

The Indian Animation Business is Buzzing

From an estimated \$ 300 million to \$ 950 million in a span of two years and with an assessed annual growth rate of 34% the Indian Animation Business is on the threshold of unfurling a saga that has all the potentials of being a blockbuster in the global entertainment market.

The edifice to these unbelievable, yet inveterate growth prospects was laid way back in the year 2000, by the current leader in the Indian Animation Space, Crest Animation Studios Limited. A company founded by Mr. Shyam Ramanna – Pioneer of many a concepts in Digital Technology.

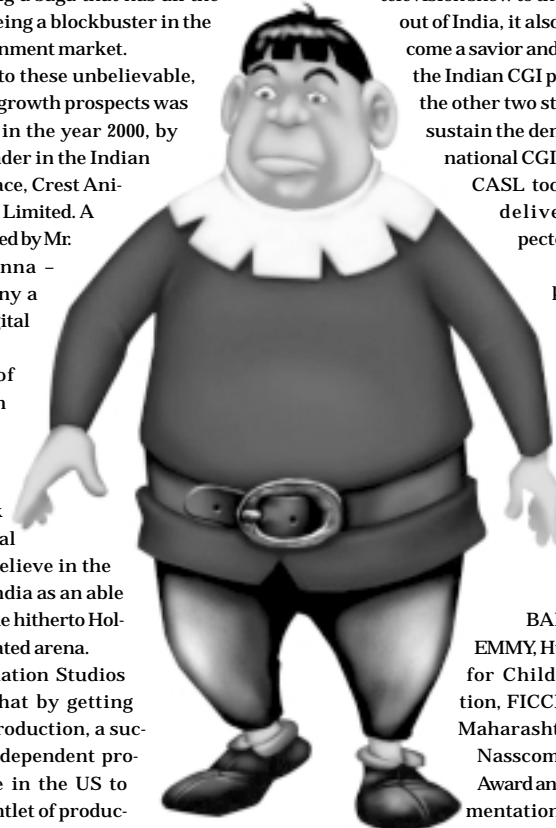
The bait of low production cost notwithstanding, it was indeed a Herculean task to get the global CGI space to believe in the potentials of India as an able contender in the hitherto Hollywood dominated arena.

Crest Animation Studios Limited did that by getting Mike Young Production, a successful and independent production house in the US to throw the gauntlet of produc-

ing 3D – CGI show by Indian Studios, to CASL and two other upcoming studios in the country.

In what followed subsequently, CASL not only went on to deliver the 1st ever 3D-CG television show to the world market out of India, it also went on to become a savior and flag bearer for the Indian CGI prospects when the other two studios couldn't sustain the demands of International CGI standards and CASL took the onus of delivering the expected results.

The world acknowledged the potentials and appreciated the creative ingenuity of Indian Animation with Annie Nomination and Awards that include BAFTA, Daytime EMMY, Humanitas Prize for Children's Animation, FICCI Frames 2005, Maharashtra IT Award, Nasscom India IT User Award and Best IT Implementation, for the work



done by CASL.

The appreciations and awards were further complimented by repeat orders from existing clients and an acknowledgement of CASL as the only Indian Company having the capability and capacities of delivering end – to – end CGI product and services in line with International Standards.

In a short span of less than 5 years CASL went on to have an elite list of clients which includes Mike Young Productions, Mark Brown, Classic Media, Nelvana, Marathon and Nickelodeon.

With a firm belief in its vision of becoming one of the best CGI studio in the world CASL also went on to acquire Rich Animation Studio in the US, rechristened it as Crest Animation Productions.

For CASL the story so far was only of a journey well begun, for it has its vision firmly set on the bigger pie, 3-D CG Feature Film. A comparison between the average profits made by animated films and other genre of movies in the last decade establishes the fact that animated films are one of the most profitable products amongst all the genres.

In 2005, CASL once again led the pack by becoming the first and the only studio outside the US of A to sign a three feature co-

production deal at par with International Standards, with one of the largest distribution house, Lionsgate Film in the US. (Lionsgate, listed at NYSE is a leading independent producer and distributor of motion pictures, television programming, home entertainment, family entertainment, video-on-demand and digitally delivered content. Its prestigious and prolific library of nearly 12,000 motion picture titles and television episodes is a stable source of recurring revenue and is a foundation for the growth of the Company's core businesses. The Lionsgate brand name is synonymous with original, daring, quality entertainment in markets around the globe.)

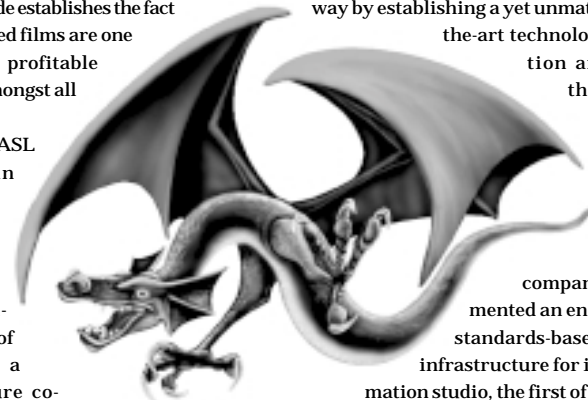
In the process of this landmark deal CASL has set the benchmarks of developing, producing and delivering high end CGI products out of India to be distributed to the world market.

The gestation period from development to production of high quality 3-D CGI feature film is anywhere between 3-5 years and demands a

symbiotic combination of very talented human resource pool and a very high end state of art technological capacities. The developed markets took more than two decades to reach its current standards while CASL is almost there within a very short span of its being in the space.

The company today boasts of a very strong, talented and experienced team of more than 650 CGI artists. Amidst rising competition and workforce attrition rate typical of any sunrise industry, the company has successfully built a reservoir of talented professionals who have become role models for the industry at large. It is today the most preferred destination studio of every aspiring CGI artist in the country. For the artist CASL is not just another studio it's an institution in itself, a stage where they get an opportunity to showcase their creative potentials incessantly.

The success quotient in Animation business also lies in the technological prowess possessed by the studio. Herein again, CASL have led the way by establishing a yet unmatched state-of-



the-art technological foundation and facilities that is able to service the volume and complexity expected by the global market. The company has implemented an end-to-end open standards-based technology infrastructure for its digital animation studio, the first of its kind in India.

The company today has the "Worlds Largest Polyserve based EFS Cluster of HP" which has the flexibility of encompassing future business needs.

The various technology awards that it has been crowned with speak for its technological capabilities & competence.

The company has today ventured into developing its own proprietary software tool which it believes will provide solutions to many a challenge that the CGI world is currently encountering. There is a huge business potential for such products in the CGI space and the company is preparing itself to capitalize on these opportunities.

En-route to its mission of enhancing and maintaining its reputation and position of being India's only end – to – end CGI Animation Company it has also established strategic alliance with global technological companies like Altair Engineering and HP.

The relationship between CASL and US –

based product development and consulting firm Altair Engineering extends to developing a Render Management Portal, Render Management being one of the most critical processes in the CGI production pipeline.

The partnership with HP has provided the company with a unified high performance and highly reliable infrastructure and has also enabled the company to increase its production capabilities substantially to meet the growing demands of the global CGI market.

In addition to talented people and high end technology, CGI like any other entertainment business also calls for heavy investments to fund "Intellectual Property / Content Development", R&D, Marketing and Distribution.

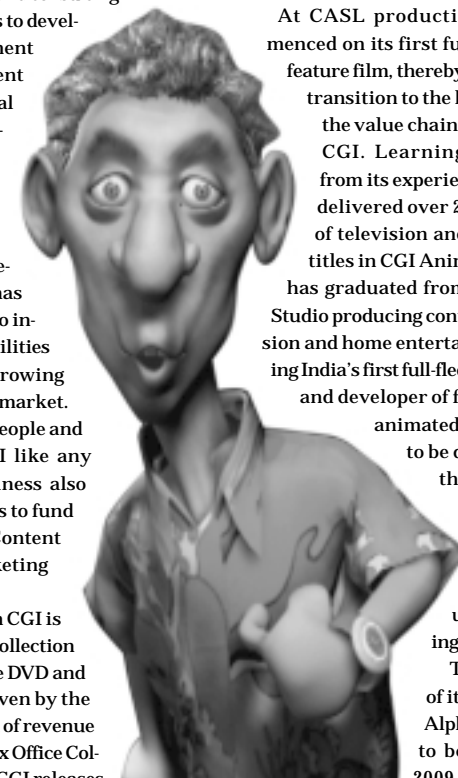
The revenue earnings in CGI is not restricted to box office collection only, it extends to TV, Home DVD and Merchandising, a fact proven by the over US \$ 500 million worth of revenue generated by way of only Box Office Collections from about 95% of CGI releases as yet, which traditionally accounts for a p -

proximately 30 to 35% of the total life cycle revenues generated from these properties. (See TABLE - A) It was these financial prospects coupled with the progressive and path defining performance by CASL which enticed D.E. Shaw group, a global investment and technology development firm to come up with approximately US\$40 million in aggregate investment capital to further propel its growth and expansion plans.



The production floor at CASL is abuzz with the Cameras rolling on multiple projects of very high quality CGI products being developed for some of the best producers in the global CGI market.

At CASL production has commenced on its first full length CGI feature film, thereby heralding its transition to the highest end of the value chain related to 3-D CGI. Learning constantly from its experience of having delivered over 200 half hours of television and home video titles in CGI Animation, CASL has graduated from a Servicing Studio producing content for television and home entertainment to being India's first full-fledged producer and developer of full length CG



animated feature films to be distributed in the global market, a space that the company is intent upon occupying for the future. The contents of its first feature Alpha and Omega to be released in 2009, has all the

makings of a block buster; that not withstanding, the company firmly believes that the success of any one of the multi – picture slate that it currently possesses will catapult it to a billion \$ company.

To ascertain and verify the claims of the company all one needs to do is to take a peek at the fact sheets of any of the internationally acclaimed players in the field, of which there only a few including:

Pixar – the producers of A Bug's Life, Monsters, Inc., Finding Nemo, The Incredibles, Cars, Toy Story 2, Ratatouille, subsequently acquired by The Walt Disney Company, for a whopping \$ 7.4 billion,

Dreamworks Animation – the producers of movies like "Shrek" "ANTZ" "Bee Movies" "Madagascar" "Shark Tales" and with plans of releasing two CGI feature film every year.

Blue Sky – a studio owned by Fox producers of "Ice Age 1", "Ice Age 2", "Robots" and with plans of releasing one film a year.

Sony Image Works – the producers of Surfs Up and with plans to release one film a year

At CASL the stage is set, the lights are on, the cameras are rolling and all the actions have begun to establish the company and the country in the global CGI space.

The article is authored by Madhu Kejriwal, Director Kejriwal Research & Investment Services.

TABLE - A

FILM	RELEASE DATE	DISTRIBUTOR	PRODUCTION (\$ Mn)	GROSS (\$ Mn)
Toy Story	Nov-95	Disney	45	362
Antz	Oct-98	PDI DreamWorks	60	172
Toy Story 2	Nov-99	Disney	90	485
Shrek	May-01	PDI DreamWorks	60	484
Monsters Inc	Nov-01	Disney	115	525
Ice Age	Mar-02	Fox	60	383
Shrek 2	May-04	PDI DreamWorks	70	921
Shark Tale	Oct-04	PDI DreamWorks	75	363
Ice Age: The Meltdown	Mar-06	Fox	80	651
Cars	Jun-06	Disney	120	461
Monster House	Jul-06	Sony/ Columbia	75	140
Shrek The Third	May-07	Paramount (Dreamworks)	160	797
Ratatouille	Jun-07	Disney	150	619