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Mediaone to raise Rs 90 cr

Mediaone Global Entertainment Ltd, engaged in production and distribution of feature films, is in the process of raising about Rs 90 crore through preferential issue of equity shares and foreign currency deposits to fund its expansion plans. The company is awaiting the Securities and Exchange Board of India's approval and after the preferential issue, the promoter's holding would come down to 20 per cent from 38 per cent.

The company has chalked out an expansion plan to acquire theatres in Tamil Nadu and produce and distribute more films. It is proposing to invest Rs 40 crore in film production and distribution and Rs 50 crore in acquiring theatres.

While Mediaone has finalised the acquisition of three theatres in Chengelpet district of Tamil Nadu, it expects to acquire 20 theatres in tier II and tier III cities in the state by the end of fiscal 2008, according to Suryaraj Kumar, managing director, Mediaphone.

Kumar said the company would buy the theatres on an outright basis, which would be refurbished with digital projectors and air-conditioners, among others.

The average spend on the theatre refurbishing and digital conversion is estimated to be Rs 35-40 crore. However, the company is not proposing to acquire theatres on lease as it is aiming to focus on asset-based business.

As part of its strategy to expand its presence in Tamil Nadu and also in the southern region initially, the company has tied up with Bhaagyalakshmi Films in Karnataka for distribution of films in Karnataka.

This association would make Mediaone the largest distributor of Bollywood films in Karnataka. It is also in discussion with companies in Tamil Nadu and Karnataka for film distribution, said Kumar.

Kumar said Mediaone subsidiary in UK was co-producing an English film 'Telling Lies'.

Its earlier film 'Provoked' starring Aishwarya Rai was expected to be released in the US and also to be dubbed in Indian languages after its encouraging response in UK.

The company reported revenues of Rs 37 crore and net profit of Rs 2.36 crore for 2006-07.

Started in 2005, this Chennai-headquartered company has produced a number of television programmes for Raj TV, Surya TV, Sony and ETV among others. Three more TV programmes, including a Tamil comedy and a Kannada serial are on the anvil. It is also planning game shows and other entertainment programmes.