

Want to Solve  
Today's Crossword



Publication: Economic Times Mumbai: Date: 2008 Jan 12: Section: Bollywood: Page Number 14

THE TIMES OF INDIA  
paper

# BOMBAY DREAMS

“THE STREETS of Mumbai for film production are paved with gold,” said a UK-based film producer looking for finance for his English language film to be shot in India. It was his first visit to the country.

I agreed with him that there are many real life- and fictional-stories almost at every corner in India, which can be made into good feature length films for a world audience, including good drama, ideal for the couch potato, as well as fodder for documentary films. However I had to disagree with him on the fundamental of any industry-finance. Finance is not easily available for all types of films in India, as any independent film producer/documentary film maker will tell you. So my response was, “The streets will be paved with gold but not for another five to seven years.”

With the audio-visual industry being one of the fastest growing ones in India today, it's attracting a lot of attention from media companies, hedge funds, private equity investors and media funds from all over the world. Last year alone, our firm acted for several private equity players who cumulatively invested over \$200 million in the me-



With the audio-visual industry being one of the fastest growing ones in India today, it's attracting a lot of attention from media companies, hedge funds, private equity investors and media funds from all over the world. Last year alone, our firm acted for several private equity players who cumulatively invested over \$200 million in the me-

in almost all countries sustain themselves and grow only through co-productions. This has helped mitigate risks, enable technical and artistic skills to be exported or imported as required for the production, and also enabled productions achieve better quality of films, both technically and artistically.

Over the past year, almost all the major Hollywood studios that have production offices in India-MGM, Warner, Sony, Paramount and Disney-have evolved different models of co-production, from film finance and distribution arrangements to co-productions with equal equity participation by all overseas parties and their Indian producers and a share of copyright that's thereby created. Our firm has helped structure other, more creative models of participation through share of profits, services in kind, exchange of experiences, training between technicians from different countries and carving out rights for sale in different territories.

Within the European Union, co-productions are very common, reducing financial risks for producers and giving them access to co-production treaties, subsidies, tax incentives, expert distribution channels, exposure to festivals, and marketing and sales agents (they play a critical role in the sale of the rights of a film). The UK, for example, has several bilateral treaties in place now with various countries enabling it to have the largest film industry in Europe in terms of investment. A UK co-producer today enables a Canadian and Indian producer today enable a film to be made as well as



vested close to \$200 million in the media business, and this figure is expected to double this year.

Having worked in the UK media industry for several years, it's enlightening, hair raising (mostly), and sometimes refreshing to experience the structuring-or otherwise-of film production in India today. With the entrepreneurial spirit, which exists amongst Indians, it's encouraging that the industry has grown without dependence on government subsidies and tax incentives. I believe it's time now for the government to reward this progress with tax incentives, enabling faster growth in the future. It's also important to look at long-term sustainable growth in this sector by studying models developed by the UK and the US, both of which attract the largest investment in films.

Globally, co-productions are the rule in films nowadays. These, in turn, depend largely on subsidies, tax incentives, co-production treaties and private and institutional investments. With the ever-increasing size of film budgets, the film industries

**fastest growing... a lot of attention from media companies, venture funds, private equity investors and media funds from all over the world. Last year alone, our firm acted for several private equity players who cumulatively invested close to \$200 million in the media business, and this figure is expected to double this year.**

enable Indian producers to qualify as British producers for the purpose of tax benefits and relief, which the UK government now offers to film producers, in addition to regional and marketing grants. Sandy Liberson, chair of Film London says that "Co-productions between the UK and India will encourage both producers to look at film-making in new and original ways. Taking the best from both traditions of filmmaking can create new markets and stimulate producing partnerships that endure."

**DINA DATTANI**

*(Dina Dattani is head, media and entertainment at Nishi Desai Associates, a law firm which worked with Film London and the Film Council at their first Mumbai Producer's Tournament in November 2007 in Mumbai during which the Co-production Agreement was signed by both the UK and Indian governments.)*



## IT'S LESS TAXING

### MAIN FEATURES OF THE NEW TAX RELIEF

- It is provided directly to a Film Production Company (FPC) and is not available to those whose involvement in film making is restricted to providing finance
- Provides both an additional deduction which can be set against income from the film and a payable tax credit which can be claimed from the Government as part of the normal processes for Corporation Tax returns; and
- Is available to an FPC making culturally British films, intended to be shown in cinemas, where at least 25% of the total qualifying production expenditure is incurred on filming activities which take place within the UK
- Allows any unused additional deduction left over when the trade ceases to be transferred to the production of another a British film either by the same company or by another company within the same group.
- A culturally British film is one which meets the criteria of a new test which will be administered by the Department for Culture, Media and Sport. Further details and guidance can be found on its website under Guidance documents for British Films Cultural Test.
- For films where expenditure on pre production, principal photography and post-production is £20 million or less ( limited budget films), the enhanced deduction is equal to 100% of total qualifying UK expenditure and for other qualifying films, up to 80% of total qualifying UK expenditure.
- The enhanced deduction can be surrendered for a payable tax credit worth 25% of the amount surrendered for limited-budget films; for other films the payable film tax credit is worth 20% of the amount surrendered. In both cases, the credit is calculated up to a maximum of 80% of the total qualifying expenditure.

### NEW RELIEF

- Is calculated on the amount of the qualifying UK expenditure up to a maximum of 80% of the total qualifying expenditure

## ETIG MULTIPLEX TRACKER

Jan 04 - 10

### Taare Zameen Par

Rating ★★★★★  
 Collections **316.19**  
 Audience **300872**  
 Occupancy **42.25**  
 Week **3**

### Welcome

Rating ★★★★★  
 Collections **184.53**  
 Audience **205823**  
 Occupancy **30.49**  
 Week **3**

### The Golden Compass

Rating ★★★★★  
 Collections **49.66**  
 Audience **48234**  
 Occupancy **26.61**  
 Week **1**

### The Return of Hanuman

Rating ★★★★★  
 Collections **15.39**  
 Audience **19569**  
 Occupancy **15.86**  
 Week **2**

### Balls of Fury

Rating ★★★★★  
 Collections **5.03**  
 Audience **4064**  
 Occupancy **7.55**  
 Week **1**

### I Am Legend

Rating ★★★★★  
 Collections **4.54**  
 Audience **4377**  
 Occupancy **40.29**  
 Week **4**

### I Know Who Killed Me

Rating ★★★★★  
 Collections **4.14**  
 Audience **3569**  
 Occupancy **20.77**  
 Week **1**

### Jab We Met

Rating ★★★★★  
 Collections **3.45**  
 Audience **3924**  
 Occupancy **32.22**  
 Week **11**

### Game Plan

Rating ★★★★★  
 Collections **3.12**  
 Audience **3042**  
 Occupancy **36.01**  
 Week **6**

Data provided by PVR, Inox, Cinemax & Fun Cinema | For more, log on to [www.etintelligence.com](http://www.etintelligence.com)

## BOX OFFICE RULES

### Occupancy

Occupancy is the percentage of number of tickets sold to the number of seats available across the screens and centres.

### Net Collection

Is the amount collected in Rs lakh by selling the tickets exclusive of all the local and state taxes

### Weeks of Release

Number of weeks from the releasing date of the movie

### Ratings

Ratings are given on the basis of occupancy rate and as follows:

#### For the first week

Above 80%-Super Hit  
 > 60% & <80%-Hit  
 > 40% & <60%-Average  
 > 20% & <40% -Flop  
 Below 20% Super Flop  
 Second week onwards the ratings are given on 5% less occupancy on the above parameter