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BusinessLine

Cinema's digital transformation reels in media distribution firms

From M&As to organic growth, firms try to get the best out of market dynamics

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Mumbai, November 10

With more cinemas being distributed digitally than in analogue formats, and in-cinema advertisement raking moolah, digital film distribution entities are witnessing hectic activity. From mergers and acquisitions to organic growth, companies are trying to get the maximum out of the present market dynamics.

Last week, UFO Moviez merged with Qube Cinema's businesses — Qube, Qube Digital and Moviebuff.

UFO and Qube Digital will have a stake of 63.6 per cent and 36.4 per cent, respectively, in the merged entity. The combined entity will have 7,300 screens across India with a seating capacity of 95.5 million per week.

Sanjay Gaikwad, founder and MD, UFO Moviez India, said: "The combined company will have a stronger position in India's digital cinema distribution and in-cinema advertising industry.

The combination will bring together capabilities, talent, strong processes of both companies, and we together look forward to creating value for the entire cinema value chain."

Earlier, UFO Moviez India had entered into a strategic tie-up with United Media Works. Under the partnership, UFO has acquired long-term exclusive rights from UMW to monetise the advertising inventory on the latter's screens.

As per reports, India has close to 9,000 odd screens.

Several other players in the business are also investing in technology.

Mumbai-based Ultra Media & Entertainment Group has launched Ultra Digital Cinema.

Sushilkumar Agrawal, MD, Ultra Media & Entertainment

Group, said: "Most cinemas in India are digitised. While some multiplexes have their own distribution systems, others rely on players like us.

With the number of multiplexes set to grow, we see a huge opportunity to grow. Also, our cloud-based services prevent issues such as pilferage and piracy of content."

Investment recovery

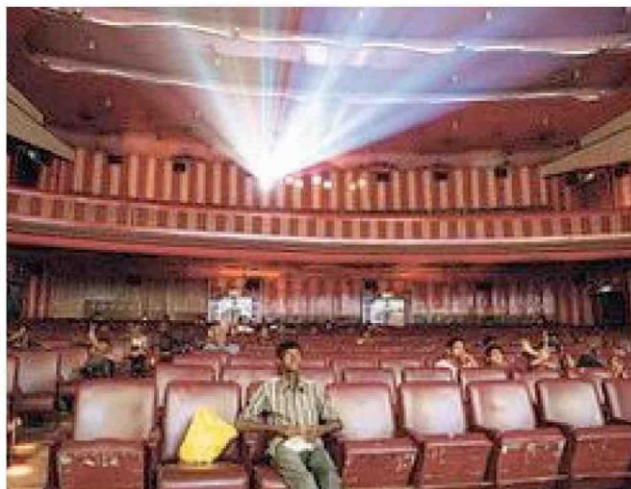
Agrawal said most of the companies recover their investments from film producers and brands that advertise in cinema halls.

"We charge the producers and distributors content delivery charges (CDC)/virtual print charges (VPC) ranging from ₹250 to ₹350 per show, per screen depending upon the film, language and the geographical area of the exhibitor. We have our in-house marketing and sales team which target Central and State government public awareness campaigns," he added. The company is targeting around 500 screens by the end of calendar year 2018 and an investment of ₹50 crore.

Industry watchers note that with box-office revenues increasing in India, companies are working to get their share.

Additionally, corporates spending on digitised screens and in-cinema advertisement are also leading to a flurry of activity.

A typical blockbuster would previously have released about 500 prints. However, with digitisation and increasing multiplex penetrations, these range anywhere between 2,000 to 3,000.



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