



3i pumps in \$22m in digital cinema chain



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INTERNATIONAL private equity group 3i has invested \$22 million in digital cinema chain, UFO Moviez, buoyed by the fast growth in the Indian media and entertainment sector. As per the deal, 3i has subscribed to cumulative convertible preference shares issued by UFO Moviez with the option to invest an additional \$3 million at a later date.

UFO Moviez plans to utilise the money to part finance its expansion plans. The digital cinema player intends to invest in hardware to expand its presence in India and overseas. The company is present in 600 theatres across India and plans to reach 3,000 digital cinema houses worldwide by 2008. UFO plans to scale up its Indian operations from 600 to 2,000 screens by 2008.

Chris Rowland, managing partner, Asia and group markets, 3i, said: "We believe the value proposition of UFO Moviez of enhancing returns for exhibitors and distributors, offering advertisers a unique one-window platform and addressing the issue of piracy, to be a winner."

This is the second investment by 3i in the media space, the earlier being in Nimbus Communications which holds the BCCI global media rights till 2010.

Apollo group's Onkar Singh Kanwar owns 60% in UFOZ

while 15% is held by the Singapore-based DG2L Technologies. The remaining stake is held by the top management and employees of the company, including CEO Sanjay Gaikwad, COO Kapil Agarwal, CEO (India) Rajesh Mishra, CEO (international operations) Vishnu Patel and Mr Aditya Shastri.

The company has partnered with Agate Cufar, a retail and exhibition chain company with presence in Malaysia, Indonesia and Singapore, to install UFO's technology in 60 screens across the three countries. To enter the Sri Lankan market, the company tied up with the National Film Board to install its hardware across 50 screens. Similarly, UAE-based distributor and exhibition company Al Nisr has agreed to wire up 35 screens in Dubai and 10 screens in East Africa, while Mauritius-based Venus Group will digitise 15 screens.

UFOZ Moviez has 90:10 revenue sharing model with its partners. Apart from an initial signing charge of \$50,000 - \$100,000, UFO charges \$10,000 as deposit and \$20 per show for every theatre that is digitised.

For the US and UK markets, UFO is currently scouting for partners who will be their agents for the technology, say sources. However, for the European markets, the aim is to cater to the local content and to leverage on 3i's strong presence in the market.