



From tyres to digital cinema

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From manufacturing tyres to setting up digital cinema chains is a far cry, but for the Rs 4,500 crore Apollo Group it has been a seamless transition. The chairman and MD of Apollo Tyres, Onkar S Kanwar, has just completed one year of incubating his new subsidiary, UFO Moviez, and in one fell swoop has struck two deals raising over 150 crore for the new venture.

Shaking hands with Chris Rowland, UK-based equity investor 3i's Managing Partner for Asia, on Wednesday, Kanwar announced that 3i was investing \$22 million (Rs 100 crore) through cumulative convertible equity shares issued by UFO Moviez. The investment would be converted into equity sometime at the end of 2008. 3i would also have the option of investing an additional \$3mn later.



Sharing digital dreams: Kanwar & Rowland

In a separate debt funding arrangement, UFO Moviez has raised Rs 45 crore from Yes Bank. "We had many options. It is like honey bees whirring around a pot of jam," said Kanwar.

UFO Moviez has completed retrofitting around 600 cinema screens with the new satellite-based delivery projection systems. The MPEG-4 technology was initially bought from the US-based

DG2L, that allows compression of a three-hour movie into a 6-8 GB file that is downloaded via satellite into servers installed at the cinema hall.

DG2L in return has a 15 percent stake in UFO Moviez. Apollo Group's initial investment has been Rs 80 crore, and with the aim of setting up 2,000 digital screens in the country, the investment by end-2008 is expected to touch Rs 300 crore.

"Films and cricket are the two selling points in India," said Chris Rowland, justifying 3i's investment in UFO Moviez. Significantly, Nimbus Sports – that has for long been a player in the cricket telecast rights – was the first Indian company 3i invested in with a \$45.5mn stake.

Rowland said UFO's technology was found to be 'impressive'. "It has applications in the Asia and the West too where the old celluloid print and projection technology still dominates," the 3i chief said, adding: "The closest we've seen is a Chinese company offering to deliver movies in digital hard disc format on a bicycle!"