

AUDIO VISUAL CO-PRODUCTION AGREEMENT
BETWEEN THE REPUBLIC OF INDIA AND
THE GOVERNMENT OF THE ITALIAN REPUBLIC

THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF ITALIAN REPUBLIC, hereinafter referred to as the "Parties";

CONSIDERING that it is desirable to establish a framework for the development of their audiovisual relations and particularly for film, television and video co-productions;

CONSCIOUS that quality co-productions can contribute to the further expansion of the film, television and video production and distribution industries of both countries as well as to the development of their cultural and economic exchanges;

CONVINCED that these exchanges will contribute to the enhancement of relations between the two countries;

Have agreed as follows:

ARTICLE 1

In this Agreement, unless the Agreement otherwise requires:

(i) A "co-production" is a film including feature films, documentaries, science films, animation films and commercials, irrespective of length, either on film, videotape or videodisc, which can be shown in cinemas, on television or on video recorders jointly invested in and produced by producers from the two countries and made in accordance with the terms of recognition given by the competent authorities of India and Italy under this Agreement. New forms of audio-visual production and distribution shall be included in the present Agreement by exchange of notes between the Parties.

(ii) Co-production projects undertaken under the present Agreement must be recognised by the following authorities, referred to hereinafter as the "competent authorities":

a) In Italy- by the Ministry of Cultural Properties and Activities, Department of Entertainment and Sport, General Management of Cinema; and

b) In India- by the Ministry of Information and Broadcasting.

(iii) "Co production" produced under the terms of this Agreement shall be taken in either of the two countries as National Production with every benefit available as National Production but will abide by applicable national law for distribution and production. These benefits, however, accrue to the producer from the country, which grants them.

ARTICLE 2

(i) The co- producers in either of the two countries shall satisfy themselves about each other's capability, including their professional knowledge, organisational capability, financial backing and professional reputation.

(ii) The Government of India and Italy shall in no way be responsible or liable with regard to satisfaction of either of the co producers.

ARTICLE 3

(i) Any benefits under this Agreement shall be available for co production only when investment of finance, material and management including creative and other inputs not below 20% of the total cost comes from co-producer of one country provided always that specific percentage contribution will be decided amongst producers themselves.

(ii) Notwithstanding anything stated in above paragraph, the two parties may at any time decide jointly in writing to make appropriate changes, in percentage, as maybe deemed fit.

ARTICLE 4

(i) The producers of a co- production shall be citizens or permanent resident either of Italy or India subject to any sort of compliance of the obligations created by European Union upon Italy as a member.

(ii) In the event of dire need of co-production, persons other than citizen or permanent resident as stated hereinabove are permissible to be engaged without losing the character of co-production in case advance written permission from both the countries is obtained after explaining the reasons of inclusion of such person.

ARTICLE 5

(i) Live action shooting and animation works such as storyboards, layout, key animation, in between and voice recording must, in principle, be carried out alternatively in Italy or in India.

(ii) Location shooting, exterior or interior, in a country not participating in the co-production however, is acceptable at discretion if the script or the action so requires and if technicians from Italy and India take part in the shooting.

(iii) The laboratory work shall be done in either Italy or India, unless it is technically impossible to do so, in which case the laboratory work in a country not participating in the co-production can be permitted by the competent authorities of both countries.

ARTICLE 6

(i) The co-production shall have the original soundtracks in English or Italian or in other Indian language or dialect, which can further be dubbed in any of these languages.

(ii) In the event, if script so desires, any other language can be used for stray dialogues with permission from competent authorities.

(iii) It will be necessary that the dubbing or sub-titling of the co-production will be done or performed either in India or Italy. Dubbing or sub-titling in Indian languages should be performed in India and dubbing or sub-titling in Italian in Italy and dubbing or sub-titling in English could be performed in Italy or India depending upon the agreement between co-producers.

ARTICLE 7

) A co-produced film shall have two negatives or one negative and one dupe negative, or as agreed between the two co-producers, with two international sound tracks for making copies. Each co-producer shall own one good quality print, one dupe positive and one international sound track and have the right to make copies. Moreover with the approval of the co-producers either co-producer may use the footage from the above-mentioned material for other purposes. Furthermore, each co-producer shall have access to the original production material in accordance with the conditions agreed upon between the co-producers.

ARTICLE 8

(i) Both Italy and India will facilitate entry and short stay in either of the two countries for directors, actors, producers, writers, technicians and other personnel prescribed in each co production contract as per the applicable laws and importing of equipment shall also be in accordance with the applicable laws.

ARTICLE 9

(i) The sharing of revenues by the co-producers shall, in principle, be proportional to their respective contributions and be specified in the agreement between the co producers. The respective contribution of each co-producer may be decided mutually on the basis of principles elaborated in Article 3.

ARTICLE 10

(i) The minority investment co-producer shall pay any balance outstanding on his contribution to the majority investment co-producer within sixty (60) days following delivery of all the materials required for the production of the version of the film in the language of the minority country. The majority investment co-producer will have the same obligations towards the minority investment co-producer.

(ii) Failure to meet this requirement shall entail the loss of benefit of the co-production. This requirement will invariably be reflected in the

contract drawn up between the co-producers to enable projects to be recognised under this Agreement.

ARTICLE 11

(i) Approval of a proposal for the co-production of a film by the competent authorities of both countries is in no way binding upon them in respect of the granting of permission to show the film thus produced.

ARTICLE 12

(i) When a co-produced film is exported to a country, which has quota limitations:

- (a) in principle, the co-produced film shall be included in the quota of the country of the majority investment;
- (b) if both co-producers have made an equal investment, co-producers of both sides shall decide the quota in question through mutual consultation, so that the co-produced film can be included in the quota of the country that can make better arrangements for the export of the film;
- (c) if difficulties still exist, the co produced film shall be included in the quota of the country of which the director is a national.

(ii) Notwithstanding the above, in the event that one of the co-producing countries enjoys unrestricted entry of its films into a country that has quota regulations, a co-production under this Agreement shall be entitled as any other national production of that country to unrestricted entry into the importing country if that country so agrees.

ARTICLE 13

(i) A co-production shall when shown, be identified as a "Italy - India Co-production" or "India-Italy Co-production" according to the origin of the majority co-producer or in accordance with an agreement between co-producers.

(ii) Such identification shall appear in the credits, in all commercial advertising and promotional material and whenever the co-production is shown.

ARTICLE 14

(i) In the event of presentation at international film festivals, and unless the co-producers agree otherwise, a co-production shall be entered by the country of the majority investment co-producer or, in the event of equal financial participation of the co-producers, by the country of which the director is a national.

(ii) Prizes, grants, incentives and other benefits awarded to the cinematographic or audiovisual works may be shared between the co-producers, in accordance with what has been established in the co-production contract and in conformity with applicable laws in force.

(iii) All prizes which are not in cash form, such as honorable distinctions or trophies awarded by third countries, for cinematographic and audiovisual works produced according to the norms established by this agreement, shall be kept in trust by the majority co-producer or according to terms established in the co-production contract/agreement.

ARTICLE 15

(i) The competent authorities of both countries shall jointly establish, through a subsequent exchange of notes, the rules of procedure for co-productions, taking into account the laws and regulations in force in Italy and in India.

ARTICLE 16

(i) No restrictions shall be placed on the import, distribution and exhibition of Indian film, television and video productions in Italy or that of Italian film, television and video productions in India other than those contained in the legislation and regulations in force in each of the two countries, including in case of Italy the obligation deriving from the norms of the European Union insofar as the free circulation of goods

among Italy and other European Union countries is concerned, will be respected.

ARTICLE 17

(i) Any difference or dispute regarding the implementation of this Agreement shall be settled by mutual consultation and negotiation. This does not absolve the right of co producers who enter into various contracts to seek legal remedies - such remedies may include conciliation, mediation and arbitration.

(ii) The rights arising out of this Agreement will not be enforceable at the instance of third party(ies) who are not signatory to this Agreement.

(iii) An appropriate Joint Commission may look after the implementation of this Agreement. A meeting of the Joint Commission shall take place in principle once every two years alternately in the two countries. However, it may be convened for extraordinary sessions at the request of one or both competent authorities, particularly in the case of major amendments to the legislation or the regulations governing the film, television and video industries in one country or the other, or where the application of this Agreement present various difficulties and shall submit to the competent Authorities in the two countries, for consideration, the necessary amendments in order to resolve any difficulties arising from the application of this agreement as well as to improve it in the best interest of both countries. The recommendations of the Joint Commission are not binding on the two Governments.

ARTICLE 18

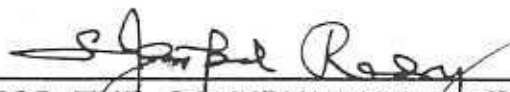
(i) The present Agreement shall come into force when each Party has informed the other that its internal ratification procedures have been completed.

(ii) It shall be valid for a period of three (3) years from the date of its entry into force; a tacit renewal of the Agreement for like periods shall take place unless one or the other Party gives written notice of termination six (6) months before the expiry date.

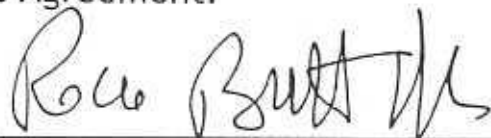
(iii) Co-productions which have been recognized by the competent authorities and which are in progress at the time of notice of termination of this Agreement by either Party shall continue to benefit fully until completion from the provisions of this Agreement. After expiry or termination of this Agreement, its terms shall continue to apply to the division of revenues from completed co-productions.

(iv) DONE in two originals at Rome, this 13th Day of May 2005, each in Italian, English and Hindi language, all versions being equally authentic. In case of any divergence in interpretation, the English text shall prevail.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.



FOR THE GOVERNMENT OF THE
REPUBLIC OF INDIA



FOR THE GOVERNMENT OF ~~THE~~
THE ITALIAN REPUBLIC

RULES OF PROCEDURE

For approval of co-production status under art. 15 of the Audio Visual Co-production Agreement between the Government of the Italian Republic and the Republic of India done at Rome on May 13 2005

1. Applications for qualifications of a film for co-production benefits under this Agreement must be filed, as far as possible, simultaneously to both competent Authorities, at least 30 (thirty) days before shooting of the film begins.

2. The competent Authority of each Party shall communicate its proposal to the other competent Authority after submission of documentation as described in para 3 below. It is for the competent Authority of the producer having a major contribution to communicate its decision to the competent Authority of the producer having a minor contribution. Subsequently the competent Authority of the minority producer shall await the proposal by the competent Authority of the majority producer.

Both competent Authorities shall express their decision on the submitted project to each other.

3. Documentation submitted in support of an application shall consist of the followings items, drafted in Italian in the case of Italy, Hindi and /or in English in the case of India:
 - 3.1 the script and synopsis;
 - 3.2 evidence of the lawful acquisition of the copyright necessary to a given co-production;
 - 3.3 a copy of the co-production contract signed by the two co-producers.
The contract shall include:
 - 3.3 (a) the title of the co-production, even if provisional;
 - 3.3 (b) the name of the author or authors of the script;

- 3.3 (c) the name of the director (a substitution clause is permitted to provide for his/her replacement if necessary);
- 3.3 (d) the amount of the budget of the film;
- 3.3 (e) the amount of the financial contribution of the co-producers;
- 3.3 (f) a clause establishing the sharing of all revenues, markets, media or a combination of these;
- 3.3 (g) the co-production contract shall clearly indicate the commitment of co-producers about their participation in any over or under expenditure as to the cost of the film, proportional to their respective contribution, ensuring the minimum provided for in Article 3 (i) of the Agreement; additional costs as regards the original budget will be approved by all co-producers in advance;
- 3.3 (h) a clause stating that the competent Authorities have to be informed if the percentage of the contribution of the co-producers changes subsequent to the approval of the competent Authorities. In any case, the contribution may not be less than the minimum contribution agreed in Article 3 (i) of the Agreement;
- 3.3 (i) a clause stating that the laws of the respective country shall be observed by the co-producers before exhibition of co-production and at all times in the country;
- 3.3 (j) a clause stating that the consent of the competent Authorities of two Countries to the co-production does not constitute a commitment for the same Authorities to grant a certificate to public exhibition of the co-production;
- 3.3 (k) a clause prescribing the measures to be taken where:
 - (i) after full consideration of the documentation submitted, the competent Authorities in either country refuse to grant the benefits applied for;
 - (ii) the competent Authorities reserve the right to refuse exhibition of the co-production in their respective countries or its export to a third country;
- 3.3 (l) a clause aiming and establishing measures to be implemented if one of the co-producers fails to fulfill his commitments;

- 3.3 (m) the period when shooting is to begin;
 - 3.3 (n) a clause stipulating that the majority co-producer shall take out an insurance policy covering at least “all production risks” and “all original material production risks”; and
 - 3.3 (o) a clause providing for the sharing of the ownership of copyright on a basis that it is proportionate to the respective contributions of the co-producers.
- 3.4 the distribution contract, where it has already been signed, or a draft if it has yet to be concluded;
 - 3.5 a list of the creative and technical personnel indicating their nationalities and, in the case of performers, the roles they are to play;
 - 3.6 the production schedule;
 - 3.7 the detailed budget identifying the expenses to be incurred by each country; and
 - 3.8 all contracts and other relevant existing financial documentation for all participants in the financial structure.
- 4. The competent Authorities can demand any further documents and all other additional information deemed necessary.
 - 5. In principle, the final shooting script (including the dialogue) should be submitted to the competent Authorities prior to the commencement of shooting.
 - 6. Amendments, including the replacement of a co-producer, may be made in the original contract but they must be submitted for approval by both the competent Authorities of both the Countries before the co-production is finished.
The replacement of a co-producer may be allowed only in exceptional cases and for reasons satisfactory to both the competent Authorities.
 - 7. The competent Authorities will keep each other informed of their respective decisions.

8. Application for approval of co-production status may be sent to the competent Authorities at the following address along with all required documents as detailed at Para 3:

In India

Desk Officer (FI)
Ministry of Information & Broadcasting,
Room No. 107, 'A' wing, Shastri Bhawan,
New Delhi, India
email: usfi-moib@nic.in

In Italy

Ministero per i Beni e le Attività Culturali e per il Turismo
Direzione Generale Cinema e Audiovisivo
Serv. II
Piazza Santa Croce in Gerusalemme, 9/a
00185 Rome, Italy
email: dg-c@beniculturali.it

The processing fee, if any, which may be determined by the competent Authority from time to time, shall be submitted along with the application.