

*strategy* | FEATURE |

# WILL BAAHUBALI'S SUCCESS SPUR MORE DESI VFX FLICKS?





*The Telugu film's record box-office collections show that there is enough appetite for top-notch homemade special-effect movies, but the hitch is producers are still wary of making big bets*

*Krishna Gopalan*



**K**ovvur is a nondescript town in Andhra Pradesh. With a population of barely 40,000, this town is housed in the extremely prosperous West Godavari district of the state. The town is not really popular on the national map and life is mostly uneventful for its residents. It was here that SS Rajamouli grew up and it is the abiding memory of every Saturday afternoon that remains etched in his mind. As a 10-year-old, Rajamouli would enthral his classmates with stories from the *Ramayana* and *Mahabharata*. "I often narrated my own versions, where I would mix characters from these epics and also from the *Jataka Tales*. It soon became a Rajamouli narrating session," says the ace director, who is now 42. This became the fertile

ground for the young boy's imagination to run wild. "What is hard to forget is the rapt attention my friends paid during these sessions," he recalls. All this was a result of reading *Amar Chitra Katha* comics and listening to the same stories from the elders at home.

To date, Rajamouli looks for ways to get that undivided attention from his audience, which has only got larger over the years. His ability to narrate stories set in grand settings has been met with high levels of success in the Telugu film industry. Starting with his debut film *Student No. 1* in 2001, Rajamouli has had 11 hits in a row. In the process, he has earned the reputation of a visual effects (VFX for short) whiz-kid, with his latest project *Baahubali: The Beginning* being a huge success at the box office. Rajamouli, however, insists that VFX is no more than a tool in the hands of the director.

His latest film has so far raked in ₹580 crore in the eight weeks after its release in Telugu, Tamil, Hindi and Malayalam. There will be a Chinese version as well before the sequel *Baahubali: The Conclusion*

“What is hard to forget from my early years is the rapt attention my friends paid to me during the storytelling sessions

—SS RAJAMOULI, director, *Baahubali*

hits the screen next August. The film has shown that there is indeed a market for films with a high degree of VFX in India. The two versions of this film cost a very tidy ₹300 crore in all, and with the first one having brought in some serious moolah, there is little to suggest that the sequel will not do well.

In the process, the movie has shown that there is a huge and appreciative audience for VFX films in India and a big-budget project can indeed be successful (see: *Magic mantra*). Internationally, this is self-evident as Hollywood — over the past five years, at least — has had at least five VFX films on the top-10 grossers list. In 2014, it was *Transformers: Age of Extinction*, followed by *The Hobbit: The Battle of the Five Armies* and *Guardians*

*of the Galaxy*. This year, *Jurassic World* has been at the top of the heap, with *Furious 7* and *Avengers: Age of Ultron* not far behind. If the world has shown the way, India, with its multi-language film industry, is very well placed. (see: *Virtual money*)

#### POWER-PACKED

"It has been a crazy three years. I have hardly slept during this period," says Prasad Devineni in his impressive office in Hyderabad's tony Banjara Hills. If the success of *Baahubali* has been welcome, it has definitely come as a surprise. This mega project has been produced by Arka Mediaworks, of which Devineni is the president.

It was in early 2013 that Rajamouli walked into Arka's office to tell Devineni and Shobu Yarlagadda, Arka's CEO, that he had a new idea in mind. Over the next one hour, the basic story line was narrated, down to all the characters. "We were convinced and immediately asked him to get down to writing the script," recalls Devineni.

The three men had already worked together on *Maryada Ramanna*, a 2010 release, which was a winner at the box office, gross-

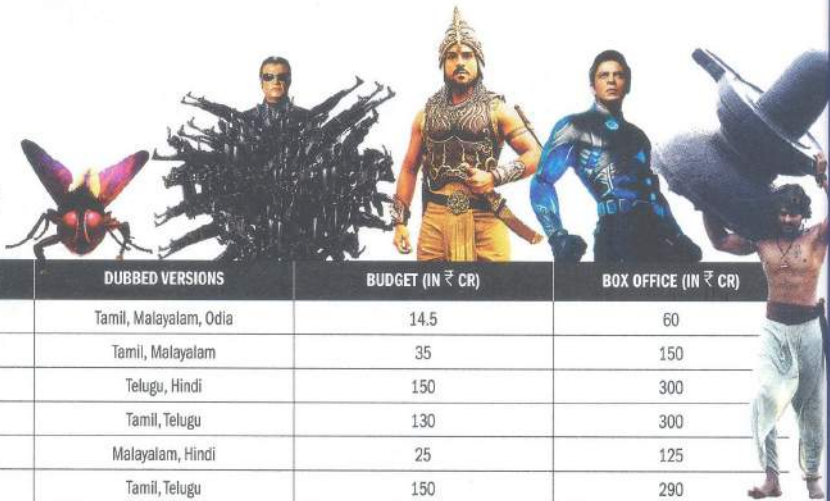


RA CHANDROO



## Magic mantra

It's not Bollywood, but south India that has produced more VFX movies



FILM/YEAR OF RELEASE	PRIMARY LANGUAGE	DUBBED VERSIONS	BUDGET (IN ₹ CR)	BOX OFFICE (IN ₹ CR)
Arundhati/2009	Telugu	Tamil, Malayalam, Odia	14.5	60
Magadheera/2009	Telugu	Tamil, Malayalam	35	150
Enthiran/2010	Tamil	Telugu, Hindi	150	300
Ra.One/2011	Hindi	Tamil, Telugu	130	300
Eega/2012	Telugu, Tamil	Malayalam, Hindi	25	125
Krish 3/2013	Hindi	Tamil, Telugu	150	290
Baahubali/2015	Telugu, Tamil	Malayalam, Hindi	300*	600*

\*For both parts; \*collections for prequel; Source: Media reports, industry

ing ₹30 crore on a budget of ₹18 crore. The film was remade in all the south Indian languages and in Hindi as *Son of Sardaar*, which again, was a big hit.

On the brink of summer 2013, Rajamouli came up with a detailed script, which the producers instantly liked and cleared. "At that point, the estimated budget was ₹120 crore, though the hitch was that it was going to be a four-hour film. It seemed like too much of money to be spent for that duration," recalls Devineni. After much discussion, it was decided that two films of two-and-a-half hours each would be made on a total budget of ₹160 crore. "Of course, the second part would have worked only if the first did. That was the big risk," he says.

In time, the budget for the two parts increased substantially and Devineni admits to being worried. "In this business, we can work around 50% of the risk, which we think is calculated. The other 50% is the director's vision, which is unknown and works only on the gut level." The unprecedented level of success — especially in the non-Telugu versions — came as a big surprise. Till then, the biggest hit for a film dubbed from the south into Hindi was *Robot* (*Enthiran* in Tamil), released in 2010, which had a net

box-office collection of ₹17 crore. *Baahubali*, released in July this year, has brought in over ₹115 crore.

For a film without star power, the dependence on VFX is a serious gamble. In that sense, it becomes imperative for the producer to work around his or her costs. According to Devineni, a big-budget film (in any language), about 60% of the cost goes towards remuneration paid to the stars, directors and technicians. "What you see on screen is

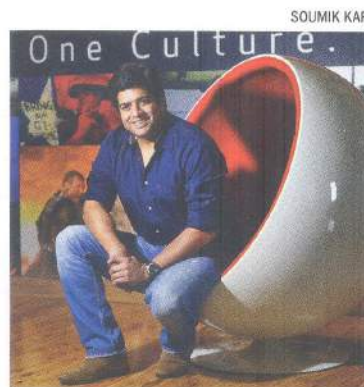
really only the 40%, and it becomes very difficult to make money with a model like that," he says. In the case of *Baahubali*, 25% of its budget went into VFX, with another 50% being production costs. Only 15% went into remuneration, while pre-production and cost of funds accounted for 5% each.

Much of this was possible on the back of a revenue-sharing agreement with Rajamouli, wherein he would be paid a basic fee and a percentage of profits if the film did well. "It was the first of its kind in Telugu and it worked for all of us," he adds.

### IT'S THE MONEY, HONEY

Mention VFX to most people and the immediate response will be about how expensive it is. In many ways, this is the result of many a film with a high dosage of VFX coming a cropper at the box-office. A close look at the Hindi film industry will highlight prominent examples such as *Love Story 2050*, *Drona*, *Blue*, *Aladin*, *Guzaarish* and, more recently, *Bang Bang*. All these were big-budget films with a high-profile star cast and made enormous losses for the producer or distributor or, in many case, both.

According to Merzin Tavarria, chief creative director and co-



“Today, *Spider-Man*, *Batman* and *Transformers* are the big-budget films, while the romantic comedies are made on a small budget

—MERZIN TAVARRIA, co-founder, Prime Focus World



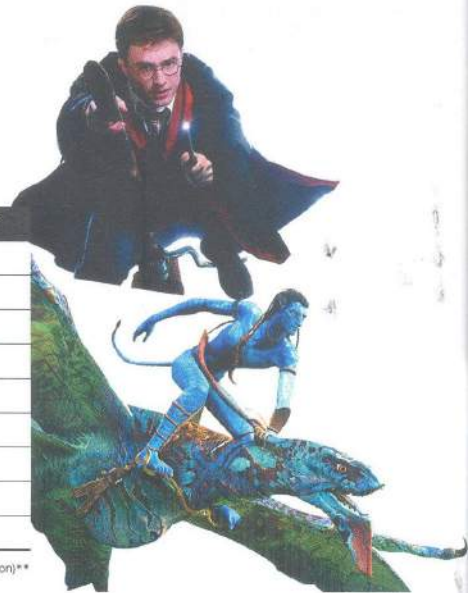
## Virtual money

When it comes to special effects, Hollywood flicks continue to be the biggest grossers in India

FILM/YEAR OF RELEASE	WORLDWIDE COLLECTION*	INDIAN BOX OFFICE**
Avatar/2009	2.78	24.21
Jurassic World/2015	1.65	22.68
The Avengers/2012	1.52	12.62
Furious 7/2015	1.51	20.18
Harry Potter and the Deathly Hallows Part 2/2011	1.34	7.71
Iron Man 3/2013	1.21	12.21
Transformers: Age of Extinction/2014	1.1	10.23
The Dark Knight Rises/2012	1.08	9.22
Pirates of the Caribbean: On Stranger Tides/2011	1.04	7.48

Source: boxofficemojo.com, Industry

(in \$ billion)\* (in \$ million)\*\*



30

founder, Prime Focus World, a company that is among the global top three in the VFX business, most of these films suffered at a time (starting 2006-07) when the star fees took off in a big way. "There was very little money left for VFX, and this was soon followed by the emergence of small-budget films, where VFX was hardly used," he explains.

In contrast, Hollywood, says Tavariva, has witnessed the disappearance of mid-budget films. "Today, *Spider-Man*, *Batman* and *Transformers* are the big-budget films, while the rom-coms are made on small budgets," he points out.

All these films have been in the making for a long time, which is a far cry from how it works in India. In the case of *Baahubali*, the war sequence featured 2,000 people, 10 elephants and 300 horses. "Just the war sequence was shot for 100 days and we spent ₹25 lakh each day as the production cost," exclaims Devineni. If his film was completed in three years, he maintains that Hollywood would have taken 8-10 years on a budget of at least \$200 million. "It took them 10 years to complete *Avatar*, while *Gladiator* took seven," he adds.

If Hollywood has a long list of films such as *Godzilla*, *Transform-*

*ers*, *Avatar*, *Titanic* and the *Batman* or *Superman* series that are big on VFX without a superstar presence, it is not quite the case in India.

"The star system in Hindi is a reality and convincing a producer to make a film without a big name is a huge challenge," says Pankaj Khandpur, creative director, Tata Elxsi VFX, which has worked on films such as *Dhoom 3*, *Bhaag Milkha Bhaag*, *Ek Tha Tiger* and *Rab Ne Bana Di Jodi*.

There is a stark difference in the number of VFX films from the south making it big at the box of-

fice, as compared with Bollywood. "The region has a rich tradition of fantasy and mythology, which is really VFX territory. This has been the case since the 1930s and a prominent example is *Mayabazar* (a 1957 release), which was very successful," says Phani Eggone, founder, Firefly Creative Studio, a Hyderabad-based VFX specialist that has worked on many projects, including *Baahubali*, *Magadheera* and *Arundhati*.

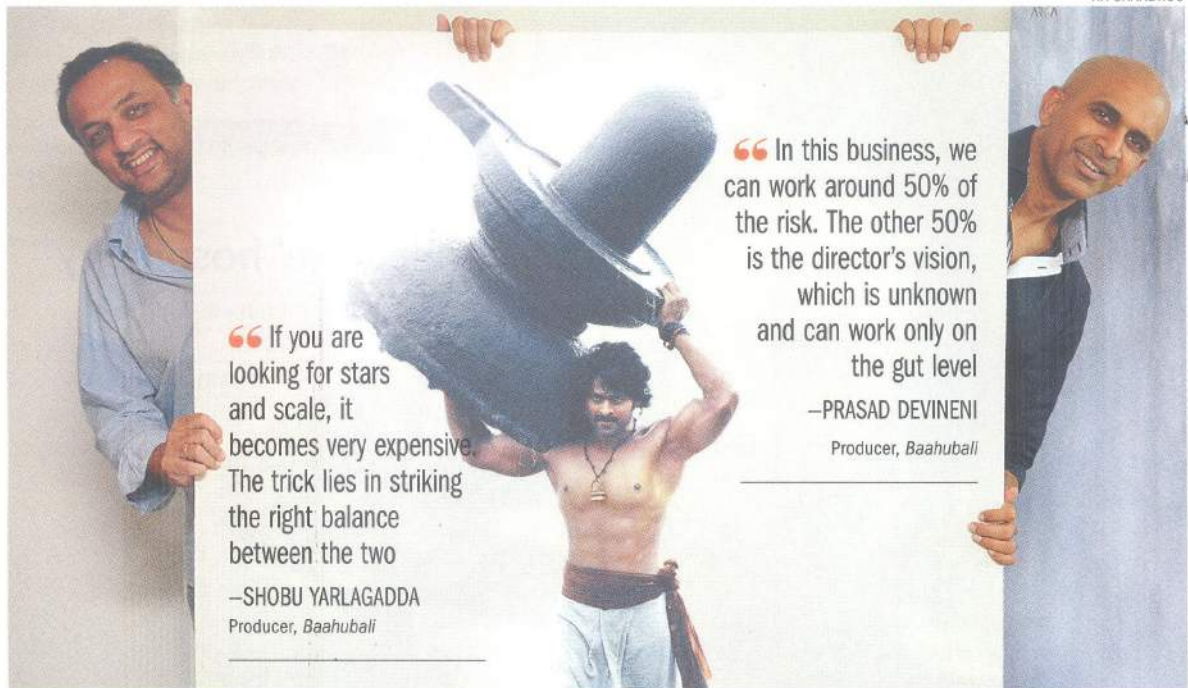
Evidently, producers here themselves demonstrate a mindset that is quite different and often are more willing to experiment. "In the past, a palace would be built if there was a need for it. Today, there is a high level of awareness that there are many things that cannot be done physically and digital is the logical option," Eggone points out. His co-founder Sanath PC chips in by saying time is never in favour of those who hold on to old technology. "Yes, the camera was around for 100 years. Nobody knows how long digital will last, but it has surely changed the visual language," he says. Both agree that *Robot* was the breaking point for the VFX industry and managed to drive home the point that many visuals on the big screen are impossible to execute physically.

SOUMIK KAR



“VFX today is par for the course for film across genres and it is as mandatory as music tracks are for a film

—PANKAJ KHANDPUR, creative director, Tata Elxsi VFX



“If you are looking for stars and scale, it becomes very expensive. The trick lies in striking the right balance between the two”  
 —SHOBU YARLAGADDA  
 Producer, *Baahubali*

“In this business, we can work around 50% of the risk. The other 50% is the director's vision, which is unknown and can work only on the gut level”  
 —PRASAD DEVINENI  
 Producer, *Baahubali*

32

It is now well-established that films from the south demonstrate better technical finesse, but what has not gone unnoticed is that the VFX experiment goes back to the 1990s. An early face in the business was producer Shyam Prasad Reddy, who, after extensive travel to countries like the US, Hong Kong and Singapore was convinced that a market existed for VFX. In 1995, he released *Ammoru*, a film that featured the village goddess as the main character, on a budget of ₹1.5 crore, of which VFX alone accounted for 80% of the cost. “We sold just the rights for the Hindi dubbing for ₹3 crore. It was a hit across the south,” says Reddy. Having a good theme for VFX is often the clincher and Reddy thought horror was an interesting idea. “That genre has had a B-grade perception in India, and after the success of *Chandramukhi*, I thought there was an opportunity,” he explains.

That resulted in *Arundhati*, a 2009 release made on a budget of ₹14.5 crore and made it big at

the box office, earning ₹60 crore. “The lesson for me was that if you spend wisely, there is no budget,” says Reddy. When the costs were getting a little tight during the making, he sold the film's satellite rights for ₹1 crore, only to buy it back six months later for ₹1.35 crore. “Two weeks before the release, I sold it for ₹6 crore. The



“The thing about VFX is that it manages to reach out to a cross-section of people across generations”

—SHYAM PRASAD REDDY, producer, *Ammoru*

thing about VFX is that it manages to reach out to a cross-section of people across generations,” he adds.

Folks here are not diffident about the numbers or potential. Makuta Visual Effects, a Hyderabad-based entity that worked on over an hour of *Baahubali*, including the waterfall sequence, is upbeat about the future. “There is no reason to believe that we cannot have 10-15 VFX films each year. What has changed significantly is that post-production is not looked at as something that has to be done at the last minute,” says Dorababu Achanta, its VFX head, who has also worked on films like *Eega*.

**SPEND WISELY**

It is not as if having VFX in a film is necessarily expensive. Yarlagadda, who was on the sets of *Baahubali* throughout its filming, says it is up to the producer how much ought to be spent. “For every VFX job, you will get a quote starting at X amount, going all the way to 20X. If you want quality like *Mission Impossible*, you might have to



“South India has a rich tradition of fantasy and mythology, which is really VFX territory. This has been the case since the 1930s

—PHANI EGGONNE, founder, Firefly VFX



34

spend 20X,” he maintains. Like many in the business, he agrees that a project of this scale needs time. “If you are looking for stars and scale, it becomes very expensive. The trick lies in striking the right balance between the two,” says Yarlaga. In many ways, what worked in the case of *Baahubali* was just common sense and that got the film to travel.

This insight came to Yarlaga when he watched the high television viewership for Rajamouli’s 2012 release *Eega* in its Hindi dubbed version *Makkhi*. “The film did not do very well in the theatres, though there was a lot of interest on the small screen. It was obvious that the film was not promoted too well. We did not want to make that mistake with *Baahubali*,” he adds.

As a consequence, a decision was taken to sell the distribution rights for Hindi to Karan Johar’s Dharma Productions, while the Tamil rights were acquired by Studio Green. It was the flexibility

demonstrated in each market that swung it for this mega-budget film. He thinks it is critical to adapt to the needs of each market. “At a national level, we needed to have the scale, while in the Telugu-speaking markets, we needed the scale and the big stars. Basically, you need one clear selling point for each market, irrespective of what the budget is,” he explains. If Hindi was a money-spinner, Tamil was not far behind, and to date, the film has had revenue of ₹60 crore.

From an Indian context, he thinks the bigger problem is just the paucity of directors who can pull off a project of this magnitude. “This kind of a situation makes a producer extremely uncomfortable,” explains Yarlaga. The concept that a VFX film is not always as expensive as it looks is not often understood. Khandpur cites the case of *Dhoom 3*, where a set for the film would have set back the producer by about ₹5 crore. “Through VFX, it was done

“The camera was around for 100 years. Nobody knows how long digital will last but it has surely changed the visual language

—SANATH PC, co-founder, Firefly VFX

at barely ₹50 lakh,” he says. Likewise, 2013 release *Bhaag Milkha Bhaag* called for sports stadiums to look the way they did in the 1960s. “The basic shots were filmed in New Delhi’s Jawaharlal Nehru stadium, with others in Rome and Melbourne done on VFX. It would have been a hugely expensive affair otherwise,” he adds.

In the process, technology has been a key facilitator. CV Rao, head, post production, at the Hyderabad-based Annapurna Studios, goes back to a time just five years ago when the average cost of a VFX shot was ₹4,000 per second. “You basically had it shot on a negative and then convert it to digital. Today, by going straight



to digital, one spends only ₹1,500 for the same job," he says. Besides, if the time taken then was at least a day, it can be done live now. "VFX today is par for the course for film across genres and it is as mandatory as music is for a film," adds Khandpur.

### THE WAY FORWARD

"When you have a big star and a lot of VFX in a film, you are actually working with two big stars. The problem is that most producers do not understand that," says Rakesh Roshan as he lights a cigarette in his office in suburban Mumbai. It has been almost two years since *Krrish 3*, with his son Hrithik as the superhero, was released and there is no talk of a sequel yet. You just need to tell Roshan that films with a superhero theme have made a lot of money in Hollywood and he smiles enigmatically. "They have an audience across the world. How much of an audience does my film have," he asks.

On a budget of ₹150 crore, *Krrish 3*, which itself was the third film in the *Krrish* series, grossed ₹300 crore at the box-office. "To make a sequel, I will need to spend ₹250 crore today and to make any return on that, it would need to make ₹800 crore at the box office," he says with a poker face.

The man has a reputation of making films with an eagle eye on the budget and being tough on deadlines. On *Krrish 3*, he spent ₹30 crore on VFX (all done in India), which was over an 18-month period. "The film was shot in just six months. Pre-production and VFX took three years," says Roshan, whose track record as a producer-director remains enviable. This, according to him, was after elaborate levels of preparation, where the star cast and Roshan had several intense rounds of discussion with the VFX and screenplay teams. "At the end of it,



SOUMIK KAR

I still did not make a whole lot of money on *Krrish 3*."

In Bollywood, Roshan remains the only filmmaker who has demonstrated the ability to make money on a VFX production. Even then, there is a level of cynicism about the prospects of VFX, which has led him to put *Krrish 4* on the backburner for now. "The margin of error is very low on a VFX project, since it leaves the producer with a very slim buffer for additional costs. In a non-VFX film, there is still an ability to control costs by at least 20%," he says. Then, there is the task of selling the film to the distributors. "Since I have a track record, I can charge a little more from them. For someone without a star and just VFX, there will be very few takers," says Roshan.

Namit Malhotra, founder, Prime Focus World, thinks there is a way out. He points to Hollywood, which saw a level of disruption when VFX came in place of the stars. "That saw a film like *Titanic* make big money with actors who later became stars." According to him, VFX is the need of the hour. "Film budgets are not coming down and ticket prices cannot increase five times. There is a clear need to in-

“When you have a big star and a lot of VFX in a film, you are actually working with two big stars

—RAKESH ROSHAN, producer and director

crease viewership and maybe good VFX films could have the audience coming in large numbers.”

At the end of the day, there needs to be a serious change in mindset. Roshan is blunt when he speaks of just a handful of producers in the south having delivered successful VFX projects, and an even smaller number in Bollywood. "In India, most directors get 90% of a film right and the other 10% is when they are in a hurry to get it released. That is when quality is compromised and the audience is then merciless," he says. For VFX to work in India, there is a big need for a presence of a star, coupled with the need to have more people watching the film. "That is going to be very difficult to accomplish. Till then, we will try concepts around VFX with a successful project here and there," sums up Roshan. A systemic change is well what could alter this story. However, that seems to be a long time coming. 📌