

THE HINDU
BusinessLine

UFO Moviez, Qube Cinema to merge with an eye on pan-India market

OUR BUREAU

Chennai, November 3

Chennai-based Qube Cinema Technologies and Mumbai-headquartered UFO Moviez on Thursday announced the merger of their businesses.

Qube Cinema's businesses – Qube, Qube Digital and Moviebuff – and UFO Moviez's

PJSA Technology will be part of the merger. UFO will also purchase a stake in Qube Digital from private-equity investors who have been shareholders of Qube. Qube Digital's shares purchased by UFO will stand cancelled post-merger, said a press release.

UFO and Qube Digital will

have a stake of 63.6 per cent and 36.4 per cent, respectively, in the merged entity. According to the release, with both companies being in the digital cinema distribution and in-cinema advertising platform, the proposed merger will improve growth opportunities in India and overseas.

The combined entity will have 7,300 screens across India with a seating capacity of 95.5 million per week. Qube Cinema has a strong penetration in the South, whereas UFO is strong in other parts of the country. In addition, Qube has developed a content and digital rights management platform for movies,

called Qube Wire. This service, which is yet to be commercialised, is in operation for select clientele.

The combined network, post-amalgamation, will allow faster monetisation of Qube Wire and other IP-based Qube products, both within India and internationally, the firms said.

THE TIMES OF INDIA

UFO Moviez to merge with Qube Cinema

Mumbai, Nov 2: Digital cinema distribution firm UFO Moviez today decided to merge with Chennai-based Qube Cinema Technologies to solidify its position in the digital cinema distribution and in-cinema advertising spaces.

The move will involve merging UFO and its wholly-owned subsidiary PJSA Technosoft with Qube Cinema and its group companies Qube Digital Cinema and Moviebuff, UFO said in a statement today.

"The boards of UFO and Qube today approved a scheme of amalgamation amongst UFO, Qube, Qube Digital Cinema, Moviebuff and PJSA Technosoft," UFO Moviez said, adding "the merger ratio based on relative valuation stands at 63.6 per cent for UFO and 36.4 per cent for Qube Digital."

As part of the merger, Qube's business of providing technology solutions and services in the film, video and audio domains, including digital cinema advertising, will be first demerged into Qube and then subsequently merged with UFO.

"One of the intermediate steps will include ICICI Venture (through certain PE funds managed or advised by them) along with UFO purchasing a stake in Qube from certain private equity investors who have been shareholders of Qube for several years. Qube shares purchased by UFO will stand cancelled post-merger," it said.

The combined entity, for its in-cinema advertising platform had a presence across 7,300 digital screens across the country with a seating capacity of about 95.5 million per week, as of end June.

"Qube has not only built a strong digital cinema and in-cinema advertising network but has also developed interesting technology products relating to film business for global application. The combined company would have a stronger position in digital cinema distribution and in-cinema advertising industry," UFO Moviez founder and managing director Sanjay Gaikwad said.

Qube co-founder Senthil Kumar said "together, we will create a robust network offering digital cinema and in-cinema advertising services. UFO's strengths combined with Qube's strong technology focus would position the combined entity to deliver long-term growth at a faster pace." Axis Capital acted as financial advisor to UFO. DS BEN NSK

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