which was in the range of 30% - 31%. As a result, advertisement share on a like-to-like basis has moved up from 30.83% in Q3FY17 to 31.99% in Q3FY18.
- Kapil Agarwal:** Avengers: Infinity War will release only on D-Cinema network.

- Moderator:** The next question is from the line of Neeta Khilnani from B&K Securities.
- Neeta Khilnani:** What is the peak advertisement inventory we achieve when a movie like Padmaavat or Baahubali releases?
- Kapil Agarwal:** In big movies, we often cross 15 minutes advertisement utilization. This did not happen in the case of Padmaavat because we did not get time to sell it. When the movie was about to release in December, we had sold more than 15 minutes of inventory. But when it was postponed, no one was sure whether the movie will release or not. Because of this, advertisers were not willing to advertise. We got only one-third of the revenue compared to what a large movie would get. We have achieved 15 minutes plus inventory utilization in movies like Tiger Zinda Hai.
- Neeta Khilnani:** On the merger between UFO and Qube, at what stage are we in and how much time will it take to realise the synergies post the merger?
- Kapil Agarwal:** We have signed the agreement with Qube on November 1, 2017. As per the rules, the application was made to the Stock Exchanges and they have studied the Composite Scheme of Arrangement and Amalgamation. Then it was put for public comments and objections on their website for 21 days which was over in the second week of January. Not a single objection was filed. After the completion of the study, it has now been forwarded to SEBI. Now, the Scheme is pending with SEBI. Once, SEBI clears the scheme which is expected in the next few weeks, we will have to file with two NCLTs. NCLT of Mumbai and NCLT of Chennai because registered offices of UFO and Qube are located in Mumbai and Chennai respectively. It is a few months process and we are expecting that it should happen in Q3FY19. After that we will start the process of integration and the full benefit will be probably seen in FY20.
- Moderator:** The next question is from the line of Mayur Gathani from OHM Group.
- Mayur Gathani:** How is UFO Framez, the hyper-local advertisement progressing? In Caravan Talkies, what is the utilization rate today?
- Kapil Agarwal:** Both projects are moving in a positive direction.
- UFO Framez is moving slowly and steadily. If a DSA is not able to sell, we have to appoint a new DSA, as a result there is a lot of churn in DSAs. Thus, lot of realignment and re-thinking is required. UFO Framez is profitable; it is generating steady annualized revenue which is approximately ₹3 Cr.
- Unlike UFO's on-screen advertising business which is volume based and not price based. Caravan Talkies was on a much smaller scale of 114 vans. We had to start the business at a very low price. In the last three quarters, we have been concentrating on price led growth. As compared to Q3FY17, the pricing is over 2x of what we charged last year. Despite lower number of vans, the revenue has become 3x and the losses are almost one-third of last year.
- Mayur Gathani:** How many van are utilized and do you intent to increase the number of vans?

- Kapil Agarwal:** In Q3FY18, we operated a peak of 41 vans. We won't add any new van until all vans start getting utilized. As a result, we are not incurring any Capex. We are trying to minimize the costs as there are losses in this business. We have also been campaigning with the Government for DAVP empanelment. But DAVP takes a lot of time to get a new medium empaneled. As soon as DAVP empanelment happens, the uptick should be high.
- Mayur Gathani:** Were there only private advertisers across all vans?
- Kapil Agarwal:** The Corporate sector as well as a PSU client advertised during the quarter. In the Government, there are two sectors, Central Government and State Government that advertise only when DAVP empanelment is there. As far as PSU is concerned, it is not bound by DAVP but they are very comfortable if DAVP empanelment is there. PSUs publish their own tender, the tender is bought and the pricing is established because they are absolutely transparent.
- Mayur Gathani:** When do we expect DAVP to revise prices and when was the last price revision?
- Kapil Agarwal:** There has been no price revision. The price was established in 2010 about 7.5 years ago. We are campaigning with the Government for the last five years. There is an indication that it is now in the final stage of consideration by the Government.
- Moderator:** The next question is from the line of Yash Jhaveri from Y Cap.
- Yash Jhaveri:** Can you give an update on the strike or the negotiations going on with the Southern film industry? Can you also give an update on NOVA Cinemaz?
- Kapil Agarwal:** In the South, they are trying to re-negotiate the prices. Our prices are the same as what we charged to distributors in 2010. Our last revision in the Southern market was in 2010. They have been creating an unnecessary propaganda that digital cinema operators are charging exorbitant prices and if we do not reduce the price, they will go on strike. Our prices are very reasonable, it is less than 20% of the reel cost which they used to incur earlier. In the same price which they used to invest in the reels earlier, they can reach 5x more number of cinemas and all box office collection and upside goes to them. When you hear of ₹100 Cr, ₹200 Cr, ₹300 Cr, ₹400 Cr collections, this is UFO's contribution to the industry. The content and actors are the same but instead of 500 screens, movies release in 3,000 to 4,000 screens.
- Yash Jhaveri:** As of today you have no agreement with them, they have still threatened to go ahead with the strike on 1st March?
- Kapil Agarwal:** We are engaging with them and we hope that good sense will prevail. Last week, we had a meeting in Hyderabad. There is another meeting which is scheduled for tomorrow in Chennai. We are explaining the rationale that we are all partners in business at the end of the day and we are not working against each other. We have only added value to the industry. But there seems to be a lot of confusion amongst various players at that end, we do not know what the genesis of this claim is. Our pricing is so

reasonable and our overheads have increased with inflation. As shareholders, you ask us why revenues are not going up and they are saying that we are charging very exorbitantly.

- Yash Jhaveri:** A producer said that you charge ₹10,000 per screen per show for D-Cinema and ₹5,000 per screen per show for E-Cinema, is it true?
- Kapil Agarwal:** Our charge for Hindi movies is ₹425 per show in the first week and ₹350 per show in the second week. Which means, if Tiger Zinda Hai releases in five screens which does a business of ₹20 to ₹30 lakh where normally you would have had to send two or three prints of ₹70,000 each. Today, only ₹20,000 is spent for all five screens. We are very reasonable in the South. In the South, they wanted a different rate and they did not want to pay per show, so we introduced a weekly charge. The first week price is ~₹11,000 and second week price is ~₹8,800.
- Yash Jhaveri:** Is this for E-Cinema or D-Cinema?
- Kapil Agarwal:** The structure in Non-South and South is different. There is a 10% difference between E-Cinema and D-Cinema prices. In Non-South, ₹20,000 is charged for D Cinema while E Cinema VPF is on a pay per show basis. In the South, both D Cinema and E Cinema is ₹11,000 in the first week and ₹8,800 in the second week.
- Sanjay Gaikwad:** In NOVA Cinemaz, currently 23 screens are live with 5,977 seating capacity. 19 screens are currently under development where the total seating capacity is 3,705.
- Yash Jhaveri:** Are you seeing interest from potential franchise partners to set-up more screens?
- Sanjay Gaikwad:** There is a lot of interest. We are hoping to have more Greenfield projects operational. We are working with various State Governments to get a one window clearance and that will result in scalability of this business. Establishing 8 to 10 pilot Greenfield projects is still 1.5 years away.
- Yash Jhaveri:** Are we doing Capex for these Greenfield projects or are we getting a partner to invest?
- Kapil Agarwal:** Our stated policy clarifies that we are not investing in NOVA Cinemaz business other than in the first few projects that too part of the total investment. Major investment is going to come from the partner and we are not getting into the exhibition business where investment is ₹100 Cr or ₹200 Cr. A budget of ₹15 Cr has been set aside last year for the pilot.
- Moderator:** The next question is from the line of Ankur Periwal from Axis Capital.
- Ankur Periwal:** Can you throw some light on the independent measurement currency to be developed for theatres?
- Sanjay Gaikwad:** Post the merger with Qube, there are certain products which we will develop to establish a measurement currency. By taking big advertisement agencies in the process, it will become a universal measurement currency. UFO and Qube will have a combine network of ~7,300 screens with advertisement rights. There are some screens with a computerized ticketing system and we want to integrate some screens

with a technology called iCount. For the balance screens where no ticket measurement system is in place, IMRB would be engaged on a periodic basis for doing measurement. All data from various sources will be integrated into a dashboard. This will give advertisers confidence in their investments as a measurement currency will give comfort of getting a RoI.

- Ankur Periwal:** Have you approached single screens for this initiative and is IMRB already on board?
- Sanjay Gaikwad:** IMRB is already on board and is conducting a pilot. The pilot results are expect in the next few weeks. It will take few quarters before this measurement currency is established.
- Moderator:** The next question is from the line of Sri Harsha MVR from Photon.
- Sri Harsha MVR:** Before the era of digitization, what was the actual cost of an analog print?
- Kapil Agarwal:** The analog print cost depends on the number of prints required for each movie varying from ₹50,000 to ₹70,000. In addition to that, there were logistic and delivery costs because prints had to be delivered in the remotest areas. Prints were delivered by flight or by train. The average cost of delivery used to be between ₹5,000 to ₹10,000 for each print depending on the geography where the movie was releasing.
- Ashish Malushte:** The worst element of this arrangement was that it was a sunk cost. That cost had to be incurred upfront irrespective of the outcome of the film.
- Sri Harsha MVR:** There has been an arguments that the integrator has invested in equipments a decade ago and have already recovered all the investments over the years, so why should one continue paying VPF?
- Kapil Agarwal:** It is a misunderstanding. In the analog era, there used to be an analog projector and an analog print. The cost of a projector was very small and the life of the projector was 40 to 50 years and the maintenance cost was also very low but the cost of print was very high. This has reversed in the digital cinema era. The Capex in digital cinema equipment is very high. These electronics are placed in non-optimal conditions in old theaters in huge rooms, so there is very heavily maintainace cost on these projectors. The cost to maintain the network and projectors is more than half of the VPF that we charge. We have thousands of projectors and servers over 40 offices. We have around 400 field engineers working round the clock to address these issues. As a result, we keep on incurring a ₹50 to ₹60 Cr of replacement Capex. This Capex is just to replace the projectors which are going out of life.
- The cost of ₹60,000 or ₹70,000 per print has gone down to ₹10,000 to ₹12,000 per print. As an organized player, we are helping the film industry from the point of view of an exhibitor as well as a distributor. Thus, it is an incorrect argument that we have invested and recovered the cost and now we should be out. The whole network will fail and the film industry will stop functioning if we do that.
- Moderator:** The next question is from the line of Krunal Shah from Enam Holdings.
- Krunal Shah:** The number of UFO's advertisement screens have declined Q-o-Q, is it because of the closure of single screens?

- Kapil Agarwal:** You will see plus/minus 50 screens on a quarter-on-quarter basis because digital cinema single screens are converting themselves into multiplexes. They are converting from a 1,000 seater screen into a three screen multiplex of 200 or 250 seats each. They are creating small cinema screens so that they can play multiple contents which is available. In Q3FY18, 104 screens shut down for renovation and for converting themselves into multiplexes.
- Moderator:** The next question is from the line of Vipul Shah from Sumangal Investments.
- Vipul Shah:** When do you expect Caravan Talkies to breakeven?
- Kapil Agarwal:** We sold more vans at lower prices initially when the business started. Now, we do not want more vans to be sold at a lower price because that would result in more overheads and less margins. Currently we are concentrating on increasing the price. The price in Q3FY18 is more than double of Q3FY17.
- Vipul Shah:** What is the current yield per van per month?
- Kapil Agarwal:** It is more than twice as compared to last year.
- Vipul Shah:** How does it compares to Q2FY18?
- Kapil Agarwal:** Price is flat. We have been able to achieve a higher price in the last three quarters. In Q2FY18, there were hardly any operations since it was a monsoon period.
- Moderator:** Thank you. Ladies and gentlemen that was the last question I now hand the conference over to Mr. Urmil Shah for his closing comments.
- Urmil Shah:** I would like to thank all the participants who joined us on the call and also like to thank the Management for allowing us to host the call. Thank you Sir.
- Moderator:** Thank you. Ladies and gentlemen on behalf of IDBI Capital that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

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