

November 09, 2017

UFO Moviez India Limited

Summary of rated instruments

Instrument*	Rated Amount (in Rs. crore)	Rating Action
Term Loan	107.00	[ICRA]AA- &, placed on rating watch with developing implication
Long-term, Fund-based Limits	30.00	[ICRA]AA- &, placed on rating watch with developing implication
Short-term, Non-fund Based Limits	10.00	[ICRA]A1+ &, placed on rating watch with developing implication

& Rating watch with developing implications

Rating action

ICRA has placed the long-term rating of [ICRA]AA- (pronounced ICRA double A minus) on the Rs. 107.00 crore¹ long-term loan and the Rs. 30.00 crore long-term fund-based limits of UFO Moviez India Limited (UMIL)² on 'rating watch with developing implications'. ICRA has also placed the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) on the Rs. 10.00 crore short-term non-fund based limits of UMIL on 'rating watch with developing implications'.

Rationale

The rating action factors in UMIL's announcement dated November 01, 2017 regarding a business combination between itself and Qube Cinema Technologies Private Limited (QCTPL) through a composite scheme of arrangement and amalgamation.

The composite scheme includes the following steps:

- i) Demerger of QCTPL's business of providing technology solutions and services in the film, video and audio domains, including digital cinema advertising into Qube Digital Cinema Private Limited (QDCPL)
- ii) Amalgamation of Moviebuff Private Limited (MPL), a company wherein the promoters of QCTPL hold a 66.67% stake, with QDCPL
- iii) Subsequent to (ii) above, purchase of 53.20% stake in aggregate in QDCPL by UMIL (18.78% stake) and India Advantage Fund S4 I (34.42% stake), a fund managed by ICICI Venture Funds Management Company, from certain private equity investors in QDCPL (QCTPL prior to demerger). This would involve a cash outflow of Rs. 117.29 crore for UMIL
- iv) Subsequent to (iii) above, merger of QDCPL with UMIL by fresh issue of shares in UMIL to the shareholders (other than UMIL) of QDCPL
- v) Slump sale of business relating to certain new software, technologies and processes of QCTPL, which are, at present, in the process of commercialisation, from UMIL (post merger) to PJSA Technosoft Private Limited (PJSA), a wholly-owned subsidiary of UMIL, for a consideration of Rs. 23.50 crore. PJSA shall discharge the consideration by issuing 2.35 crore equity shares of Rs. 10 each fully paid up to UMIL

ICRA is in discussions with the company's management to understand the impact of the proposed amalgamation on its business and financial profile and shall conclude the ratings thereafter.

The previous rating rationale is available on the following link: [Click here](#)

¹ Rs. 100 lakh = Rs. 1 crore = Rs. 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Contact Details

Analyst Contacts

Subrata Ray
+91 22 6114 3408
subrata@icraindia.com

Shreekiran Rao
+91 22 6114 3469
shreekiran.rao@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Relationship Contact

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500