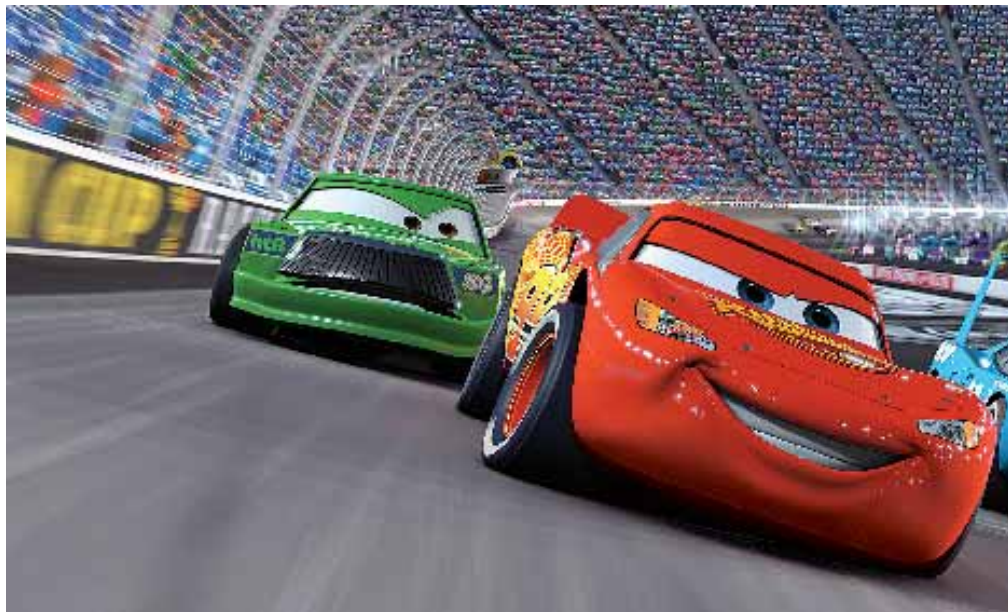


Graphic Growth

International entertainment giants are viewing the Indian animation industry in new light as a co-production centre for developing content for both entertainment and gaming spheres. And with domestic players discovering our rich mythological treasure trove, the animation business is undoubtedly not an illusory one, writes **Dipta Joshi**



CAREENING AHEAD: India is seen as one of the brightest emerging stars by the international animation industry

Be ready to chuckle, giggle and chortle. Animated figures will soon be all over the place. Box office entertainment in India will include full length feature films starring the cutest cartoon characters you can watch. You could also check out the humungous online and mobile gaming possibilities in store. Either way, animation studios in India will be laughing their way to the bank.

The Indian animation industry is in demand. Long known as an outsourcing hub, global bigwigs are now seeing India in new light as a co-production centre for developing content for both entertainment and gaming spheres. According to the National Association of Software and Services Companies (NASSCOM), the industry's revenues touched \$354

million in 2006. By 2010, it is expected to reach \$869 million.

There have been enough indications to back these forecasts. Last year Walt Disney made its presence felt in the Indian kids TV market. It acquired UTV-owned Hindi language channel, Hungama TV for \$3.5 million. It now has Disney, Jetix and Hungama channels in its bouquet of Indian channels. It also picked up a 14.9 per cent stake in UTV for \$14 million. This year, Disney staked its claim on the big screen too. It has joined hands with Yash Raj Films to co-produce one full length animated feature film every year.

Global player Turner Entertainment Networks Asia that runs Cartoon Network in India prefers having project-wise alliances with animation studios here.

"India is one of the brightest emerging stars of this industry," says Anshuman Mishra, managing director, Turner International India, and senior vice-presi-



dent for Network Distribution, South East Asia. "As vanguards of animation and pioneers of kids' television in India, Cartoon Network has always believed in the great potential of Indian animators. The future is bright for the industry and we expect to work closely with animation houses as well as acquire local animation titles to air on our network," he adds.

Cartoon Network has acquired and aired 14 local animation films. It had also launched a campaign, Snaptoons (Short New Asia Pacific Cartoons) to fund and develop original local talent. Ideas from production houses-Famous, Graphiti and Miditech-were short-listed.

Los Angeles-based Rhythm & Hues has also set up its subsidiary in Mumbai to lure some of the brightest minds and artists in India to its studio.

Dreamworks Animation, which produces two films a year, has shown interest in setting up its captive centre in the country.



Homegrown Prithvi Nandy Communications (PNC) too has plans for five full-length 3-D animated Bollywood films and has signed a \$25-million deal with Florida-based animation company, Motion Pixel Corp.

Other companies have also signed up multi-million dollar contracts with international firms. Crest Animations has entered into a three-movie co-production agreement with Lions Gate, a major US movie studio. Studios like Crest Animation, R&H, Toonz Animation, Anirights and D. Q. Entertainment are the big names in the animation business, though there are around 300-odd companies in the industry.

India's technically skilled manpower coupled with the relatively low rates it quotes has made it a favourite destination for outsourcing compared to coun-

tries like Taiwan, South Korea and the Philippines.

According to Anil Chawla, CEO, D.E. Shaw group (an alternative investment firm that has invested \$40 million in Crest Animations), the cost advantage for Indian animation in theatrical features is potentially tremendous as many 3-D CGI (computer generated imagery) theatricals released by major Hollywood studios carry production budgets in excess of \$75 million. "An Indian studio can deliver what I believe to be similar quality for less than 40 per cent of the cost," says Chawla.

In 2006, outsourced work accounted for almost 70 per cent of the Indian animation industry's revenues. Predictably some of the best international animated works for films, TV series and direct-to-DVDs - like Jack Frost, Jakers, Narnia, and Willo the Wisp - has come from India.

The exciting trends nonetheless, the Indian animation industry is aware that much remains to scale to reach global standards. In 2006, the world market was estimated at \$59 billion as compared to India's \$354 million.

Ironically, it is India's fledging status in the field that is working in its favour. "Despite a well evolved story-telling culture, India's animation industry is still to grow," says K. Seshasaye, spokesperson for the Walt Disney Company in India. "This ensures that the potential here is much higher both in terms of having a market for animated content and developing the content."

The market for animated content in India itself is huge. The entertainment segment (including gaming), E-education and web designing will all need new and indigenous content. Till 2010, the demand in the E-education segment is expected to grow five-fold while for web-designing it is expected to exceed \$160 million.

The biggest demand, however, is from the entertainment sector. Currently

THE BIG PICTURE

There is no denying the lure of the big screen even if they are just animated characters. After *Hanuman's* box office success there has been a flurry of activity in the animated feature film segment.

Indian audiences are being promised 100 per cent family entertainment Hindi film *ishtyle*. Expect songs, dance and drama...the works. Thus *Hanuman - 2*, the sequel will go beyond the story of the epic Ramayana and present the monkey God as more contemporary, a super hero.

The recently released composite animation film, *My friend Ganesha* has seven songs by seven different composers. Other mythologicals planned keeping Indian sensibilities in mind will be *Ghatothkach* and the evergreen epics *Ramayana* and *Mahabharata* produced by Shemaroo and Firoz Nadiadwala respectively.

Outside the mythological genre, Nadiadwala is also planning animated versions of his live action hits *Hera Pheri* and *Phir Hera Pheri*. Walt Disney and Yash Raj Films venture *Roadside Romeo* will focus on a dog's life but with catchy tunes.

PNC has started work on the first of its five films planned. Director Govind Nihalani too is mak-

ing a 3-D animated film *Kamlu*, based on a baby camel's adventures.

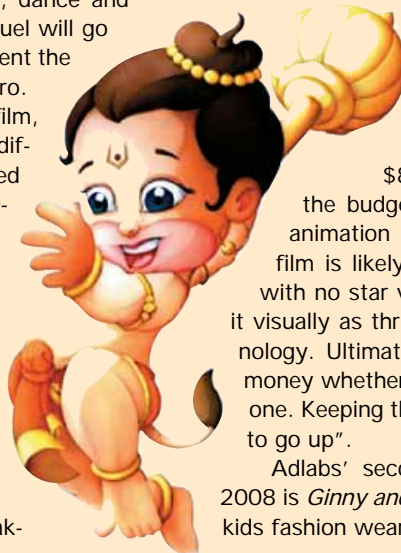
But in what is expected to go down as the most expensive animated film till date production house Adlabs will release, *Sultan the Warrior* as 2008 comes to a close. An

ode to South India's superstar Rajnikanth, the action thriller expects to create a buzz by having the animated hero showcase trademark Rajnikanth antics. The film is reportedly budgeted to cost over US

\$8.54 million. Though not confirming

the budget, Siddhartha Jain, head of Adlabs' animation division, defends the high costs the film is likely to accrue. "Being an animated film with no star value, it becomes imperative to make it visually as thrilling as possible using the best technology. Ultimately the audience wants value for its money whether it is a live-action film or an animated one. Keeping these aspects in mind, costs are bound to go up".

Adlabs' second film slated to release in December 2008 is *Ginny and Jonny* based on the characters of a kids fashion wear by the same name.



there are over six television channels and several direct-to-DVD makers who need content. Besides, the feature film segment is opening up to animation. By 2010, the domestic market for fully animated movies is likely to match that of the offshore demand.

Yet until last year when India's first indigenously made, fully animated feature film *Hanuman* was released, no one here was willing to bet on the genre's success. Films like *Lion King*, *Finding Nemo*, *Cars* and *Chicken Little* had no doubt done well but these had been made abroad with the western audience in mind. *Hanuman* created history by being the first animated film to compete with live action films at the box office. Its first-week collection averaged around 85 per cent.

In hindsight P. Trivedi, CEO, Percept Picture Company, which produced the film, says "*Hanuman* was an idea whose time had come. India being a country rich in mythology it was difficult to believe we still did not have a single film on any Indian character. Thus *Hanuman* was created and the rest of course

Creating one's property is what pushes a studio to move forward in the value chain

is history."

Doing away with the deep-seated Indian perception of animated content being for kids only, *Hanuman* paved the way for animated feature films across all segments. From production houses to animation studios, everybody in India is working on releasing full-length animated films for the entire family.

The upside of all this action is that animation studios are now focussed on creating their own Intellectual Property Rights (IPRs).

"Creating one's property is what ultimately pushes a studio to move forward in the value chain and thus demand

more for itself," says Naveen Gupta, the chief operating officer of animation studio Maya Entertainment Ltd (MEL).

The studio's role has moved beyond being just a service provider to a co-producer of animated content. With the IPR no longer belonging to the foreign production house, which outsources work, merchandising of the content increases the studio's revenues.

Akbar Birbal, *Tenali Raman*, *Vikram Betaal* etc are some of the local content developed for TV series by animation studios. Gaming is another big revenue earner for the animation industry. The Indian gaming industry, presently estimated at \$100 million is expected to triple by 2009. The rise in PCs, consoles, and online gaming along with mobile gaming served by telecom companies as part of their value-added service are all pushing the demand higher.

Again, India's cost advantage works in its favour as an outsourcing hub. It costs anywhere between \$500,000 and \$3 million to develop a PC game in India, as compared to \$6 million to \$7 million in the USA.



BIG PLANS: Moving up the value chain has made studios and gaming companies attractive to investors

Thus, several big animation studios have now set up separate gaming divisions and share the field with companies like Dhruva Interactive, Paradox Studios and Indiagames. Animation studio DQ Entertainment has made a pact with US-based Electronic Arts to work on seven PC games. Microsoft Corp, UbiSoft Entertainment of France and Konami Corporation of Japan are some of the global companies getting work outsourced from India.

In-house development of indigenous PC games too is fast catching up with latest hit Hindi movies being translated into games for the local market. This may just be the start of a gaming revolution in the country feel many in the industry.

"Gaming has traditionally never been taken seriously by our cultural orientation," notes Venkatesh Roddam, CEO, Nipuna Services. "The launch of Microsoft's X-Box and Sony's PS III has brought about a whole new generation of young Indians, who now view gaming as an entertainment medium."

Big plans mean bigger money. To

The launch of the X-Box and the PS III has brought about a whole new generation of young Indians, who now view gaming as an entertainment medium

Low cost, high quality

Country	Animation costs
USA & Canada	\$250,000 - \$400,000
Korea & Taiwan	\$120,000 - \$150,000
The Philippines	\$90,000 - \$100,000
India	\$60,000

Source: NASSCOM survey, 2006

their advantage, moving up the value chain has made studios and gaming companies attractive to investors. According to NASSCOM, IL&FS has through its India Fund invested approximately \$6.7 million in Prasad Corporation, which specialises in visual effects for feature films.

Another fund, ILabs has invested \$350 million in 13 different companies. One of them is DQ Entertainment which has also received \$3 million from the International Finance Corporation.

Kreeda Games an online gaming set-up has had funding from IDG Ventures India and SoftBank China. Another gaming venture, Games2Win was funded \$5 million by Clearstone Venture Partners.

Creatively, India is at par with the best anywhere in the world. With the money pouring in, upgrading infrastructure is no longer the issue, which means technically too India is catching up with the West. Indian animation could well be the IT industry's next poster boy. And mind you, this is no laughing matter. 🎨