dun & bradstreet

Report on Media & Entertainment Industry

27th December 2024

DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD * MUMBAI *

Disclaimer

*This study has been undertaken through extensive secondary research, which involves compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Dun & Bradstreet ("**Dun & Bradstreet**") and its assumptions are based on varying levels of quantitative and qualitative analysis including industry journals, company reports and information in the public domain.*

Dun & Bradstreet has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics, and research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

The recipient should conduct its own investigation and analysis of all facts and information contained in this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Table of Contents

Annexure for Abbreviation used.

GDP	Gross Domestic Product
GVA	Gross Value Added
IIP	Index of Industrial Production
PFCE	Private Final Consumption Expenditure
GFCF	Gross fixed capital formation
WPI	Wholesale Price Index
CPI	Consumer Price Index
y-o-y	Year on Year
m-o-m	Month on Month
IMF	International Monetary Fund
RBI	Reserve Bank of India
MOSPI	The Ministry of Statistics and Programme Implementation
Est., Adv. Est	Estimated, Advance Estimates
P, F	Projected, Forecast
USD	US Dollar
INR	Indian Rupee
Mn, Bn, Tn, Cr	Million, Billion, Trillion, Crore
PLI	Production Linked Incentive
NSO	National Statistics Office
IT	Information Technology
GST	Goods and Service Tax
UPI	Unified Payments Interface
RBI	Reserve Bank of India

CAGR	Compound Annual Growth Rate
FDI	Foreign Direct Investment
EFTA	European Free Trade Association
M&E	Media & Entertainment
OTT	Over-The-Top
CBFC	Film Certification and Censorship
NFDC	National Film Development Corporation
NDA	National Democratic Alliance
TRAI	Telecom Regulatory Authority of India
CCPA	Central Consumer Protection Authority
DPCGC	Digital Publisher Content Grievances Council
AVGC	Animation, Visual Effects, Gaming, and Comics
NCoE	National Centre of Excellence
CGI	Computer-generated Imagery
VFX	Visual effects
IP	Intellectual Property
VR	Virtual Reality
AVOD	Ad-Supported Video on Demand
SVOD	Subscription Video on Demand
AR	Augmented Reality

Global Macroeconomic Scenario

The global economy, which grew by 3.3% in 2023, is expected to record a sluggish growth of 3.2% in 2024 before rising modestly to 3.3% in 2025. Between 2021 – 2022, global banks were carrying a historically high debt burden after COVID-19. Central banks took tight monetary measures to control inflation and spike in commodity prices. Russia's war with Ukraine further affected the global supply chains and inflated the prices of energy and other food items. These factors coupled with war-related economic sanctions impacted the economic activities in Europe. Any further escalation in the war may further affect the rebound of the economy in Europe.

While China, the largest manufacturing hub of world, was facing a crisis in the real estate sector and prices of properties were declining between 2020 - 2023, with the reopening of the economy, consumer demand is picking up again. The Chinese authorities have taken a variety of measures, including additional monetary easing, tax relief for corporates, and new vaccination targets for the elderly. The Chinese Government took several steps to help the real estate sector including cracking down on debt-ridden developers, announcing stimulus for the sector and measures to encourage the completion and delivery of unfinished real estate projects. The sector is now witnessing investments from developers and demand from buyers.

Global headline inflation is set to fall from an estimated 6.8% in CY 2023 to 5.8% in CY 2024 and to 4.4% in CY 2025. This fall is swifter than anticipated across various areas, amid the resolution of supply-related problems and tight monetary policies. Reduced inflation mirrors the diminishing impact of price shocks, particularly in energy, and their subsequent influence on core inflation. This decrease also stems from a relaxation in labour market pressure, characterized by fewer job openings, a slight uptick in unemployment, and increased labour availability, occasionally due to a significant influx of immigrants.

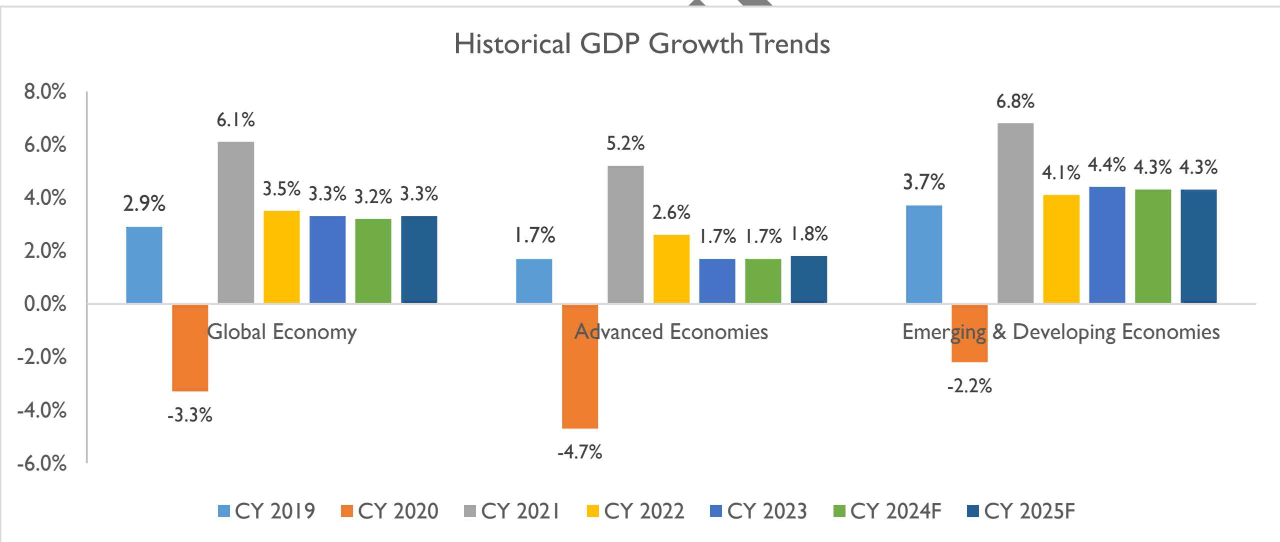
Global GDP Growth Scenario

The global economy started to rise from its lowest levels after countries started to lift the lockdown in 2020 and 2021. The pandemic lockdown was a key factor as it affected economic activities resulting in a recession in the year CY 2020, as the GDP growth touched -3.3%.

In CY 2021 disruption in the supply chain affected most of the advanced economies as well as low-income developing economies. The rapid spread of Delta and the threat of new variants in mid of CY 2021 further increased uncertainty in the global economic environment.

Global economic activities experienced a sharper-than-expected slowdown in CY 2022. One of the highest inflations in decades, seen in 2022, forced most of the central banks to tighten their fiscal policies. Russia's invasion of Ukraine affected the global food supply resulting in a further increment in the cost of living.

Further, despite initial resilience earlier in 2023, marked by a rebound in reopening and progress in curbing inflation from the previous year's highs, the situation remained precarious. Economic activity lagged behind its pre-pandemic trajectory, particularly in emerging markets and developing economies, leading to widening disparities among regions. Numerous factors are impeding the recovery, including the lasting impacts of the pandemic and geopolitical tensions, as well as cyclically driven factors such as tightening monetary policies to combat inflation, the reduction of fiscal support amidst high debt levels, and the occurrence of extreme weather events. As a result, global growth declined from 3.5% in CY 2022 to 3.3% in CY 2023.

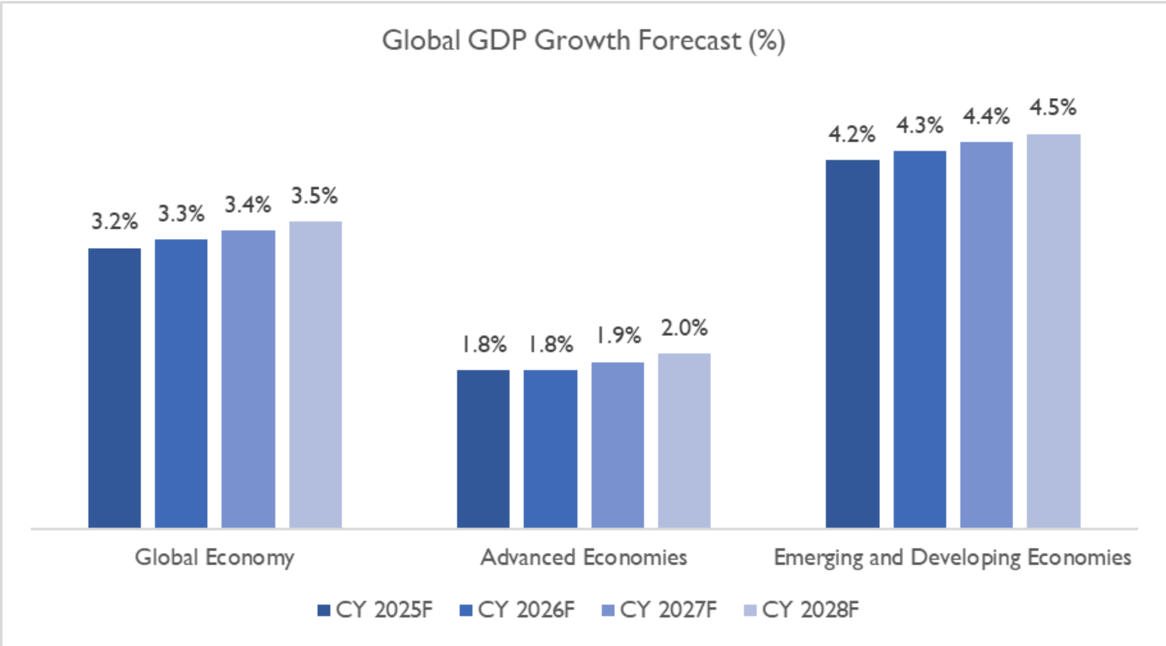


Source – IMF Global GDP Forecast Release July 2024

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

In the current scenario, global GDP growth is estimated to have recorded a moderate growth of 3.3% in CY 2023 as compared to 3.5% growth in CY 2022. While high inflation and rising borrowing costs are affecting private consumption, on the other hand, fiscal consolidation is affecting government consumption.

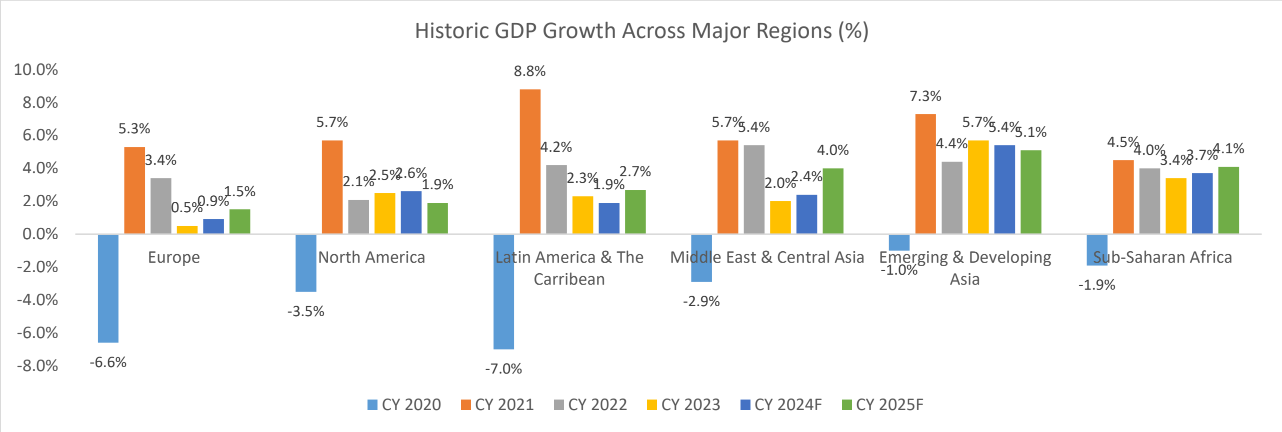
Slowed growth in developed economies will affect the GDP growth in CY 2024 and global GDP is expected to record a flat growth of 3.2% in CY 2024. The crisis in the housing sector, bank lending, and industrial sectors are affecting the growth of global GDP. Inflation forced central banks to adopt tight monetary policies. After touching the peak in 2022, inflationary pressures slowly eased out in 2023. This environment weighs in for interest rate cuts by many monetary authorities.



Source – IMF Global GDP Forecast Release 2024, D&B Estimates

GDP Growth Across Major Regions

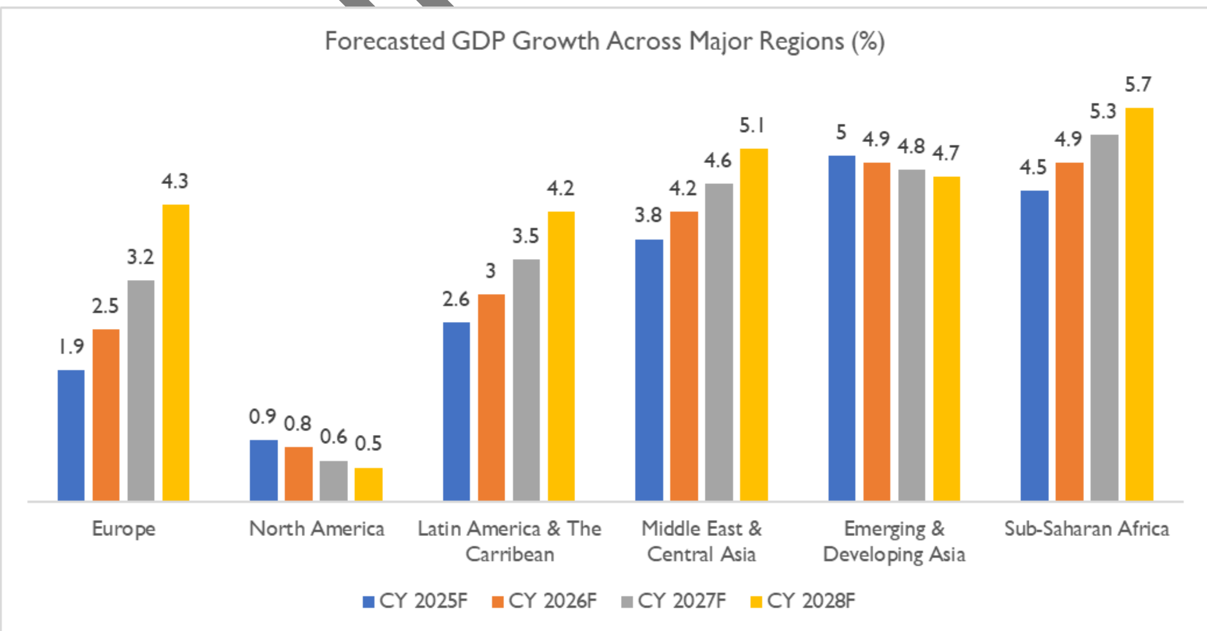
GDP growth of major regions including Europe, Latin America & The Caribbean, Middle East & Central Asia, and Sub-Saharan Africa, were showing signs of slow growth and recession between 2020 – 2023, but leaving Latin America & The Caribbean, 2024 is expected to show resilience and growth. Meanwhile, GDP growth in Emerging and Developing Asia (India, China, Indonesia, Malaysia etc.) is expected to decrease from 5.4% in CY 2023 to 5.2% in CY 2024, while in the United States, it is expected to decrease from 2.5% in CY 2023 to 2.1% in CY 2024.



Source-IMF World Economic Outlook July 2024 update

Except for Emerging and Developing Asia, Latin America & The Caribbean and the United States, all other regions are expected to record an increase in GDP growth rate in CY 2024 as compared to CY 2023. GDP growth in Latin America & The Caribbean is expected to decline due to negative growth in Argentina. Further, growth in the United States is expected to come down at 2.1% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand.

Although Europe experienced a less robust performance in 2023, the recovery in 2024 is expected to be driven by increased household consumption as the impact of energy price shocks diminishes and inflation decreases, thereby bolstering real income growth. Meanwhile, India and China saw greater-than-anticipated growth in 2023 due to heightened government spending and robust domestic demand, respectively. Sub-Saharan Africa's expected growth in 2024 is attributed to the diminishing negative impacts of previous weather shocks and gradual improvements in supply issues.



Source-IMF, OECD, and World Bank, D&B Estimates

Global Economic Outlook

At the midpoint of the year, so far in 2024 we have seen divergence in outcomes and prospects around the world in terms of economic growth, inflation, and policy responses. On balance, global short-term economic prospects have improved over the course of the year. We expect this momentum to continue through the second half of 2024 and into 2025 as inflation eases further and monetary policy continues to loosen, supporting steady growth. Macroeconomic risks, in our view, have become more balanced.

The U.S. has performed better than other developed economies, particularly those in Europe where the consumer sentiment has been relatively weak – though the picture in Europe has been varied. A sustained recovery in tourism this year has boosted the economies of Greece and Spain, whereas Germany, France, and Italy have been held back by the slower recovery of manufacturing. Nonetheless, the European Central Bank (ECB) lowered the three key interest rates in June – for the first time since September 2019 – which will support stronger regional growth.

Growth in the Chinese Mainland has held up well so far this year despite challenges from the property market amid ongoing rebalancing, and the export cycle is supporting growth in the rest of Asia. In Latin America, larger economies, such as Brazil and Mexico, tend to be performing more moderately than smaller economies, such as Chile and Peru, indicating slower regional growth overall.

Globally, industrial production has been relatively sluggish because of restrictive trade policies, persistent supply chain disruptions, high interest rates, and anemic growth. We expect industrial production to gather steam later this year and into 2025 on the back of a gradual recovery in global trade, stimulated by stronger domestic demand for goods.

Policy responses have diverged so far this year and are set to remain so in the near term. Central banks have begun rate cutting cycles in several developed economies, including the Eurozone, Canada, Sweden, and Switzerland. However not every economy has followed suit. Disinflation has not been as predictable as it was in 2023, and underlying price pressures mean inflation is likely to remain bumpy this year – hence, policy will remain more restrictive than was anticipated at the start of the year. With relatively stronger economic growth and stickier inflation, the timing of the first interest rate cut by the U.S. Federal Reserve (the Fed) and the onward path of interest rates remains ambiguous.

The global economy is showing signs of stabilizing, yet growth will remain subdued this year before picking up pace in 2025. We forecast global growth of around 2.5% in 2024, half a percentage point softer than in the decade following the financial crisis. The weaker outlook reflects fiscal consolidation, lagged tight monetary policy, restrictive trade policies, and elevated levels of geopolitical uncertainty. Looking ahead to 2025, global growth is likely to pick up slightly to 2.8% as the impact of these factors declines and stronger growth becomes more entrenched.

Emerging economies look set for softer growth in general this year. On a regional basis, growth is likely to be markedly slower in Eastern Europe, but only slightly softer in Asia Pacific and Latin America, with growth only moderately slower in key economies such as the Chinese Mainland, India, and Brazil. Outcomes in developed economies are also mixed but largely remain subdued because of tight policy settings.

India Macroeconomic Analysis

GDP Growth Scenario

India's economy showed resilience with GDP growing at 8.2% in CY 2023. The GDP growth in CY 2023 represents a return to pre pandemic era growth path. Even amidst geopolitical uncertainties, particularly those affecting global energy and commodity markets, India continues to remain one of the fastest growing economies in the world.

Country	Real GDP Growth (CY 2023)	Projected GDP Growth (CY 2024)	Projected GDP Growth (CY 2025)
India	8.20%	7.00%	6.50%
China	5.20%	5.00%	4.50%
Russia	3.60%	3.20%	1.50%
Brazil	2.90%	2.10%	2.40%
United States	2.50%	2.60%	1.90%
Japan	1.90%	0.70%	1.00%
Canada	1.20%	1.30%	2.40%
Italy	0.90%	0.70%	0.90%
France	1.10%	0.90%	1.30%
South Africa	0.70%	0.90%	1.20%
United Kingdom	0.10%	0.70%	1.50%
Germany	-0.20%	0.20%	1.30%

Source: World Economic Outlook, July 2024

Countries considered include - Largest Developed Economies and BRICS (Brazil, Russia, India, China, and South)

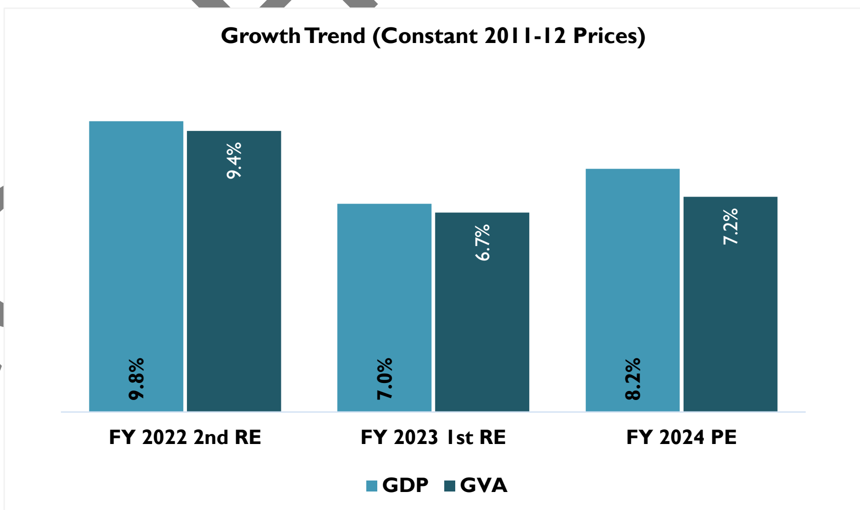
Countries have been arranged in descending order of GDP growth in 2023).

There are few factors aiding India's economic recovery – notably its resilience to external shocks and rebound in private consumption. This rebound in private consumption is bringing back the focus on improvements in domestic demand, which together with revival in export demand is a precursor to higher industrial activity. Already the capacity utilization rates in Indian manufacturing sector are recovering as industries have stepped up their production volumes. As this momentum sustains, the country may enter a new capex (capital expenditure) cycle. The universal vaccination program by the Government has played a big part in reinstating confidence among the population, in turn helped to revive private consumption.

Realizing the need to impart external stimuli, the Government stepped up its spending on infrastructure projects which in turn had a positive impact on economic growth. The capital expenditure of the central government increased by 37.4% increase in capital expenditure (budget estimates), to the tune of INR 10 trillion in the Union Budget 2023-2024. The announcement also included a 30% increase in financial assistance to states at INR 1.3 trillion for capex. The improvement was accentuated further as the Budget 2024-2025 announced an 11.1% increase in the capital expenditure outlay at INR 11.11trillion, constituting 3.4% of the GDP. This has provided much-needed confidence to the private sector, and in turn, attracted private investment.

On the lending side, the financial health of major banks has witnessed an improvement which has helped in improving the credit supply. With capacity utilization improving, there would be demand for credit from the corporate sector to fund the next round of expansion plans. The banking industry is well poised to address that demand. Underlining the improving credit scenario is the credit growth to the micro, small, and medium enterprise (MSME) sector as the credit outstanding to the MSME sector by scheduled commercial banks in the fiscal year 2024 grew by 14% to INR 10.31 trillion compared to INR 9.02 trillion as on 24 March 2023. The extended Emergency Credit Linked Guarantee Scheme (ECLGS) by the Union Government has played a major role in improving this credit supply.

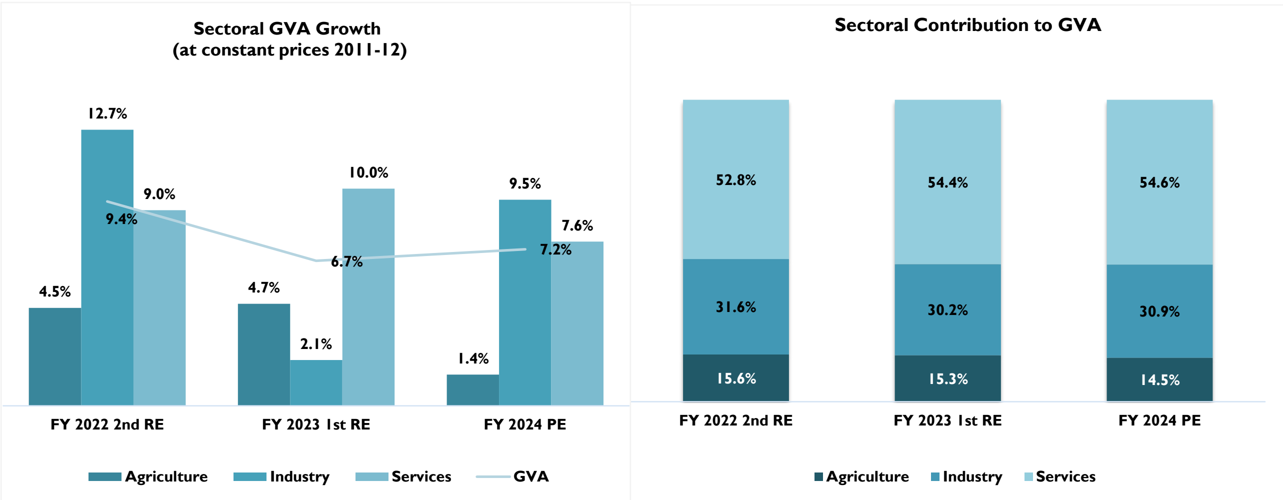
As per the provisional estimates 2023-24, India's GDP in FY 2024 grew by 8.2% compared to 7.0% in the previous fiscal on the back of solid performances in manufacturing, mining, and construction sectors. The year-on-year increase in growth rate is also partly due to by a strong growth in investment demand led by public capital expenditure.



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics, 2023-24

RE stands for Revised Estimates, SAE stands for Second Advance Estimates

Sectoral Contribution to GVA and annual growth trend



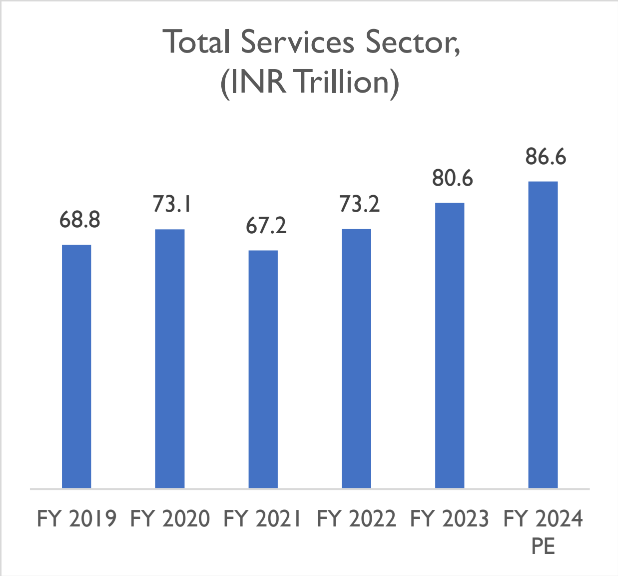
Source: Ministry of Statistics & Programme Implementation (MOSPI)

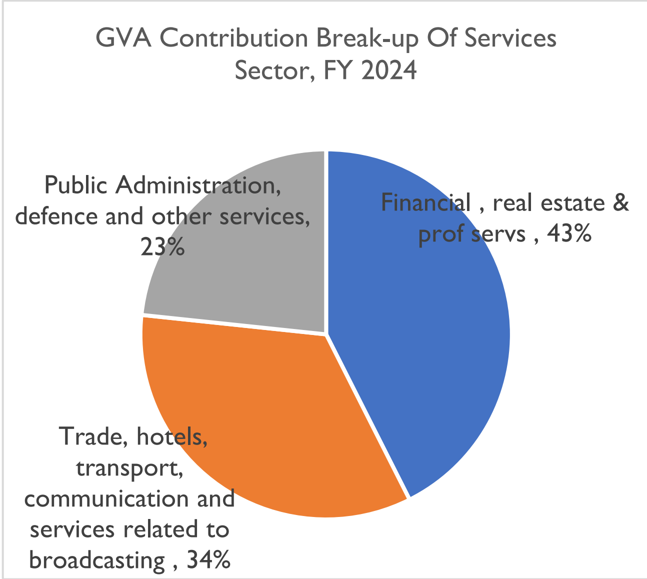
Sectoral analysis of GVA reveals industrial sector recovered sharply registering 9.5% y-o-y increase in FY 2024 against 2.1% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing and construction sector rose significantly and it registered a growth of 7.1%, 9.9% and 9.9% in FY 2024 against a y-o-y change of 1.9%, -2.20%, and 9.44% in FY 2023, respectively. Utilities sector observed a marginal moderation in y-o-y growth to 7.5% against 9.44% in the previous years.

Expansion in Service Sector

Services sector is a major contributor to the country's overall economic growth. In absolute terms, services sector GVA has increased from INR 68.78 trillion in FY 2019 to INR 86.6 trillion in FY 2024 (as per the provisional estimated), registering a CAGR of nearly 5%. Within Services sector, the GVA by financial, real estate and professional services-the largest contributing segment observed 6.3% CAGR while Public Administration, defence and other services[1] observed 4.5% CAGR and Trade, hotels, transport, communication, and services related to broadcasting witnessed 3.1% CAGR between FY 2019-24.

[1] Other services include Education, Health, Recreation, and other personal services.





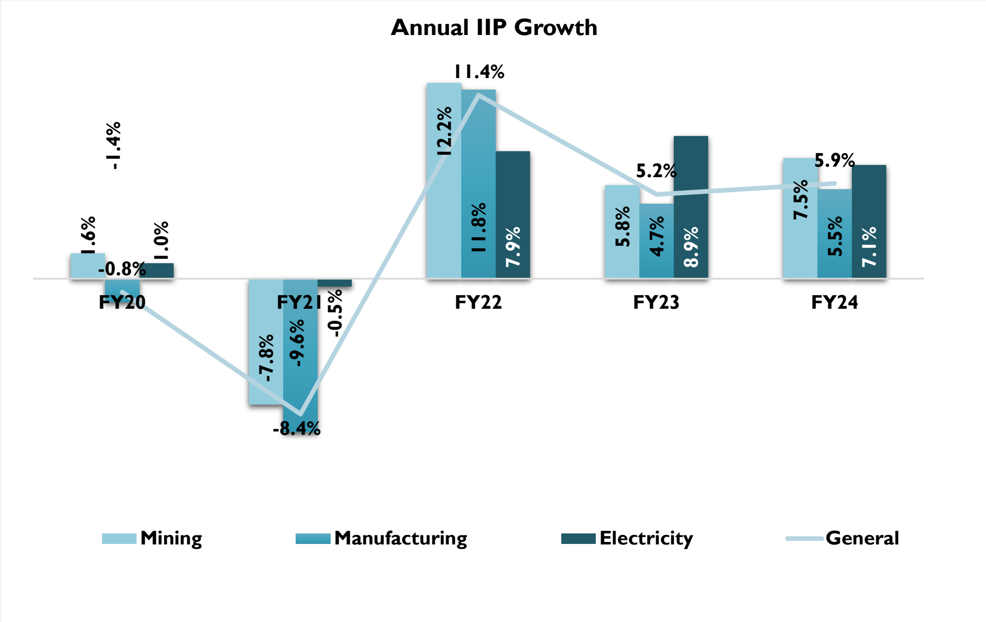
Sources: MOSPI, CMIE Economic Outlook and Dun & Bradstreet Research Estimates [2]

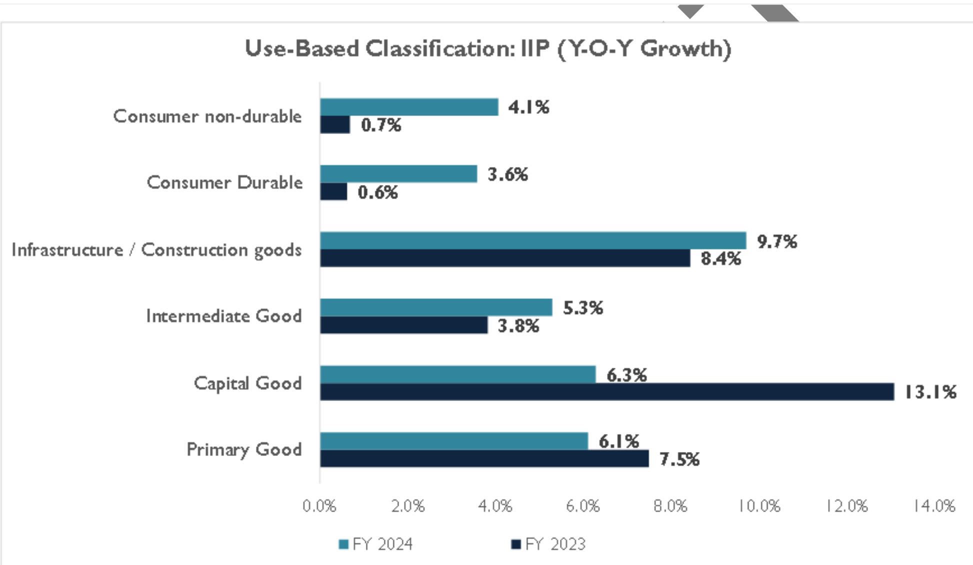
India's HSBC Services Purchasing Managers' Index, an important indicator to track service sector performance, measured 60.3 in July 2024 against 60.5 in the previous month. Since August 2021, the services sector has consistently remained above the threshold of 50, which distinguishes growth from contraction.

IIP Growth

Industrial sector performance as measured by IIP index; in FY 2024 it is growing at 5.9% (against 5.2% in FY 2023). Previously IIP index exhibited temporary recovery in FY 2022 from the low of Covid induced slowdown in industrial growth during FY 2020 and FY 2021. Manufacturing index, with 77.6% weightage in overall index, grew by 5.5% in FY 2023 against 4.7% y-o-y growth in FY 2022 while mining sector index too grew by 7.5% against 5.8% in the previous years. Mining & manufacturing both shown improvement according to previous except the Electricity sector Index, witnessed an improvement of 7.1% against 8.9% in the previous year.

[2] Projection as Based on CMIE Growth rate till FY 2029 and FY 2030 is based on Dun & Bradstreet assumption.

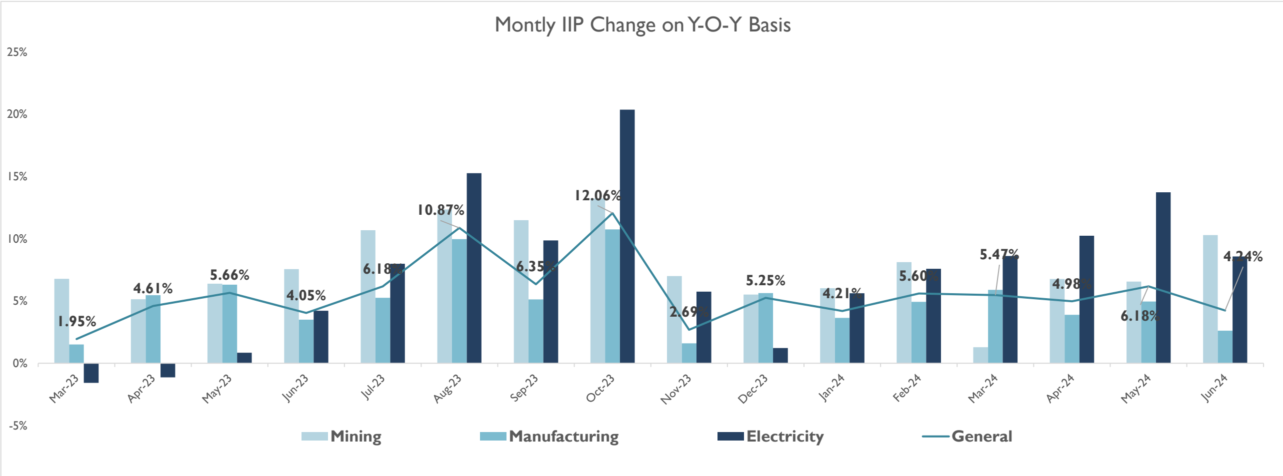




Source: Ministry of Statistics & Programme Implementation (MOSPI)

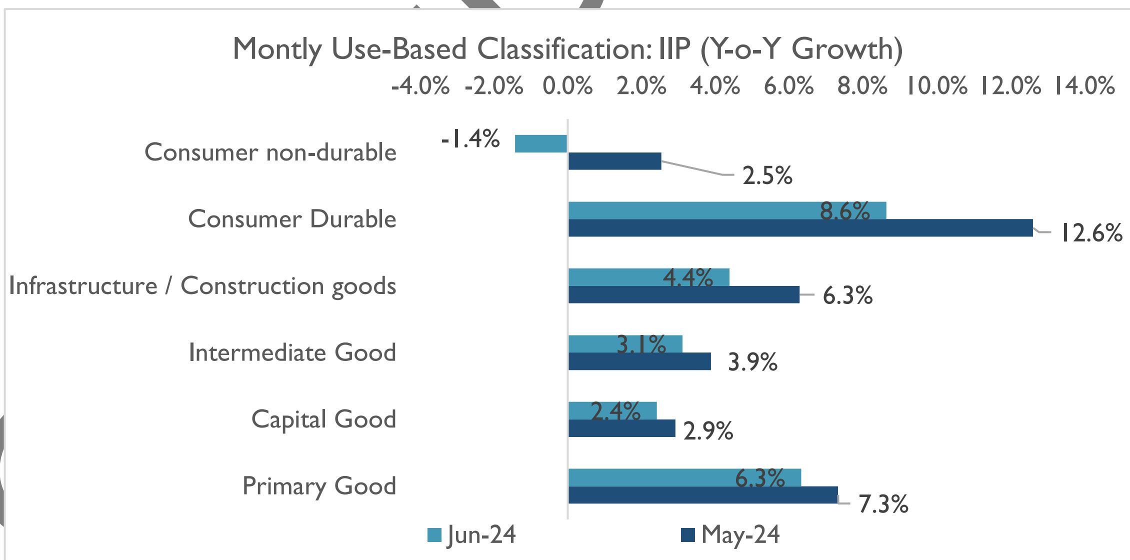
As per the use-based classification, most of the segments has shown growth for FY 2024 as compared to FY 2023. Capital good and primary goods were segments which faced less growth as compared to previous year. The contracting IIP data points towards adverse operating business climate as global headwinds, high inflation, and monetary tightening cumulatively impacted the broader industrial sector performance. In contrast all the segments except the above two have shown growth.

Monthly IIP Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI)

In the current fiscal FY 2025, the monthly IIP measured index has reported steady improvement over the last fiscal. However, the IIP index slowed to a 5-month low and just grew by 4.24% y-o-y in June against 6.18% in the previous month on the back of slowing growth in the manufacturing section. In June 2024, the manufacturing index growth slowed to 2.6% against 6.3% y-o-y growth in June 2023 and 5% in May 2023 while the electricity sector index and mining index exhibited substantial improvement and they grew by 8.6% and 10.3% in June 2024 against 0.9% and 6.4% growth in April 2023, respectively.

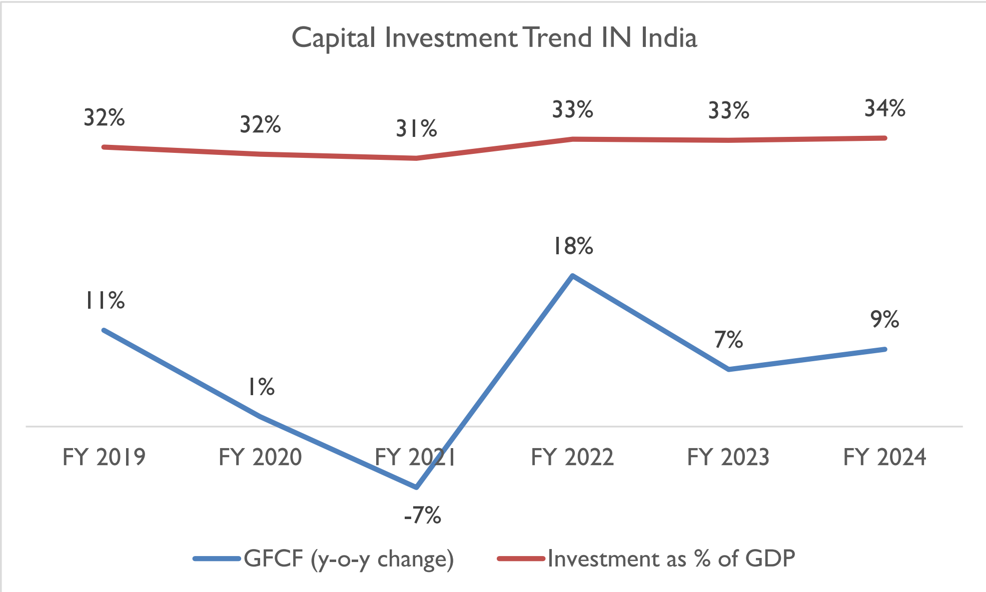


Sources: MOSPI

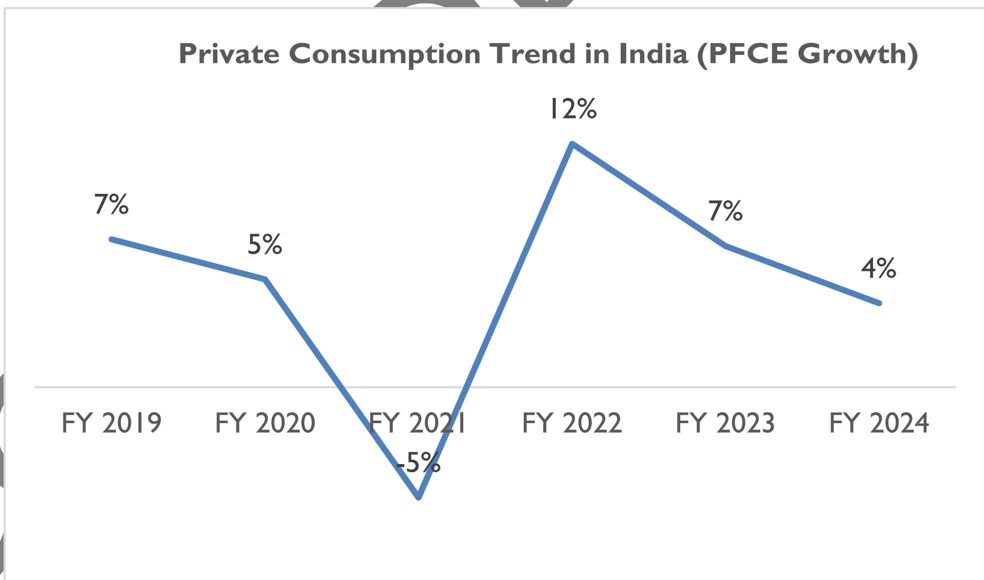
As per the use-based classification, growth in all segments slowed in June 2024 as compared to the previous month. Consumer non-durable declined by 1.4% in June 2024 against 2.5% increase in the previous month. In May 2024, all segments showed a substantial increase in growth.

Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, gained strength during FY 2024 as it grew by 9% on a y-o-y basis against 7% yearly growth in the previous fiscal, while GFCF to GDP ratio measured an all-time high settled higher at 34%.



Sources: MOSPI

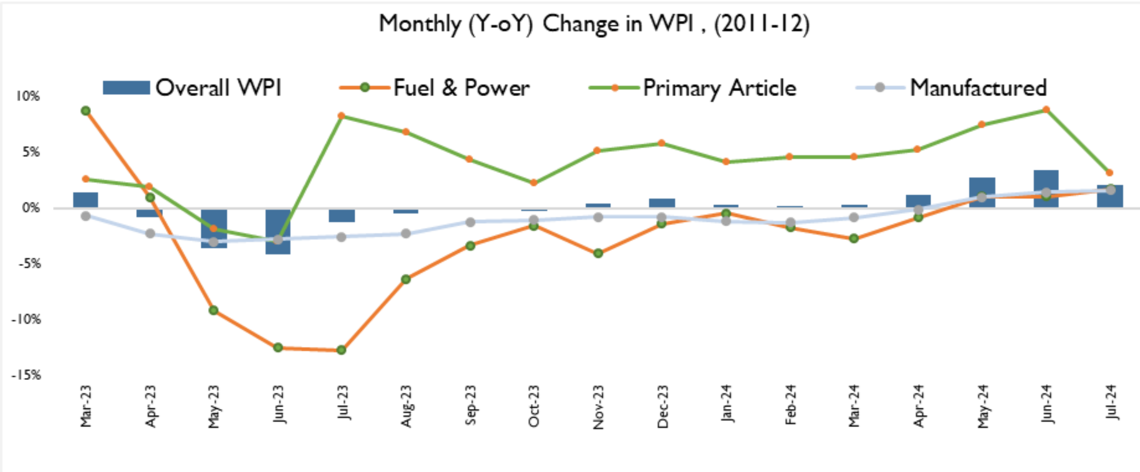


Sources: MOSPI

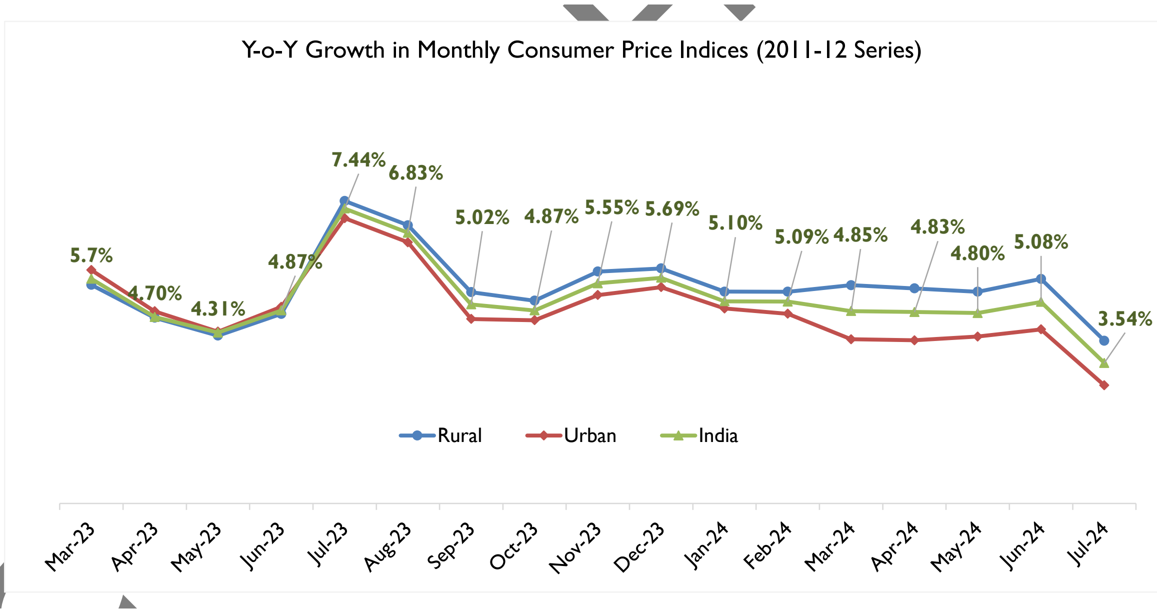
Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed decelerated and registered 4% y-o-y growth in FY 2024 against 7% in FY 2023.

Inflation Scenario

The inflation rate based on India's Wholesale Price Index (WPI) exhibited significant fluctuations across different sectors from March 2023 to July 2024. Overall WPI saw a sharp decline to -1.2% in July 2023, primarily driven by steep drops in Fuel & Power and Manufactured Products, reflecting reduced global demand and falling input costs. However, a recovery was noted by June 2024, with WPI reaching 3.4%, supported by a strong rise in Primary Articles and a rebound in Fuel & Power prices. By July 2024, while Primary Articles growth moderated to 3.1%, the WPI remained positive at 2.0%, indicating stabilization in the market after earlier volatility.



Source: MOSPI, Office of Economic Advisor.



Source: CMIE Economic Outlook

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between March 2023 and July 2024. Rural CPI inflation peaked at 7.63% in July 2023, before declining to 4.10% in July 2024. Urban CPI inflation followed a similar trend, rising to 7.20% in July 2023 and then dropping to 2.98% in July 2024. Overall, the national CPI inflation rate increased to 7.44% in July 2023 but moderated to 3.54% by July 2024, indicating a gradual easing of inflationary pressures across both rural and urban areas over the period. CPI measured below 6% tolerance limit of the central bank since September

2023. As a part of an anti-inflationary measure, the RBI has hiked the repo rate by 250 bps since May 2022 to the current 6.5% while it has been holding the rate at 6.5% since 8 Feb 2023.

India's Growth Outlook

India's economy has exceeded expectations, registering an 8.2% growth in FY24. High-frequency indicators such as automobile sales, e-way bills, cargo traffic, and exports signal sustained growth momentum into Q2 FY25. However, the rural demand outlook is tied to the monsoon, where inconsistent rainfall could impact the agriculture sector and inflation. The government is proactively boosting grain storage capacity to mitigate these risks. On the credit front, the Reserve Bank of India (RBI) has kept the policy rate unchanged, with inflation expected to average around 5% in FY25. Despite stable policy rates, lending rates may rise due to the incomplete transmission of earlier hikes, while strong credit growth in the private sector suggests potential capacity expansion. Supply-side challenges persist, particularly in food storage infrastructure. The government has launched a massive initiative to enhance grain storage capacity by 70 million tonnes over the next five years. The recent long-term agreement for operating Iran's Chabahar Port is also set to bolster trade and supply chain resilience.

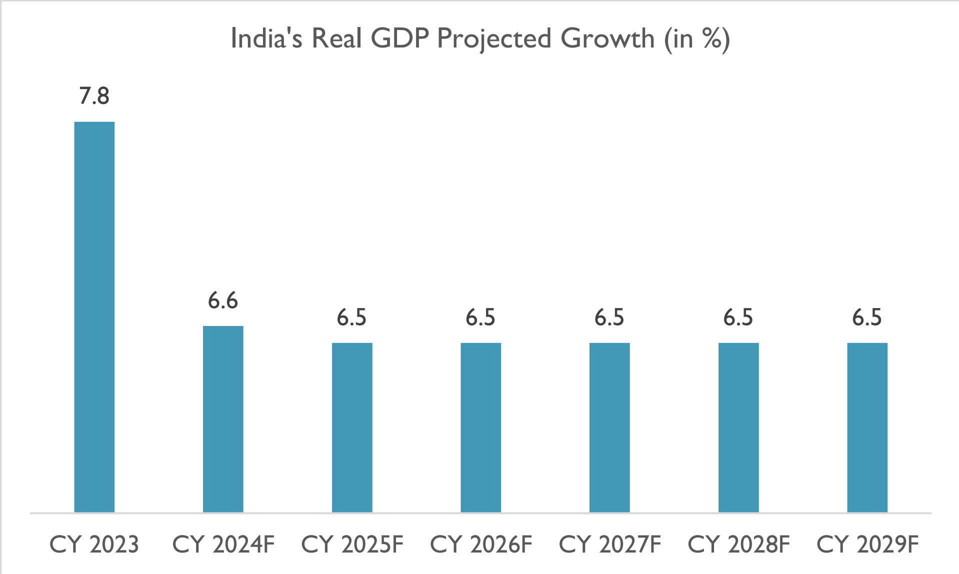
In terms of trade, India's recent agreements, particularly with the European Free Trade Association (EFTA) and Oman, are opening new markets and opportunities for exports. The proposed mega-distribution hub in the UAE by 2025 will further support India's global trade ambitions, particularly in Africa, Europe, and the US.

Politically, the continuation of the National Democratic Alliance (NDA) government signals sustained reforms, with optimism around labour and land reforms. The government is also taking steps to control retail inflation by managing food prices and import duties. The external environment remains cautious, with geopolitical tensions, particularly in Gaza, posing potential risks to global stability.

Overall, India's short-term growth outlook remains positive, underpinned by strong domestic demand, proactive government measures, and expanding global trade relationships, despite some challenges in the rural economy and supply chain infrastructure.

India's Projected Economic Growth

Looking ahead to 2024, India's projected GDP growth of 6.6% in 2024 stands out as the fastest among major emerging markets, significantly outpacing China's 4.6%, and Brazil's 2.2%. This robust growth trajectory is expected to sustain at 6.5% annually from 2025 to 2029, reflecting strong economic fundamentals and continued momentum.



Source: World Economic Outlook, July 2024

This decent growth momentum in near term (CY 2024) is accompanied by a slowdown in inflation, as well as various other factors in the medium to long term that will support the economy. These include enhancements in physical infrastructure, advancements in digital and payment technology, improvements in the ease of doing business and a higher quality of fiscal expenditure to foster sustained growth.

On the demand side, improving employment conditions and moderating inflation are expected to stimulate household consumption. Further, the investment cycle is gaining traction, propelled by sustained government capital expenditure, increased capacity utilization and rising credit flow. Additionally, there are positive signs of improvement in net external demand, as reflected in the narrowing merchandise trade deficit. Despite the supply disruptions, exports clocked positive y-o-y growth in December 2023 and January 2024.

From uplifting the underprivileged to energizing the nation's infrastructure development, the Government has outlined its vision to propel India's advancement and achieve a 'Viksit Bharat' by 2047 in the interim budget announced on 1st Feb 2024. Noteworthy positives in the budget include achieving a lower-than-targeted fiscal deficit for FY2024 and setting a lower-than expected fiscal deficit target for FY2025, proposing dedicated commodity corridors and port connectivity corridors, providing long-term financing at low or nil interest rates to the private sector to step up R&D (Research & Development) in the sunrise sectors.

Achieving a reduced fiscal deficit of 5.8% in FY2024 and projecting a lower than-anticipated fiscal deficit of 4.9% as announced in the union budget in July 2024 for the current fiscal year (FY 2025) are positive credit outcomes for India. This showcases the country's capability to pursue a high-growth trajectory while adhering to the fiscal glide path. There has been a significant boost to capital expenditure for two consecutive years; capital expenditure – which is budgeted at 3.4% of GDP (INR 11.1 trillion/USD 134 billion) for fiscal year 2024-25 – is at a 21-year high (3.3% of GDP in fiscal year 2023-24. The enhancement of port connectivity, coupled with the establishment of dedicated commodity corridors (energy, mineral and cement), is poised to enhance manufacturing competitiveness. This strategic move aims to fulfil India's export targets and reduce logistics costs.

The Union Budget for FY25 builds its case for India's economic renaissance on the premise set by the Economic Survey 2023-24. As the survey articulates the impending challenges to the next stage of transformative growth, the annual budget for FY25 sets the path to address those challenges and ensure the economy continues to ride on the growth trajectory, namely the 'Viksit Bharat'goals — a roadmap to a developed India by 2047. The Economic Survey rightly highlights skill development & job creation, as well as infrastructure (physical, social and financial), as two priority focus areas. The Budget 2024-25 strives to achieve these twin objectives by incentivising investment in skill development and capacity creation, as well as implementing reforms in tax structure, financial markets, fiscal consolidation and targeted support mechanisms. The manageable twin deficit is allowing the government to maintain fiscal prudence. The revised fiscal deficit target for FY25 was announced in the Union Budget, setting it at 4.9% of GDP, a reduction from the 5.1% target outlined in the interim budget presented earlier in February 2024. All economic parameters indicate a robust footing. The nominal GDP for FY25 is projected at ₹326 tn, with a growth rate of 10.5%. The government's revenues are strong and thriving, with revenue receipts expected to grow by 14.7%, driven by an 11.0% increase in net tax receipts. The high level of tax buoyancy at 1.9 highlights the strong momentum in tax collection, providing the central government with the fiscal space to address the complexities within the tax structure and the resources for capital investments. The budget also attempts comprehensive reforms in the tax regime — both direct and indirect. These reforms are likely to stimulate ease of trade, simplify the excessively complex duty structure and pave the way for the 'Vivad se Vishwas' tax collection philosophy of the central government. The government has remained committed to reducing fiscal profligacy without significantly changing direct taxation while reducing the compliance burden through the abolition of the angel tax, lowering the corporate tax rate on foreign companies to 35% and providing safe harbour rates for foreign mining companies.

The Indian economy thrives on its young workforce, which currently represents both an opportunity and a vulnerability in the rapidly evolving market landscape. The budget maintains its focus on employment and skill development by introducing a one-month wage subsidy for new entrants in all formal sectors and reimbursement of employer contributions to EPFO for new hires, thereby incentivising job creation. The government has become more aggressive in addressing the skill gap faced by youth entering the job market by providing on-the-job learning opportunities through internships at leading workplaces. Additionally, an allowance of ₹5,000 per month and a one-time assistance of ₹6,000 will further strengthen this initiative. Recognising the criticality of energy security, especially given the country's vulnerability to global geopolitical quagmires and supply chain challenges, the government is prioritising energy security. Renewable energy is a key focus, with vast untapped potential in this space for India. The central government is prioritising the energy transition by expanding the list of exempted capital goods for solar energy projects. The PM Surya Ghar Muft Bijli Yojana aims to promote the installation of rooftop solar panels, providing free electricity to 10 mn households. Additionally, spending has been doubled to ₹100 bn for the installation of solar power grids. As part of its commitment to achieving net-zero emissions by 2070, the budget has introduced a taxonomy for climate finance, enhancing the availability of capital for climate adaptation and mitigation investments. Removing infrastructure bottlenecks and providing a world-class infrastructure base to support both manufacturing and service-led growth remain the key priorities for the government. The Budget maintains its commitment to capital expenditure with an allocation of ₹11 tn. Additionally, the government is committed to developing India as a manufacturing hub by enhancing export competitiveness to support employment generation . This includes an increased allocation of ₹9.4 bn under the Production-Linked Incentive (PLI) scheme for the pharmaceutical sector; doubling the disbursements for semiconductor development; reducing customs duty on mobile phones, printed circuit board assemblies (PCBA) and chargers to 15%; establishing an e-commerce exports hub; and reducing customs duties on 25 critical minerals. The government also plans to develop digital public infrastructure applications at the population scale to increase productivity gains. Urban land records will be digitised with GIS mapping, and sectorspecific databases, including those under the Digital India mission, will be leveraged to enhance data governance.

India's optimistic economic outlook is underpinned by its demographic dividend, which brings a substantial workforce that boosts labor participation and productivity. The burgeoning middle class and urbanization contribute to increased domestic consumption, driven by rising incomes and purchasing power. Extensive investments in infrastructure, encompassing roads, railways, ports, and digital connectivity, are enhancing productivity and efficiency, with government initiatives like the Smart Cities Mission and PM Gati Shakti creating a conducive growth environment. This digital transformation, catalyzed by initiatives such as Digital India, is fostering a tech-driven economy marked by enhanced internet penetration, digital payments, and e-governance, thereby fueling growth in sectors like fintech, e-commerce, and digital services. The push to position India as a global manufacturing hub through Make in India and PLI (Production Linked Incentive) schemes is further boosting industrial output, exports, and domestic production capabilities. Compared to other major emerging markets facing demographic and economic challenges, India's combination of demographic strengths, policy reforms, and strategic initiatives positions it as a standout performer and a significant driver of global economic growth in the foreseeable future.

Some of the key factors that would propel India's economic growth.

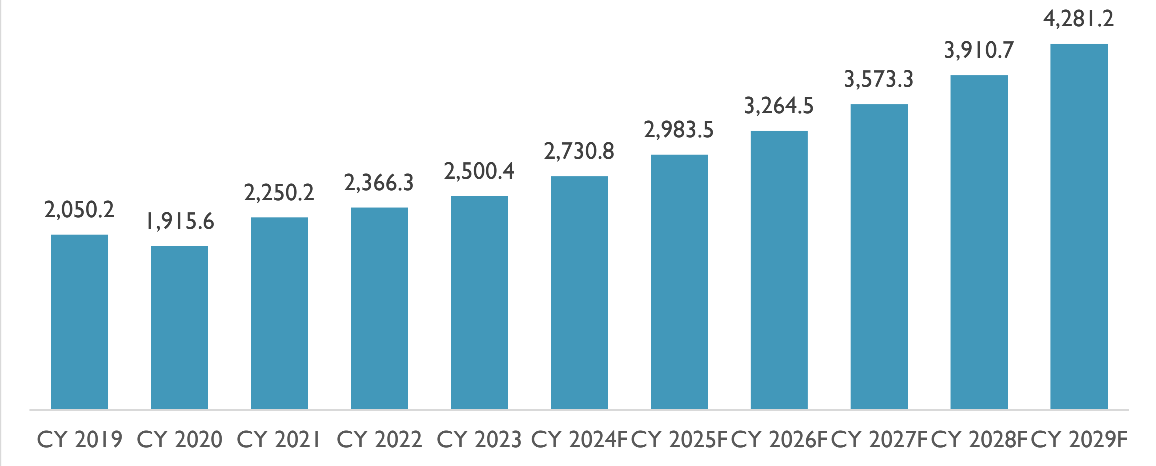
Strong Domestic Demand

Domestic demand has traditionally been one of the strong drivers of Indian economy. After a brief lull caused by Covid-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by Reserve Bank / other institutions points to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. PFCE as a percentage of GDP increased to 58% during FY 2022 and FY 2023 while in FY 2024 it settled at 56%. There are two factors that are driving this domestic demand: One the large pool of consumers and second the improvement in purchasing power. As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at INR 1.06 lakhs in FY 2024 against 99,404 in FY 2023 and 87,623 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable spending pattern in the country. Consumer driven domestic demand is majorly fueled by this growth in per capita income.

India's Per capita GDP trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot. This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.



Growth in GDP Per Capita: Current Prices, USD (India)

Source: IMF

From CY 2024-29, India's per capita GDP is projected to grow at a compound annual growth rate of 9.4%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

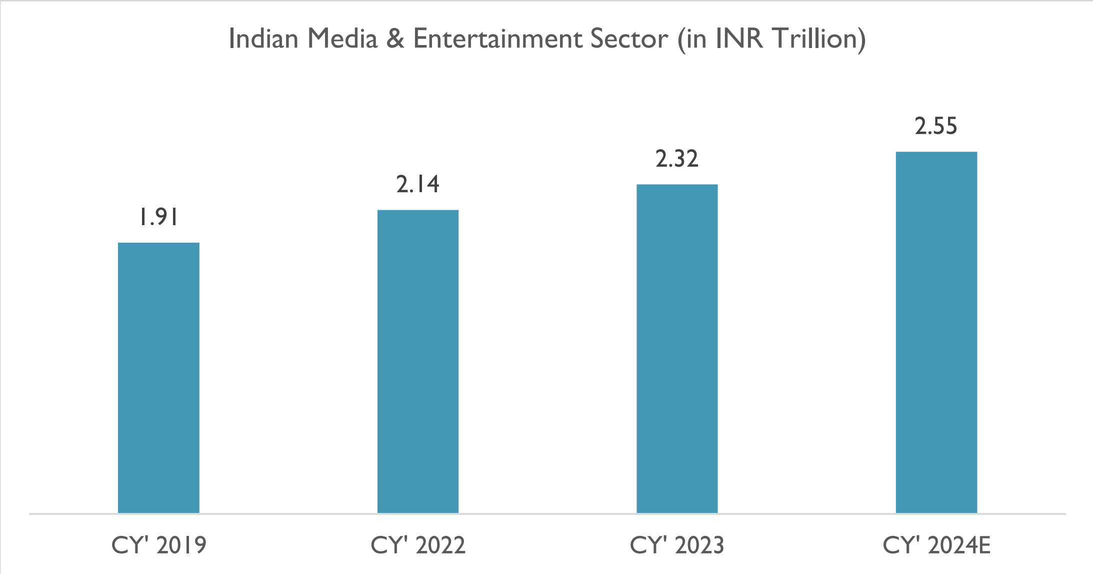
Digitization Reforms

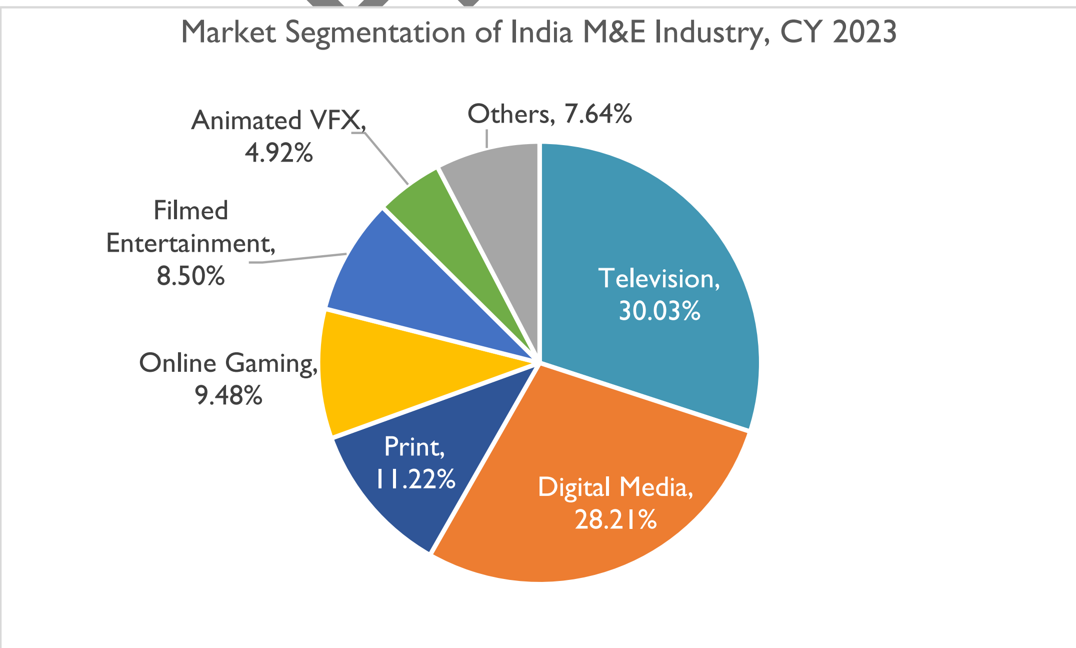
Ongoing digitization reforms and the resultant efficiency gains accrued would be a key economic growth driver in India in the medium to long term. Development of digital platforms has helped in the seamless roll out of initiatives like UPI (Unified Payments Interface), Aadhaar based benefit transfer programs, and streamlining of GST (Goods and Services Tax) collections. All of these have contributed to improving the economic output in the country. Some of the key factors that have supported the digitization reforms include – the growth in internet penetration in India together with drop in data tariffs, growth in smartphone penetration, favorable demographic pattern (with higher percentage of tech savvy youth population) and India's strong IT (Information Technology) sector which was leveraged to put in place the digital ecosystem. All these factors are expected to remain supportive and continue to propel the digitization reforms in India.

Increased adoption of digital technology and innovation, inclusive and sustainable practices, business-friendly and transparent regulations, and heightened corporate research and development (R&D) investments will further bolster the country's growth. These factors will collectively support employment growth across both private and public sectors, including micro, small, and medium enterprises (MSMEs).

Indian Media & Entertainment Industry

Indian media and entertainment (M&E) sector demonstrated substantial growth, with an annual increase of INR180 billion. This growth brought the industry size to INR 2.32 trillion (USD 27.9 billion), reflecting an 8.4% rise. Between CY 2019 and CY 2024, the sector has expanded at a compound annual growth rate (CAGR) of approximately 6%, rising from INR 1.91 trillion to a projected INR 2.55 trillion, surpassing pre-pandemic levels. However, traditional segments like television, print, and radio have yet to fully recover to their 2019 figures.





Source: FICCI & EY Media & Entertainment report, D&B Estimates

While television continues to hold its position as the largest segment, digital media is set to surpass it by CY 2024. The overall M&E sector is expected to grow at a rate of 9.9%, increasing from INR 2.32 trillion in CY 2023 to INR 2.55 trillion in CY 2024, and further expand to INR 3.08 trillion by CY 2026 at the same growth rate. A key contributor to this expansion is the rising demand for visual effects (VFX), driven by the increasing popularity of Indian films, television shows, and web series. VFX has become an integral component for filmmakers aiming to create visually compelling content, reshaping the industry's landscape. This growth signals significant opportunities for India in the global VFX market. With rapid digital transformation, fuelled by a growing number of internet users and affordable smartphones, India is well-positioned to emerge as a major player in VFX.

The share of new media, including digital platforms and online gaming, grew from 20% in 2019 to 37.7% in 2023. Conversely, traditional media segments such as television, radio, print, and cinema saw their combined share decline from 76% to 57% during the same period. Segments like online gaming, filmed entertainment, live events, and out-of-home media also experienced robust growth, collectively contributing 48% to the sector's overall expansion.

Consumer preferences have shifted toward on-demand and personalized content through streaming platforms, which has driven increased demand for VFX. This shift has resulted in more original content being commissioned, with Indian studios gaining global recognition. International production houses are increasingly outsourcing VFX work to India due to its cost-effectiveness and high-quality services, presenting an opportunity for the country to capture a larger share of the global VFX market.

Despite challenges such as piracy, low broadband penetration in rural areas, and rising competition from digital platforms, the Indian broadcasting and entertainment sector is expected to continue its expansion. With growing demand for high-quality visual content, technological advancements, and a supportive market environment, India is on a path to becoming a key player in the global VFX industry.

Regulatory Landscape in the Indian Media & Entertainment Industry

India's media and entertainment (M&E) sector operates under a dynamic regulatory landscape shaped by various government policies and regulations. These regulations are essential for maintaining content standards, protecting intellectual property, and ensuring ethical business practices. Here's an analysis of the key regulations and government policies governing the media and entertainment space in India, with a focus on film production and distribution.

Regulations and Government Policies Governing the Media & Entertainment Space

- **Cinematograph Act, 1952**

The Cinematograph Act, 1952 forms the legal foundation for film regulation in India. It governs the certification of films for public exhibition by the Central Board of Film Certification (CBFC), commonly known as the Censor Board. The CBFC reviews and classifies films into categories such as U (Universal), UA (Parental Guidance), and A (Adult) based on content sensitivity, and has the power to recommend cuts or outright bans on films. This act also governs regulations related to piracy, stipulating penalties for unauthorized exhibition and piracy of films.

- **Copyright Act, 1957**

The Copyright Act, 1957 is a critical piece of legislation governing intellectual property rights within the M&E industry. It ensures that creators of films, music, and other media content retain ownership of their work and can monetize it through distribution and other channels. This act has been amended over time to include protection of digital content on OTT platforms, and to combat piracy, which is a significant challenge in the film and entertainment industry.

- **Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021**

These rules brought OTT platforms and digital news media under regulatory oversight, aligning them with existing laws governing other forms of media such as print and television. The guidelines mandate content classification based on age groups and empowered users to report content they find objectionable. OTT platforms are required to categorize content into ratings like U, U/A 7+, U/A 13+, U/A 16+, and A. OTT platforms must also follow a three-tier grievance redressal mechanism, which includes self-regulation by the platform, oversight by an industry body, and regulation by a government-appointed committee if disputes remain unresolved.

- **Foreign Direct Investment (FDI) Policy:**

India allows 100% FDI in most segments of the media and entertainment industry, including film production, distribution, and OTT platforms, under the automatic route. This has encouraged significant foreign investment and partnerships in the Indian M&E space. In television broadcasting, the government permits up to 49% FDI in the television news segment and 100% in non-news television.

- **Telecom Regulatory Authority of India (TRAI)**

TRAI regulates the distribution of content via cable, satellite, and internet platforms. The New Tariff Order introduced by TRAI allows consumers to select channels on an a la carte basis, which directly impacts film distribution on cable and satellite platforms.

Regulatory Framework for Film Distribution and Production

- **Film Certification and Censorship (CBFC)**

The CBFC has the authority to issue certificates for film distribution and exhibition. The certification process is based on the Cinematograph Act, which governs what content is deemed suitable for different age groups and ensures that films meet the required censorship standards. While the CBFC has been criticized for sometimes imposing excessive cuts, it plays a crucial role in ensuring that content aligns with Indian cultural values and avoids content that may lead to unrest or legal challenges.

- **National Film Development Corporation (NFDC)**

The NFDC is a government body that supports the production, distribution, and promotion of films in India, particularly independent films and documentaries. The NFDC helps distribute Indian films both domestically and internationally, fostering the growth of niche cinema. It also acts as a conduit for film co-productions with foreign entities, helping filmmakers secure financing and resources.

- **Film Piracy and Anti-Camcording Law**

The Cinematograph (Amendment) Bill, 2019 includes stringent provisions to combat piracy in film distribution. The bill specifically targets camcording in theatres, making it an offense punishable by fines and imprisonment.

Piracy remains one of the largest threats to the film industry in India, especially given the rapid digital distribution through OTT platforms, which often face issues of illegal downloads and streaming.

- **Film Production Incentives and Subsidies**

Various state governments in India offer subsidies and incentives to promote film production. These include financial support for shooting films in specific regions, tax exemptions, and waivers on certain local fees. For instance, states like Maharashtra, Uttar Pradesh, and Gujarat offer attractive incentives for filmmakers to shoot locally, helping boost regional film industries and local tourism.

India's state governments offer a variety of subsidies and incentives to promote the film industry, with each region tailoring its support to attract filmmakers and enhance local production capabilities. For instance, Andhra Pradesh provides free shooting permissions for low-budget Telugu films. The Film Finance Scheme in

Assam offers financial backing across all production stages, including script development and marketing. In Himachal Pradesh, grants of up to INR 25 lakh are available for Hindi/English films shot within the state. Jammu & Kashmir offers substantial subsidies, providing up to INR 5 crore for internationally awarded films and up to 25% of production costs (with a cap of INR 1 crore) for debut films shot locally. Karnataka also incentivizes regional filmmakers with an INR 20 lakh subsidy for films based on selected stories. Madhya Pradesh promotes infrastructure development with a 15% capital investment subsidy for film studios. Additionally, the Government of Maharashtra launched a scheme in 1997 to provide financial incentives to Marathi film producers, encouraging the production of quality Marathi films. Films are scrutinized by a Film Screening Committee and categorized as either Category A or B. Category A films are eligible for an incentive of INR 40 lakh, while Category B films qualify for INR 30 lakh. Films that do not fall under either category are ineligible for any incentives.

In North India, Delhi and Uttar Pradesh offer some of the most significant subsidies. Delhi provides up to INR 3 crore based on shooting days and local hiring criteria, in addition to a ₹50 crore Delhi Film Fund. Uttar Pradesh supports regional films with up to INR 2 crore for films shot for a substantial portion of their shooting days, along with grants for engaging local talent. Uttarakhand has significantly increased its subsidy for films in Eighth Schedule languages, offering a 50% subsidy for regional films, capped at INR 2 crore, compared to the earlier 25% subsidy with a limit of INR 25 lakh. Himachal Pradesh and Haryana also provide financial incentives, with Himachal offering grants of up to INR 25 lakh for films shot in the state, and Haryana offering additional financial support to attract filmmakers, these initiatives underscore the diverse and growing support across India to promote regional filmmaking and the broader film industry.

- **GST on Film Production and Distribution**

Goods and Services Tax (GST) is applicable on film production, distribution, and exhibition. The GST rates for film tickets are 18% for tickets above INR 100 and 12% for tickets priced below INR 100. This can affect the overall cost of filmmaking and profitability, especially for small and independent films. Additionally, OTT platforms are subject to a 18% GST on subscription fees, which affects content pricing for consumers.

Challenges and Gaps in the Regulatory Framework

- **Censorship vs. Creative Freedom**

The CBFC's censorship powers often clash with the creative freedom of filmmakers, particularly in cases involving sensitive topics like religion, politics, and sexuality. This sometimes leads to films facing delays, cuts, or bans, affecting their commercial prospects and artistic integrity. OTT platforms, initially seen as a space for more liberal content, are also now subjected to regulatory oversight, curbing their creative autonomy.

- **Piracy Enforcement Issues**

Despite the enactment of anti-piracy laws, enforcement remains a major challenge. Film piracy, both through physical copies and online platforms, continues to erode revenue for film producers, distributors, and OTT platforms. Strengthening cybercrime units to address digital piracy will be critical.

- **Complexity in Revenue Sharing**

The revenue-sharing agreements between film producers, distributors, and exhibitors lack standardization, leading to disputes over revenue splits from theatrical and digital releases. This especially affects independent filmmakers who may struggle to secure fair terms.

The regulatory landscape governing India's media and entertainment industry is complex, covering a wide range of issues such as film certification, intellectual property, digital content regulation, and anti-piracy measures. While the government has taken steps to streamline regulations and promote the industry, there are still challenges, particularly around censorship, piracy enforcement, and revenue-sharing mechanisms. As the industry continues to grow, especially in digital media and OTT platforms, regulations will need to evolve to address new challenges and protect the interests of all stakeholders.

Indian Filmed Entertainment Industry

The Indian film industry, commonly known as Bollywood, has emerged as a global cinematic force, captivating audiences worldwide with its unique blend of vibrant storytelling, larger-than-life characters, and intricate dance sequences. Over the years, Bollywood has evolved significantly, adapting to new technologies and trends while preserving its rich cultural heritage. From the golden age of classic cinema to the modern era of digital platforms, the Indian film industry has consistently produced films that resonate with audiences across cultures and generations. The industry's ability to blend traditional storytelling with contemporary themes and aesthetics has contributed to its enduring popularity and global reach.

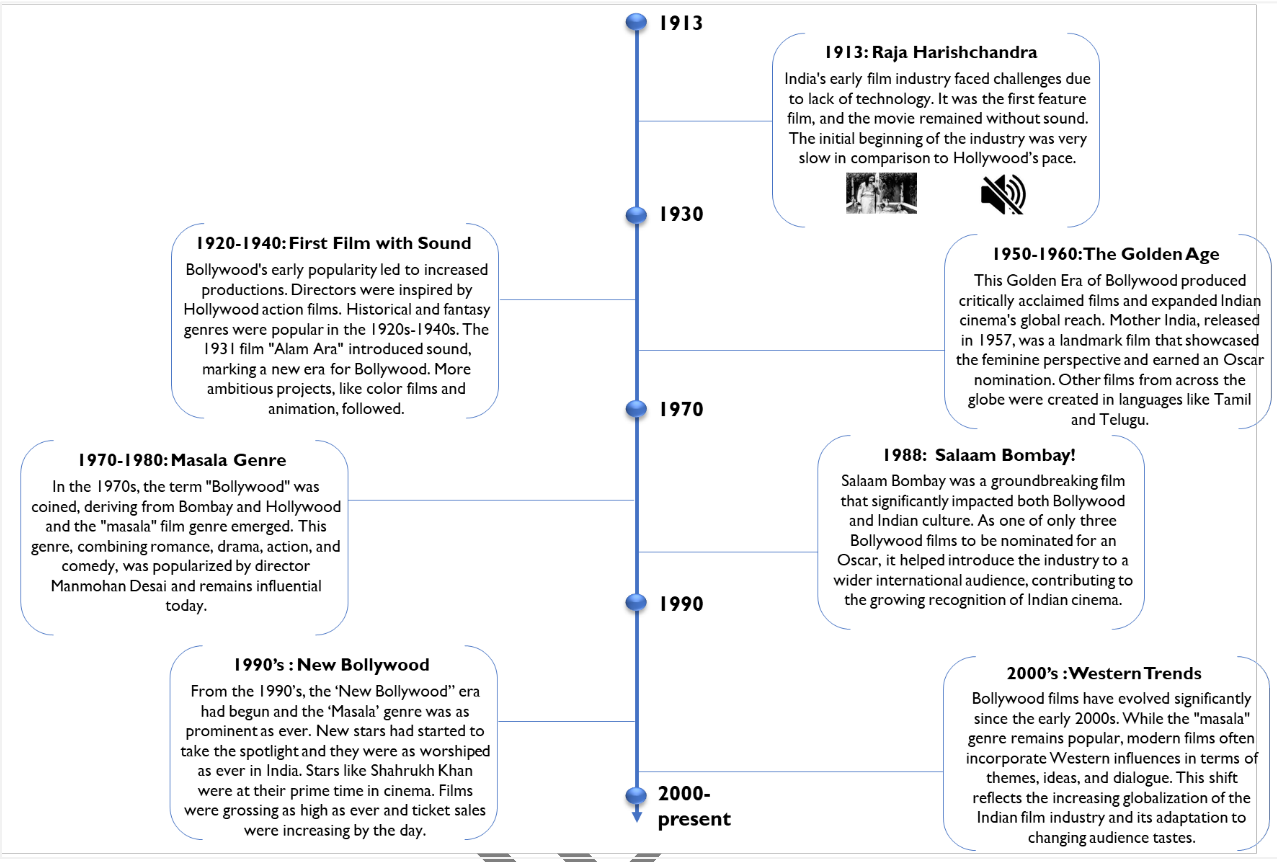
Key Highlights

Parameter	Description
Diverse Regional Cinema	While Bollywood dominates the national scene, India boasts a thriving regional film industry, producing movies in various languages such as Tamil, Telugu, Malayalam, Kannada, and Bengali. These regional films often explore unique cultural nuances, social issues, and local folklore. Bollywood films consistently rank among the highest-grossing films worldwide. In 2019, the

	highest-grossing Indian film, "Baahubali 2: The Conclusion," earned over $200 million globally.
Global Reach	Indian films are distributed in over 100 countries, reaching a diverse audience. The popularity of Indian films in overseas markets has contributed to the growth of the industry. Indian films have gained international recognition, with many being screened and celebrated at prestigious film festivals around the world. Bollywood films, in particular, have found a significant audience in overseas markets, especially in countries with large Indian diaspora communities
Digital Disruption	The rise of streaming platforms has revolutionized the way Indian films are consumed. Over-the-top (OTT) platforms have provided a wider reach for independent films and regional cinema, allowing them to compete with mainstream Bollywood productions. OTT platforms have witnessed rapid adoption, with millions of subscribers.
Animation and VFX	India's animation and visual effects (VFX) industry has witnessed substantial growth, with studios producing high-quality content for both domestic and international markets. Indian VFX artists have contributed to major Hollywood blockbusters, showcasing their talent and technical expertise.
Social and Political Commentary	Indian films have often served as a platform for social and political commentary. Many films have addressed pressing issues such as poverty, gender inequality, and environmental concerns, sparking important conversations and raising awareness
Musical Legacy	Music plays a pivotal role in Indian films, with iconic songs and dance sequences becoming cultural

	touchstones. The film industry has produced numerous legendary music composers and singers who have left an indelible mark on Indian music

Evolution of Indian Film Entertainment Industry



Source: D&B Research

The Indian film industry, commonly known as Bollywood, has witnessed a remarkable evolution since its inception in the late 19th century. From the early days of silent films influenced by Western cinema to the golden age of the 1950s and 1970s, characterized by iconic filmmakers and actors, the industry has gradually developed its own unique style and storytelling techniques. The post-1990s era marked a significant shift towards commercialization and globalization, with Indian films gaining international recognition and reaching wider audiences. The rise of digital technology and streaming platforms has further transformed the industry, providing new opportunities for filmmakers and expanding the reach of Indian cinema. This evolution has been driven by a combination of cultural influences, technological advancements, and changing audience preferences, resulting in a dynamic and vibrant film industry that continues to captivate audiences worldwide.

Value Chain of the Industry and Key Stakeholders involved

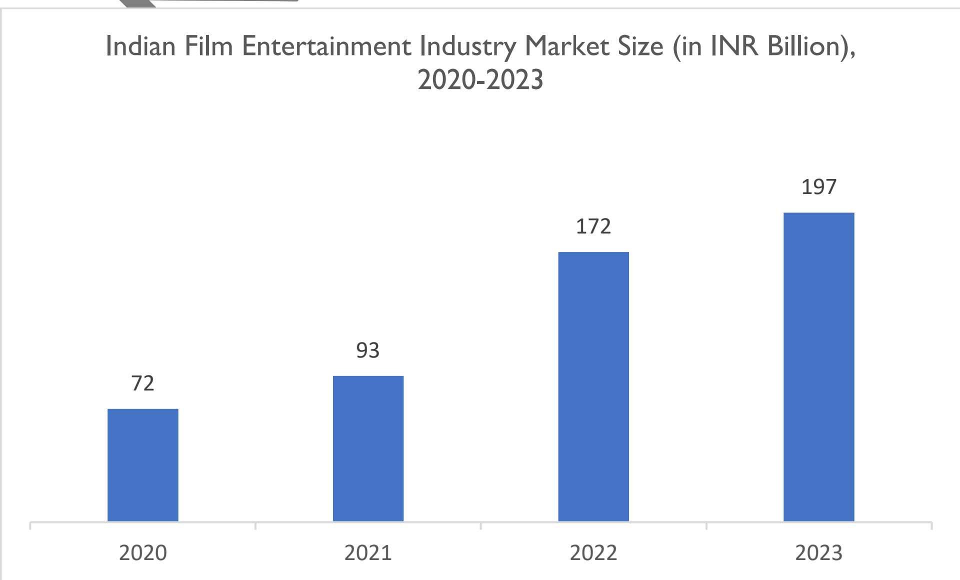
The Indian film industry boasts a complex and dynamic value chain, characterized by interconnected stages that contribute to the creation, distribution, and consumption of films. Each stage involves a variety of key stakeholders whose collaborative efforts bring movies to life.

Pre-Production: The Birth of an Idea
This stage is the foundation of any film. It all starts with an idea, a spark that ignites the creative process. Producers, the financial and strategic backbone of the production, play a crucial role in nurturing this idea. They collaborate with writers to develop a compelling script that captures the essence of the story. Scriptwriters craft characters, dialogue, and plotlines, giving the film its narrative structure. Budgeting is another vital aspect of pre-production. Producers work with various departments to determine the financial resources needed for shooting, equipment, locations, and personnel. Casting directors then step in to find the perfect actors to embody the characters. They scout for talent through auditions, drawing on both established actors and fresh faces. Finally, location scouting takes place, with the director and production team searching for visually compelling locations that resonate with the story's setting. **Key Stakeholders**: Producers, Directors, Writers, Casting Directors
Production: Bringing the Story to Life
With the script finalized and plans in place, production transforms the concept into visual reality. The director, the film's creative leader, takes center stage, guiding the actors, camerapersons, and other crew members during filming. Actors breathe life into the characters, delivering performances that evoke emotions and drive the narrative. Highly skilled cinematographers capture the film's visual storytelling through camera angles, lighting, and shot composition. The editing team, led by editors, meticulously pieces together the footage, building the film's flow and rhythm. Meanwhile, technicians handle a variety of specialized tasks, such as sound recording, costume design, and set construction. **Key Stakeholders:** Directors, Actors, Cinematographers, Editors, Technicians (cameramen, sound technicians, costume designers, set designers)
Post-Production: Polishing the Gemstone
Once filming is complete, the post-production stage transforms the raw footage into a polished final product. Editors finely tune the film's structure, while sound engineers craft a captivating soundscape that includes music, dialogue mixing, and sound effects. Visual effects artists can also play a vital role in creating computer-generated imagery (CGI) or enhancing existing sequences. This stage is crucial for ensuring the film's visual and audio quality. **Key Stakeholders:** Editors, Sound Engineers, Visual Effects Artists

Distribution: Reaching the Audience
With the film complete, it's time to share it with the world. Distributors take the lead, employing marketing and promotional strategies to generate excitement and build an audience. They work with theaters and digital platforms like streaming services to secure distribution channels. Effective marketing ensures that the film reaches its target audience, creating anticipation and excitement for the release.   **Key Stakeholders:** Distributors, Marketing Teams
Exhibition: Lights, Camera, Action!
The final stage brings the film to the consumers. Exhibitors, such as theater chains and online streaming platforms, play a crucial role in making the film accessible to audiences. Moviegoers can now experience the culmination of all the previous stages, enjoying the finished product in cinema halls or from the comfort of their homes.   **Key Stakeholders**: Theatre Chains, Online Streaming Platforms, Home Video Distributors

Current Market Scenario

The Indian film entertainment industry has experienced a remarkable surge in recent years, fueled by a confluence of factors. Increased production, coupled with box office successes and evolving audience preferences, have propelled the industry's market size to a substantial INR 197 billion in 2023 from INR 72 billion in 2020. This impressive growth trajectory, reflecting a CAGR of approximately 40%, underscores the industry's robust health and its potential for continued expansion.



Source: FICCI & EY estimates

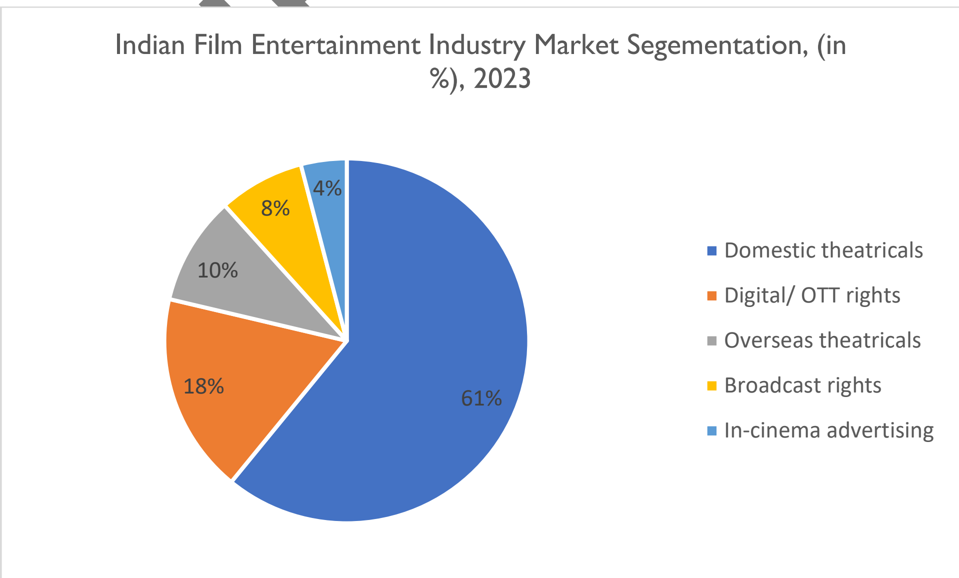
The growth has been fuelled by several key trends. The number of films released in theatres has steadily increased, reaching a new high of 1,796 films in 2023. While screen count has grown modestly with multiplex chains adding approximately 300–350[3] screens annually, it still remains relatively low compared to the population, indicating that the cinema experience remains a luxury for most Indians. Despite a slight decline in admissions, the domestic theatrical market achieved a milestone, crossing the INR 120 billion mark for the first time, primarily due to an increase in ticket prices.

The industry's global reach has also expanded, with Indian films being released in more countries than ever before. The digital landscape has witnessed a shift, with streaming platforms becoming more selective in acquiring direct-to-digital rights, emphasizing the importance of theatrical performance. Broadcast rights have remained relatively soft, reflecting challenges faced by film channels. However, in-cinema advertising has shown a strong recovery, indicating growing advertiser interest in reaching cinema audiences.

Overall, the Indian film entertainment industry is in a strong position, driven by a combination of factors, including increased production, box office success, global reach, and technological advancements. As the industry continues to evolve, it is poised to play an even more significant role in the global film landscape.

Market Segmentation

The Indian film entertainment industry is segmented into various revenue streams, with domestic theatricals, digital/OTT rights, overseas theatricals, broadcast rights, and in-cinema advertising accounting for the majority of the market share. In 2023, domestic theatricals dominated the market, contributing 61% of the total revenue, totalling INR 120 billion. This reflects the continued popularity of cinema experiences among Indian audiences.



Source: FICCI & EY estimates

[3] Industry News Article

Digital/OTT rights accounted for 18% of the market share, valued at INR 35 billion. The growth of streaming platforms has provided new avenues for film distribution and consumption, expanding the reach of Indian films beyond traditional theatrical release. Overseas theatricals contributed 10% of the market, totalling INR 19 billion. The increasing popularity of Indian films in international markets has driven this growth, with countries like the United States, the United Kingdom, and Australia emerging as key markets.

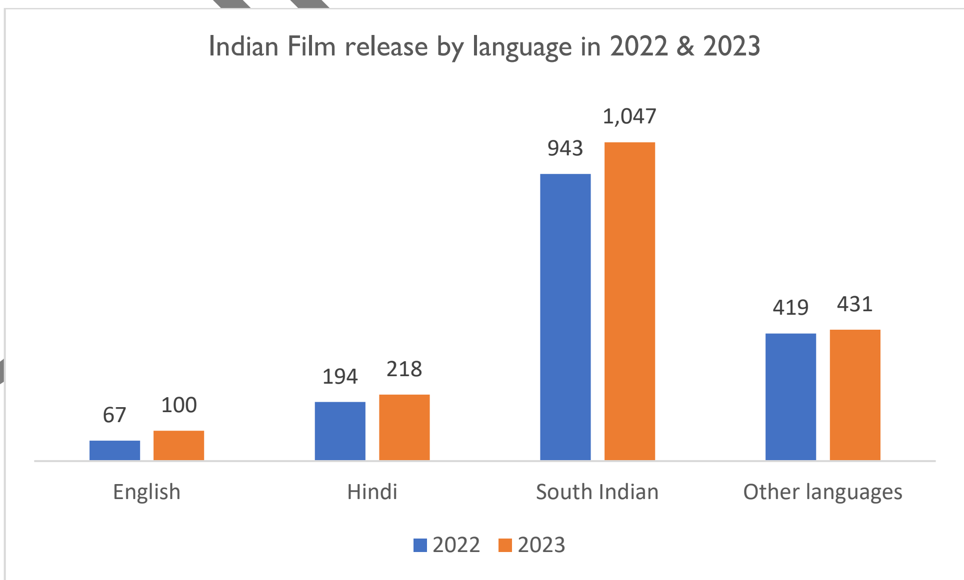
Broadcast rights accounted for 8% of the market, valued at INR 15 billion. While television broadcasting remains a significant revenue stream for the industry, the rise of streaming platforms has presented new challenges and opportunities. In-cinema advertising, though a smaller segment, contributed 4% of the market, totaling INR 8 billion. This segment has shown resilience, with advertisers recognizing the value of reaching captive audiences in cinema halls.

Overall, the Indian film entertainment industry is a diverse market with multiple revenue streams. While domestic theatricals continue to be the dominant segment, the growing importance of digital/OTT rights and overseas markets reflects the industry's evolving landscape. As technology advances and audience preferences change, the segmentation of the industry is likely to evolve further.

Analysis of the key factor that support the growth in this segment

Increased Production

The Indian film entertainment industry has witnessed a significant increase in film releases across various languages, contributing to its overall growth. In 2023, a total of 1,796 films were released, surpassing the previous year's figure of 1,623. This surge in production has been driven by a combination of factors, including increased investor confidence, technological advancements, and changing audience preferences.



Source: FICCI & EY estimates

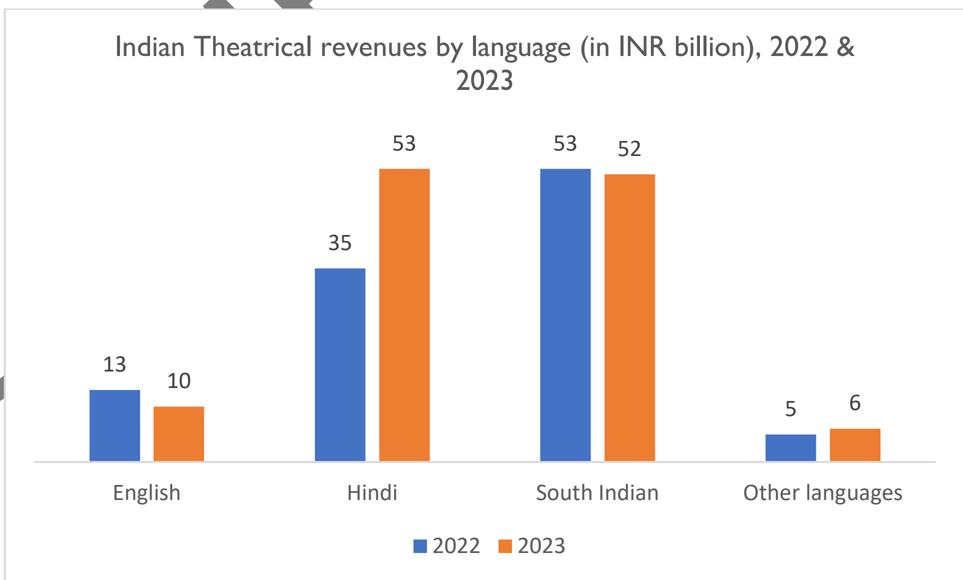
The highest number of films were released in Telugu (317), Tamil (271), Kannada (241), Malayalam and Hindi (218 each) in 2023, demonstrating the vibrancy and diversity of regional film industries. This trend highlights the growing popularity of regional cinema, which is catering to specific linguistic and cultural preferences.

This growth underscores the diversity and vibrancy of regional cinema, catering to specific linguistic and cultural preferences. Prominent films such as "Pushpa 2", "Pathaan", "Jawan", "Animal", "Gadar 2", and "KGF 2" contributed to a significant rise in viewership, demonstrating the growing popularity of Indian films. These high-performing movies have captivated audiences and fuelled increased audience in theatres. Additionally, the rise of streaming platforms has opened new avenues for film distribution, further expanding the reach of Indian cinema. While the increase in releases has led to intensified competition, filmmakers continue to focus on quality content and innovative storytelling to capture audience attention, ensuring continued growth and success in the industry.

In conclusion, the increase in film releases across various languages is a key driver of the growth of the Indian film entertainment industry. This trend reflects the industry's vibrancy, diversity, and adaptability to changing market dynamics. As the industry continues to evolve, it is likely that we will witness further growth and innovation in the years to come.

Box Office Success

The Indian film entertainment industry has witnessed a significant increase in box office revenues, particularly driven by the revival of Hindi cinema. In 2023, gross box office revenues reached an all-time high of INR 120 billion, a 14% increase from the previous year. This growth is primarily attributed to the strong performance of Hindi films, which contributed significantly to the overall box office collections.



Source: FICCI & EY estimates

Indian theatrical revenues demonstrated a dynamic and evolving landscape across various language segments. Hindi-language films experienced notable growth, reflecting an increasing appetite for mainstream Bollywood content and the success of several high-grossing releases that resonated with audiences nationwide. South Indian films continued to be major drivers of the Indian box office, showcasing the sustained popularity of regional cinema, particularly from the Tamil, Telugu, Malayalam, and Kannada industries. This segment's consistent performance highlights the expanding influence of South Indian cinema beyond regional boundaries.

Revenues from English-language films maintained a steady presence, signalling a niche yet loyal urban audience base for Hollywood content in India. Meanwhile, revenues from films in other regional languages displayed encouraging momentum, underscoring the growing acceptance of diverse, culturally rich content among Indian audiences. This diversification reflects changing audience preferences and a willingness to explore stories beyond mainstream cinema. The overall revenue patterns reveal the adaptability of the Indian theatrical market, driven by a combination of strong regional cinema, increased content variety, and evolving viewing habits.

Global Reach: Beyond Bollywood:

Indian cinema is no longer confined to Bollywood. Films are gaining international recognition, with entries at prestigious film festivals and screenings in overseas markets. In 2023, the Indian film industry made significant strides in overseas markets, with the number of countries where Indian films were released rising to 38 from 33 in 2022 and 26 in 2019. A total of 339 films were released abroad, contributing to gross box office collections of USD 337 million, a strong rebound from USD 249 million in 2022. Overseas theatricals reached INR 19 billion in 2023, compared to INR 16 billion in the previous year. This growth underscores the increasing global appeal of Indian cinema, driven by high-quality content and a strategic focus on culturally similar regions like China and the Middle East. Looking ahead, the overseas box office is projected to grow to INR 23 billion by 2026 as the industry continues to expand its footprint in untapped markets and enhances engagement with international audiences. This global reach benefits the industry by:

- Expanding revenue streams: Foreign markets offer lucrative opportunities for distribution and monetization.
- Increased visibility: Indian films find a wider audience, creating a global brand identity.
- Cultural exchange: Stories and themes resonate across borders, fostering cross-cultural understanding.

Technological Advancements: A Digital Revolution:

The Indian film industry has embraced digital filmmaking and visual effects. This has led to:

- Higher production quality: Digital tools allow for more sophisticated storytelling and visual effects.
- Lower costs: Digital filmmaking simplifies production processes, making it more accessible.
- New distribution channels: Online platforms enable wider reach and global distribution.

Government Support: Creating a Stable Environment

The Indian government actively supports the film industry through:

- Tax incentives: Production costs are subsidized, attracting investors and filmmakers.
- Film funding schemes: Grants and financial support are provided for deserving projects.
- Infrastructure development: Studio facilities and technical expertise are enhanced.

Major Trends in the Indian Film Industry

The Indian film industry, one of the largest in the world, continues to evolve rapidly, driven by technological advancements, shifting audience preferences, and an expanding global presence. Here are some of the key trends shaping the industry:

Rise of Digital and OTT Platforms

- Direct-to-Digital Releases: The COVID-19 pandemic accelerated the trend of direct-to-OTT releases, with many films bypassing traditional theatrical windows altogether. Platforms like Netflix, Amazon Prime Video, JioStar, Zee5 and regional OTT players are now primary distribution channels for films, especially mid-budget and niche content.
- Shift in Consumer Preferences: Audiences are increasingly favoring on-demand, personalized content over traditional cinema. The growth of OTT platforms has created opportunities for filmmakers to reach broader, more diverse audiences without the limitations of box office constraints.

Growing Popularity of Regional Cinema

- Regional cinema, particularly films in Tamil, Telugu, Kannada, and Marathi, is experiencing a surge in both domestic and international popularity. Regional films have gained prominence not only in their respective states but across the country and globally, driven by regional OTT platforms and dubbing/subtitling on major streaming services.
- The success of films like *RRR* and *Kantara* showcases the growing demand for regional stories with universal appeal. This shift has prompted more investment in regional content, with filmmakers experimenting with diverse genres and storytelling.

Increased Use of VFX and Technology

- Visual effects (VFX) are playing a crucial role in Indian films, especially in genres like action, sci-fi, and fantasy. The demand for visually stunning content is driving investments in VFX and post-production capabilities, making India a hub for global VFX projects.
- Indian studios are increasingly adopting advanced technologies like 3D, augmented reality (AR), virtual reality (VR), and computer-generated imagery (CGI), pushing the boundaries of filmmaking and enhancing the cinematic experience for audiences.
- Government-backed initiatives are catalyzing technology and innovation in India's media industry, particularly in the VFX and AVGC-XR sectors. The government has introduced cash rebates of up to 40% on production expenses for international projects utilizing Indian VFX services, capped at ₹30 crore, with an additional 5% bonus for projects featuring Indian content. The Production Linked Incentive (PLI) Scheme incentivizes investments in VFX and animation by linking benefits to production levels and local value addition. The establishment of the National Centre of Excellence

(NCoE) for Animation, Visual Effects, Gaming, Comics, and Extended Reality (AVGC-XR) aims to nurture talent and generate approximately 500,000 jobs, bolstering India's creative capabilities. Co-production agreements and partnerships with industry bodies like FICCI and CII are further encouraging global collaborations, while efforts to promote indigenous content leverage India's cultural heritage to create globally resonant intellectual property. These initiatives collectively enhance India's competitiveness, attract international projects, and drive domestic capacity building in media technology.

Focus on High-Quality Content and Storytelling

- Audiences are becoming more discerning, favoring quality storytelling over star-driven projects. Films with strong narratives, innovative scripts, and diverse genres are gaining traction both in theaters and on digital platforms. Content-rich films, even those with smaller budgets, are performing well, indicating a shift towards substance over spectacle.
- The success of independent films, documentaries, and biopics also reflects the growing appetite for authentic, real-life stories that resonate with audiences across demographics.

Globalization of Indian Cinema

- Indian films, particularly those in regional languages, are gaining recognition on the global stage. Major international platforms are distributing Indian films to a global audience, and Indian filmmakers are increasingly collaborating with international production houses.
- Films like *RRR* and *Baahubali* have opened doors for Indian cinema in international markets, with increased screenings at global film festivals and award shows. This trend is enhancing the global reach and appeal of Indian films, helping them break into new markets.
- India is steadily emerging as a significant player in the global content market, leveraging its rich cultural heritage, technological advancements, and growing domestic demand. The country's media and entertainment sector, supported by a robust ICT framework, ranks 4th globally in ICT services exports, showcasing expertise in software and technology solutions critical for animation, VFX, and digital content creation.
- The film industry, with 1,790+ films released in 2023, continues to bridge cultural gaps, reaching global audiences through regional, Hindi, and OTT content. Affordable mobile data prices and widespread internet penetration have catalyzed the rise of digital media, creating a vibrant OTT ecosystem. Strategic initiatives such as production-linked incentives, cash rebates, and the National Centre of Excellence for AVGC (Animation, Visual Effects, Gaming, and Comics) further amplify India's competitive edge. With an emphasis on fostering indigenous IPs and enhancing global collaborations, India is reinforcing its position as a key driver in the global content landscape.

Emergence of Diverse Genres

- Indian filmmakers are experimenting with a wide range of genres, moving beyond traditional formulas like romance and family drama. Genres like crime thrillers, horror, sci-fi, historical epics, and dark comedies are gaining popularity, reflecting a shift in audience preferences.
- Filmmakers are also exploring more complex themes, including mental health, LGBTQ+ issues, caste, and politics, signalling a willingness to push boundaries and engage with contemporary societal issues.

Multiplex and Cinema Growth in Tier II and III Cities

- While urban centers remain key markets, the expansion of multiplex chains into Tier II and Tier III cities is creating new growth opportunities for the film industry. These cities are becoming crucial markets for mid-budget and regional films, as disposable incomes rise, and cinema-going becomes a popular form of entertainment.
- Cinema chains are also investing in premium formats like IMAX, 4DX, and recliner seating to enhance the movie-watching experience, attracting audiences back to theaters post-pandemic.
- PVR INOX, India's largest multiplex chain, is actively expanding its footprint in Tier II and III cities, with 22% of its screens already located in these regions. Over the past 14 months, the company has entered new markets, including Dharwad, Cuddalore, Machilipatnam, and Patna, signaling its focus on tapping into the vibrant and growing demand in South India. Gaurav Sharma, CFO of PVR INOX, emphasized that India remains significantly under-screened, and trends like urbanization, a young workforce, and rising disposable incomes make these markets crucial for growth. This strategic push into smaller cities aligns with the company's goal to cater to a broader audience while complementing its existing investments in premium formats and curated cinematic experiences.

Focus on Intellectual Property (IP) Rights and Franchise Building

- The success of franchises like *Baahubali* and *K.G.F.* has encouraged filmmakers to invest in long-term IPs and sequels. Indian filmmakers are increasingly exploring multi-film universes, spin-offs, and branded content to create franchise-driven cinema that can sustain long-term commercial success.
- This trend mirrors Hollywood's model of building cinematic universes, where characters and storylines extend across multiple films, enhancing both revenue potential and audience engagement.

Shaping a Global Filmmaking Hub Through Innovation and Collaboration[4]

- The Indian film industry is witnessing significant shifts influenced by both domestic and international collaborations. One notable trend is the growing emphasis on making India a global filmmaking hub through government-backed incentives. The Foreign Film Facilitation Office (FFO) has increased

[4] PIB

financial incentives for international productions, offering up to 40% of qualifying expenses with a ₹30 crore cap, along with an additional 5% bonus for films showcasing Indian content. This reflects the industry's move towards global integration and cultural exchange.

- The FFO also serves as a single-window clearance mechanism to simplify the process of obtaining shooting permissions. It supports domestic filmmakers with incentives and co-production certificates, promotes film tourism through collaborations with the Ministry of Tourism, and encourages international co-productions. These efforts aim to boost local economies, create jobs, and position India as a global filmmaking hub.

Increasing Importance of Data and Analytics

- With the rise of digital platforms, filmmakers and distributors are leveraging data and analytics to understand audience preferences and consumption patterns. OTT platforms use sophisticated algorithms to track viewer behavior, which helps inform content acquisition, marketing strategies, and release timings.
- Data-driven insights are becoming crucial for filmmakers to make informed decisions regarding the type of content to produce, the target audience, and promotional strategies.

Challenges from Piracy

- Piracy remains a major challenge for the Indian film industry, particularly with the rise of digital releases. Despite legal measures and government efforts, films are often leaked online soon after release, leading to significant revenue losses.
- The industry is continually investing in anti-piracy measures and technology to combat this issue, but it remains a persistent threat, especially for mid-budget films that rely heavily on initial box office and OTT revenues.

The Indian film industry is undergoing a period of transformation, driven by technological advancements, changing audience preferences, and a growing global presence. The rise of digital platforms, the increasing popularity of regional cinema, and the focus on high-quality content are shaping the future of Indian cinema. While challenges such as piracy and competition remain, the industry is well-positioned for continued growth and innovation in the coming years.

Impact of Digital Media on Film Entertainment

Digital content consumption pattern

The rise of digital media has significantly transformed the Indian film entertainment industry, revolutionizing the way films are produced, distributed, and consumed. The substantial growth in digital content consumption in India, has a profound impact on the industry.

Digital Content Consumption						
In billion	**China**	**India**	**US**	**Brazil**	**South Korea**	**Japan**
Downloads	113.4	26.4	12.6	10.3	1.91	2.51
Hours spent	1,122	1,193	217	265	61	57

Source: FICCI & EY estimates

In 2023, Indians spent an average of 4.8 hours per day on phone apps, ranking sixth in the world. This represents a 9% increase from 2020, indicating a growing reliance on digital devices for entertainment and information. Furthermore, Indians spent a staggering 1.19 trillion hours on their mobile phones in 2023, surpassing all other countries in terms of overall mobile usage.

The proliferation of digital platforms has provided new avenues for film distribution and consumption, expanding the reach and accessibility of Indian films. Streaming services like Netflix, Amazon Prime Video, and JioStar have become popular choices for audiences, offering a vast library of content, including Indian films and original series. This shift has disrupted traditional distribution models, allowing for a more direct connection between filmmakers and audiences.

Digital platforms have also played a crucial role in promoting regional cinema, providing a wider audience for films produced in languages other than Hindi. This has led to a resurgence of regional film industries, such as Tollywood and Kollywood, which have produced several successful films that have gained national and international recognition.

Moreover, digital media has enabled filmmakers to experiment with new storytelling formats and engage with audiences in innovative ways. Social media platforms have become essential tools for marketing and promoting films, allowing filmmakers to connect directly with fans and build communities around their work. Additionally, digital platforms have facilitated the growth of independent cinema, providing a platform for emerging filmmakers to showcase their work and reach wider audiences.

However, the rise of digital media has also presented challenges for the Indian film industry. The increasing competition from digital platforms has put pressure on traditional theatrical distribution, leading to a decline in cinema admissions. The industry has had to adapt to this shift by focusing on providing a premium cinematic experience and offering exclusive content that cannot be easily accessed on streaming platforms.

In conclusion, digital media has had a profound impact on the Indian film entertainment industry, revolutionizing the way films are produced, distributed, and consumed. The growing consumption of digital content in India has created new opportunities for filmmakers and expanded the reach of Indian films. While the industry faces challenges from digital platforms, the ability to adapt and innovate will be crucial for its continued success.

Key Insights

The impact of digital media on the Indian film entertainment industry is evident in the changing preferences of audiences and the types of content being consumed. While traditional theatrical releases remain popular for certain films, digital platforms have become increasingly important for reaching wider audiences and accessing a diverse range of content.

- ***Platform Preferences:*** Indian audiences are increasingly turning to digital platforms for their entertainment needs. Streaming services like Netflix, Amazon Prime Video, and JioStar have gained significant popularity, offering a vast library of films and original content. This shift has led to a decline in cinema admissions, as audiences find it more convenient and affordable to watch films at home.
- ***Content Preferences:*** The preferences of Indian audiences have evolved, with a growing demand for content that is more contemporary, socially relevant, and aligned with global trends. This has encouraged filmmakers to explore new themes and genres, catering to the changing tastes of the audience. Additionally, there has been a surge in demand for regional cinema, which has gained popularity on digital platforms, providing a wider audience for films produced in languages other than Hindi.
- ***Language Preferences:*** While Hindi films continue to dominate the market, there has been a significant increase in the consumption of regional films on digital platforms. This reflects the diversity of Indian audiences and the growing popularity of regional cinema, which often explores unique cultural nuances and stories.
- ***Genre Preferences:*** The preferences of Indian audiences for different genres have also changed. While traditional genres like drama, romance, and comedy remain popular, there has been a growing demand for content in genres such as action, thriller, and science fiction. This indicates a shift towards more contemporary and globally influenced content.

These insights highlight the significant impact of digital media on the Indian film entertainment industry. The increasing consumption of digital content has led to a shift in audience preferences, with a growing demand for diverse and contemporary content.

Production & Distribution Aspect in Film Industry

The production and distribution aspects of the movie industry are intricately connected, forming the backbone of the film's journey from conception to consumption. The production phase, a creative and technical endeavour, involves translating a director and screenwriter's vision into a tangible cinematic experience. This involves meticulous planning, budgeting, casting, and location scouting during pre-production. The actual filming then captures the story on camera, guided by the director's creative vision. Post-production is the refining stage, where editing, sound design, visual effects, and music composition come together to polish the film's aesthetic and narrative.

Distribution, on the other hand, bridges the gap between the film and its audience. It involves a strategic marketing and promotional campaign to generate buzz and attract viewers. Theatrical release, the traditional pathway, relies on effective marketing, positive reviews, and word-of-mouth to draw audiences to cinemas. Post-theatrical, home video and digital distribution channels extend the film's reach, ensuring continued revenue generation and accessibility.

The success of a film is contingent upon the synergy between production and distribution. A well-produced film with a compelling narrative and strong technical execution demands effective distribution to reach its target audience and generate revenue. Conversely, even a brilliantly produced film can falter if it lacks a robust distribution strategy. The collaboration and coordination between these two aspects are pivotal in ensuring that a film is brought to life and delivered to the audience in a manner that resonates and captivates.

Distribution Business Model

The distribution business model has undergone significant changes in recent years, with digital platforms playing an increasingly important role. Traditionally, theatrical distribution was the primary channel for reaching audiences. However, the rise of streaming platforms has provided new opportunities for film distribution and consumption.

Streaming platforms offer several advantages, including convenience, accessibility, and a vast library of content. They have disrupted traditional distribution models by allowing filmmakers to bypass theatrical release and reach audiences directly. This has led to a shift in revenue streams for the industry, with digital rights becoming a significant source of income.

However, theatrical distribution remains important for many films, as it can generate significant box office revenue and enhance the film's reputation. The success of a theatrical release can also influence the value of digital rights and other ancillary revenue streams. The distribution business model is becoming increasingly complex and competitive, with stakeholders navigating the challenges and opportunities presented by the digital age.

Key Stakeholders and Their Roles

Producers	Producers are responsible for financing and overseeing the production of films. They work closely with directors and screenwriters to develop the creative vision of the film and secure funding.
Directors	Directors are responsible for the creative vision of the film, overseeing all aspects of production, from casting and shooting to editing and post-production.
Actors	Actors bring characters to life on screen, their performances contributing significantly to the success of a film.
Technicians	Technicians, such as cinematographers, editors, sound engineers, and visual effects artists, play essential roles in the technical aspects of filmmaking.
Distributors	Distributors are responsible for marketing, promoting, and distributing films to theaters and digital platforms. They negotiate deals with exhibitors and streaming services to ensure the widest possible reach for the film.
Exhibitors	Exhibitors, such as theater chains and multiplex operators, are responsible for screening films in cinemas. They provide the physical infrastructure for audiences to watch films.
Streaming Platforms	Streaming platforms, like Netflix, Amazon Prime Video, and JioStar, have become major players in the distribution of films. They offer a vast library of content, including Indian films and original series, directly to consumers.
Audiences	Audiences are the end consumers of films, their preferences and choices driving the industry's growth and success.

Key challenges & risks associated with film Production and Distribution Aspect in Film Industry

The Indian film industry is one of the largest in the world, producing a vast number of films annually across multiple languages. However, the production and distribution of films in this dynamic market face several key challenges and risks, which can impact profitability, audience reach, and the long-term success of projects.

Production Challenges

- **Rising Production Costs**

  The cost of producing films, especially with increasing demand for high-quality content involving advanced VFX, top-tier talent, and premium locations, is escalating rapidly. This is particularly challenging for mid-budget films that need to compete with big-budget blockbusters.High production budgets raise the stakes for profitability, as the financial burden increases in cases where films fail to recover costs at the box office.

- **Talent Management and Scheduling**

  Coordinating actors, directors, and technical staff can be complex, especially for larger films. A-list actors and directors often juggle multiple projects, making it challenging to synchronize schedules, which can lead to project delays and budget overruns.

- **Technological Adaptation**

  The rapid evolution of filmmaking technology, including advanced visual effects (VFX) and 3D filming, requires constant updates in equipment and training. Smaller production houses struggle to adapt to these technologies, leading to disparities in production quality.

- **Piracy**

  One of the most significant risks in Indian cinema is piracy. Films are often leaked online soon after their release, leading to a massive loss in box office revenue. Despite legal efforts, piracy remains rampant, undermining the profitability of films.

Distribution Challenges

- **Limited Screen Availability**:

India has fewer than 10,000 cinema screens to cater to a population of over 1.4 billion, with the largest deficit in Hindi-speaking markets. This creates intense competition among filmmakers for prime slots in cinemas, particularly for big releases that require a wide distribution to recoup costs quickly.

- **Declining Pay-Tv Homes**:

Pay-Tv homes have been decreasing in India as more viewers shift to OTT platforms. This trend poses a risk to traditional film distribution models, which heavily rely on television broadcast deals for additional revenue. Declining television audiences mean reduced pay-tv revenue streams, affecting profitability.

- **Regional vs. National Distribution**:

India's diverse linguistic landscape presents both an opportunity and a challenge. Reaching audiences across different states requires tailored distribution strategies. Films that are successful in one region may struggle to gain traction in another, limiting the potential reach of films that do not cater to pan-India audiences.

- **High Dependence on Theatrical Revenues**:

Despite the rise of digital platforms, theatrical releases continue to be the primary source of revenue for films. The risk here is that films often have a very short window to succeed at the box office before being replaced by new releases, putting immense pressure on marketing and opening-weekend performance.

- **International Distribution Hurdles:**

Indian films, particularly regional films, often face challenges in gaining international distribution. Even though the demand for Indian content is growing globally, logistical issues, censorship, and differing content regulations in various countries make international distribution a complex and costly process.

Financial and Regulatory Risks

- **Unpredictable Box Office Returns**

The film industry is highly unpredictable. Even well-marketed films with star-studded casts can fail at the box office due to a range of factors including competition from other films, changing audience preferences, or even external factors like weather or political events.

- **Censorship and Regulatory Restrictions**

The Central Board of Film Certification (CBFC) and other regulatory bodies impose strict guidelines on film content. Filmmakers often face challenges in obtaining approvals, particularly for films that tackle controversial or sensitive subjects. Delays in certification can push back release dates, adding to costs and missed opportunities.

- **Complex Revenue Sharing Models**

Revenue sharing between producers, distributors, and exhibitors can be complicated, especially with multi-platform releases (theatrical, television, OTT). The negotiation of favourable terms is crucial, and small production houses may struggle to secure good deals compared to larger studios.

- **Competition from OTT Platforms**:

OTT platforms are both an opportunity and a challenge for traditional film distribution. While they provide additional revenue streams, they also change audience consumption habits, with many viewers preferring digital releases over cinema-going experiences. This shift affects the box office performance of films, especially for smaller productions.

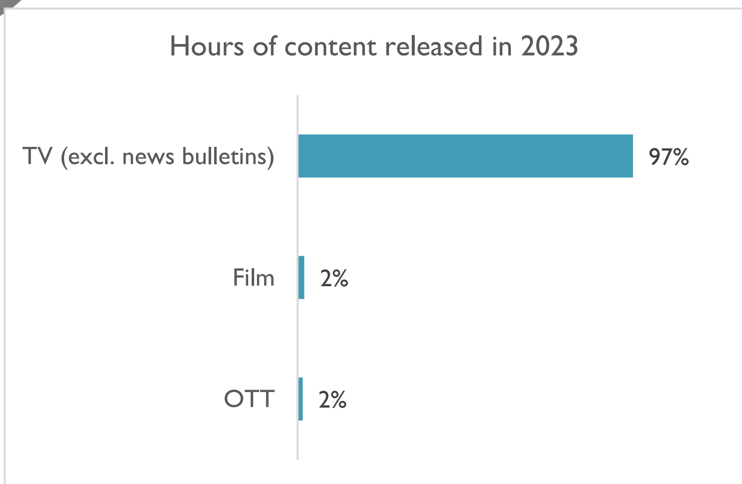
OTT Platforms in India

Mapping the Indian OTT landscape

The Indian Over-The-Top (OTT) landscape is rapidly evolving, characterized by a diverse range of platforms and a significant shift towards regional content. The OTT landscape includes major players like Netflix, Amazon Prime Video, JioStar, and regional platforms such as Hoichoi and Manorama Max. These platforms cater to a vast audience by offering content in various languages including Hindi, Tamil, Telugu, Bengali, and more. The demand for vernacular content is particularly strong, with studies indicating that around 30% of Indian consumers prefer content in their native languages.

In 2024, the digital media landscape in India is witnessing unprecedented growth, with OTT platforms emerging as a dominant force in the Media & Entertainment (M&E) sector. Poised to potentially surpass television, digital media is driving the industry's expansion at a projected annual growth rate of 10%, with the market expected to exceed INR 3 trillion (USD 37.1 billion) by 2026. This surge is fuelled by widespread internet accessibility, growing smartphone penetration, affordable data, and a significant increase in online content consumption. Despite the digital boom, traditional media remains resilient, positioning India as a "Linear and Digital Market," highlighting the coexistence of both digital and traditional media in the country's diverse and evolving media ecosystem.

India produces approximately 200,000 hours of content annually, including over 1,700 films and 3,000 hours of premium OTT content, with Indian productions reaching audiences in over 160 countries. Digital media is poised to surpass television in revenue by 2024, driven by its 52% share of total advertising revenue in 2023 and the steady rise in digital subscriptions. The demand for premium OTT content is expected to grow from 3,000 hours in 2023 to 4,000 hours by 2026, Video OTT is expected to grow from 43 million households in 2023 to 65 million in 2026, fueled by smartphone penetration, affordable data, and the shift to on-demand streaming. Increasing investments in original productions and the rising appeal of regional content highlight the vast opportunities in India's thriving digital entertainment sector.



Source: FICCI & EY Media & Entertainment report

North India has emerged as a significant segment within the OTT market, with platforms tailoring content to local preferences. This trend is mirrored in other regions where there is a growing emphasis on producing original series and films in regional languages. The rise of regional OTT players highlights the importance of localized content in engaging audiences who primarily consume media in their mother tongues.

In addition, a set of lower-priced "cinema products" will emerge for the next 100 to 150 million audiences across the top 50 to 75 cities of India, which will also require a change to the type of content being produced for these audiences, and which could even see regional OTT products releasing in a windowed manner.

Key Players in the Indian OTT Market

- Domestic Platforms: Prominent local OTT platforms include Hotstar, Zee5, SonyLIV, Voot, and MX Player. These platforms cater to regional language content and often provide competitive pricing for local audiences.
- Global Players: International OTT giants like Netflix, Amazon Prime Video, Zee5 and JioStar have also made significant inroads into the Indian market, creating content in local languages and pricing their services strategically to gain market share.

Subscription Models

- Subscription-based Video-on-Demand (SVOD): Platforms such as Netflix and Amazon Prime Video rely on subscriptions. India's low-cost model, with platforms like Amazon Prime's yearly subscription of INR 999 or Netflix's mobile plan at INR 199 per month, has been pivotal in driving subscriber numbers.
- Ad-supported Video-on-Demand (AVOD): Platforms like MX Player and Voot allow users free access to content with advertisements, making it accessible to a larger audience who may not be willing to pay subscription fees.
- Freemium Models: Some platforms like SonyLIV offer a mix of free content with ads and premium ad-free subscription options.

Regulatory Landscape

The legal landscape surrounding over-the-top (OTT) platforms in India has seen notable developments recently, particularly through the involvement of various judicial bodies and regulatory guidelines:

- Digital Publisher Content Grievances Council (DPCGC): In July 2023, DPCGC issued its first directive against the OTT platform ULLU. A complaint alleged that a show on the platform violated the IT Rules, 2021, due to obscenity and nudity. ULLU defended its content by claiming its mature audience base (18+), but DPCGC, using the "Community Tolerance Test," found the content to lack artistic value, primarily focusing on sexual content. The platform was directed to either remove or edit the show.

- Delhi High Court Ruling on "College Romance" (March 2023): The court took a strong stance against profanity and obscene content in the web series "College Romance," accessible on SonyLiv, YouTube, and TVF Play. The producers were accused of violating obscenity laws under the IT Act. The court ordered an FIR to be filed, instructed YouTube to ensure compliance with IT Rules, and urged MeitY (Ministry of Electronics and Information Technology) to enforce these rules strictly.

- Indian Telecommunications Act, 2023: Enacted in December 2023, this act replaced older telecommunications regulations. It primarily covers telecommunication services but does not regulate OTT service providers, a clear distinction aimed at separating content regulation from telecommunication services.

- Inclusion of OTT in the Broadcasting Bill: Although the bill seeks to include OTT platforms within its scope, industry pushback has arisen due to definitional inconsistencies and concerns about the bill's overlap with existing IT Rules.

- TDSAT Ruling (October 2023): The Telecom Disputes Settlement & Appellate Tribunal ruled that OTT platforms do not fall under the jurisdiction of the Telecom Regulatory Authority of India (TRAI). This ruling clarified that OTT platforms are distinct from traditional broadcasters and therefore outside TRAI's regulatory framework.

- Bombay High Court on Instagram Piracy: In May 2023, the court granted a dynamic injunction against Instagram accounts pirating content from the web series "Scam 1992." This case highlighted copyright enforcement challenges against unauthorized use on social media platforms.

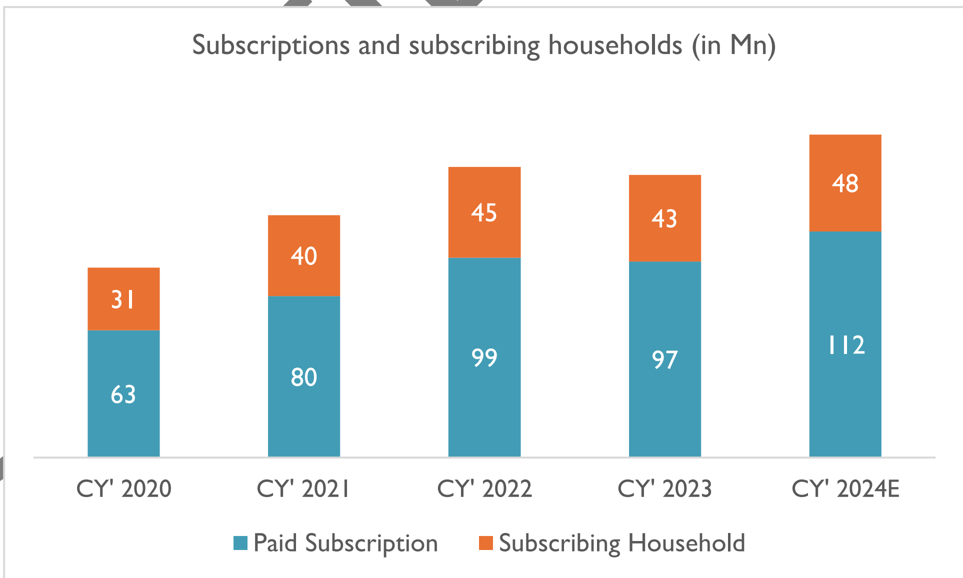
- Guidelines on Prevention and Regulation of Dark Patterns, 2023: The Central Consumer Protection Authority (CCPA) issued guidelines targeting deceptive practices in user interfaces, including on OTT platforms. Practices such as "false urgency" and "subscription traps" are now prohibited if they mislead consumers or violate their rights.

These developments illustrate the increasing scrutiny on OTT platforms in India, with courts and regulators addressing content, user protections, and digital consumer rights.

Growth in OTT sector in India

The OTT sector in India has witnessed explosive growth, fueled by improved internet access, affordability, and shifting consumer preferences. Initially slow to gain traction, the industry surged forward with the 2015 launch of Hotstar, driven by its live sports streaming content. The real boom occurred post-2016, following Reliance Jio's introduction of affordable 4G data, which significantly expanded the internet user base and allowed platforms like Netflix and Amazon Prime to penetrate the market with local content. The COVID-19 pandemic further accelerated OTT adoption, with platforms becoming primary entertainment sources during lockdowns. By 2022, India boasted over 500 million OTT users, with increased investments and a rise in regional content production. Recent trends include hybrid content release strategies and technological innovations enhancing user experience. Overall, India's OTT sector continues to grow rapidly, supported by ongoing investments and evolving content strategies, setting the stage for continued expansion and innovation in the future.

The online video and OTT (Over-The-Top) content market in India has experienced consistent growth, influenced by the rise of OTT aggregation services and shifts in consumer behaviour. As of 2023, approximately 43 million households were subscribed to 97 million OTT subscriptions. This growth has been partly driven by the popularity of OTT aggregation services such as Amazon Prime Video Channels and Tata Play Binge, which have become particularly appealing to users facing subscription fatigue. These aggregation services offer a consolidated platform to access content from multiple sources, enhancing visibility for smaller OTT applications and simplifying content discovery for users.



Source: FICCI & EY Media & Entertainment report, D&B Desk Research

In 2023, video subscription revenues reached INR 73 billion, marking a 6% increase. Despite this growth, the number of paid subscriptions saw a slight decline due to a strategic shift that placed premium cricket content behind paywalls. This move led to a loss of 19 million paid subscriptions for JioStar. Conversely, audio subscriptions surged by 55%, and news subscriptions gained traction, primarily driven by the availability of premium and exclusive content.

Ad-supported OTT models have faced challenges due to the high costs associated with premium content and unsold ad inventory. In response, many platforms are transitioning to subscription-based models or bundling their services with data and e-commerce offerings to provide better value to consumers and enhance revenue streams. This strategic shift aims to address the financial pressures and competition within the OTT space.

Digital advertising is anticipated to grow at a CAGR of 13.5%, increasing from INR 662 billion in 2024 to INR 842 billion by 2026. However, the ad revenues for news and music are expected to face difficulties unless platforms can cultivate loyal, app-based audiences. This underscores the need for OTT platforms to innovate and find effective ways to attract and retain viewers.

Content trends in the OTT space are evolving, with a notable increase in vernacular content production, which is projected to account for 55% of total output. Regional OTT platforms are set to continue their growth, fuelled by strategies such as dubbing and subtitling. Moreover, there is a growing focus on content efficiency, with metrics like subscription sales, ad revenue, and viewer engagement being prioritized over traditional vanity metrics like reach.

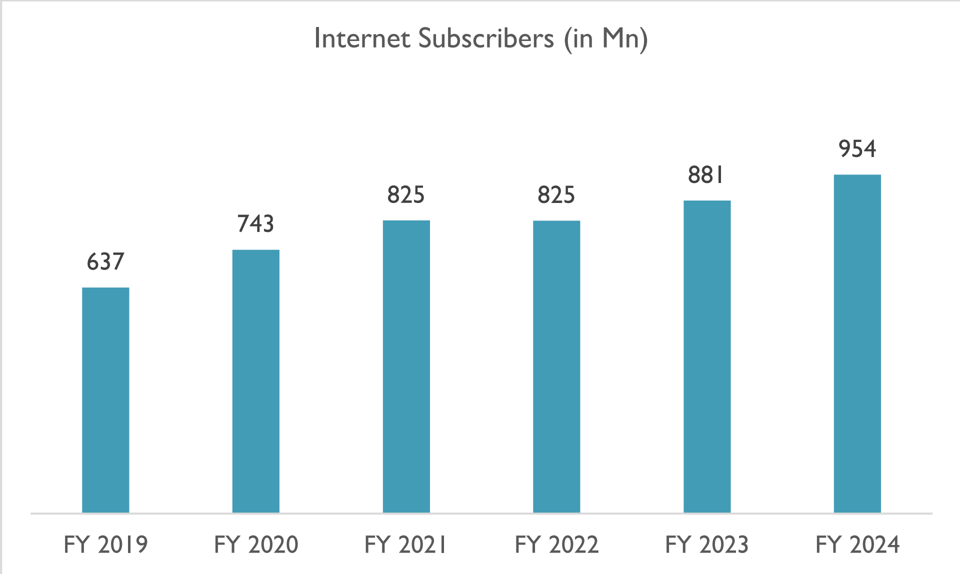
Looking ahead, video OTT subscriptions are expected to rise to 138 million across 65 million households by 2026. The content landscape will likely shift towards high-impact tentpole properties to attract new subscribers, alongside lower-cost productions aimed at maintaining ongoing engagement. Additionally, older OTT content may be repurposed for television to appeal to trial viewers from AVOD platforms and traditional TV audiences.

Overall, the OTT sector is adapting to changing market dynamics with increasing digital subscriptions, strategic bundling, and a heightened focus on regional content production and monetization strategies.

Key factors of Online Streaming in India

- **Growth in internet subscriber base**

The Indian internet market has been expanding rapidly, with the number of internet subscribers reaching 954.40 million by March 2024, up from 936.16 million in December 2023. This growth, marked by a quarterly increase of 1.95%, is driven by the increasing demand for online services, digital transformation, and expanding internet infrastructure. The market remains predominantly wireless, with 914.13 million wireless subscribers, while wired internet subscribers stood at 40.27 million. The rise in broadband subscriptions, which grew by 2.16% to 924.07 million, indicates a clear preference for high-speed internet. Conversely, narrowband usage has continued to shrink, falling to 30.34 million, reflecting the diminishing role of lower-speed internet as consumers increasingly adopt broadband solutions.

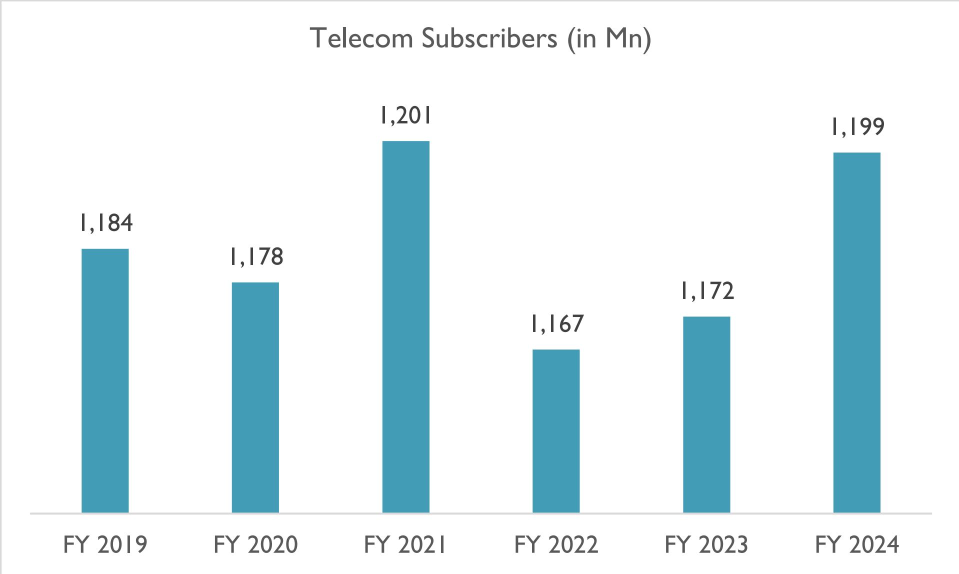


Source: TRAI

A significant portion of the growth comes from urban regions, where 556.05 million users are based, while rural areas account for 398.35 million subscribers, indicating a growing penetration in less developed regions as well. The overall internet subscriber rate in India now stands at 68.19 per 100 population. This surge in digital connectivity across both urban and rural areas underscores India's ambitious digital transformation initiatives, with increasing access to online education, e-commerce, and social media. The consistent rise in internet penetration is fostering an inclusive digital ecosystem, fueling economic and social developments throughout the country.

- **Impact of strong growth in telecom subscriber base**

The Indian telecom sector, the second largest in the world by subscriber count, has experienced remarkable growth over the past few years. This expansion is driven by factors such as affordable tariffs, increased service availability, and the rollout of new technologies like 3G, 4G, and now 5G. The widespread adoption of 5G is expected to significantly boost internet consumption by enabling faster speeds, lower latency, and the seamless integration of advanced applications across industries. Changing consumer consumption patterns, with a demand for faster and more reliable connectivity, have further fuelled this growth. The government has played a crucial role in creating a conducive regulatory environment, promoting competition, and supporting infrastructure development, which has contributed to the overall sectoral growth. By December 2023, the total number of subscribers had reached 1,190.33 million, increasing to 1,199.28 million by March 2024, reflecting steady growth at 0.75%. Rural telecom growth has also been significant, with subscribers rising to 533.90 million, pushing rural tele-density to 59.19%, while urban areas account for 665.38 million subscribers. Wireless services dominate the market, making up 1,165.49 million connections, showing a 0.60% increase over the quarter.



Source: TRAI

Private operators continue to hold the majority, controlling 91.70% of the market, while public sector operators account for only 8.30%, reflecting a highly competitive market structure. Tele-density in the country has reached 85.69%, demonstrating the widespread accessibility of telecom services across India. With the ongoing transition to 5G networks and increasing smartphone penetration, the demand for high-speed data continues to rise. Telecom companies are making substantial investments in infrastructure, including fiber optics and 5G technology, to meet this demand, laying the foundation for further expansion. The sector's growth is not just a boost for consumers, but also for industries relying on digital connectivity, solidifying India's telecom market as a critical player in the global digital landscape.

- **Smartphone penetration**

India's smartphone market is set to experience significant growth, potentially tripling to USD 90 billion by 2032. Key factors include India's strong economic growth, increasing per capita income, urbanization, and infrastructure improvements. Despite India's current low smartphone penetration (around 40%), the market is expected to grow 11% annually, driven by consumer demand for higher-end devices, especially models over USD 250. By 2032, India could account for 15% of the global smartphone market by value and 20% of worldwide shipments, becoming a crucial driver in the global market.

India is projected to reach 1 billion smartphone users by 2026, driven largely by rural areas, according to a Deloitte report. In 2021, India had 1.2 billion mobile subscribers, with 750 million using smartphones. The rural sector is expected to grow at a 6% compound annual growth rate (CAGR), compared to 2.5% in urban areas. Higher internet adoption, the BharatNet program's push to fiberize villages by 2025, and increasing use of smartphones for fintech, e-health, and e-learning are key factors propelling this growth.

The demand for smartphones is expected to surge, with 5G contributing significantly to new smartphone sales. By 2026, 5G-enabled devices will account for 80% of sales, with an estimated 840 million 5G smartphones sold between 2022 and 2026. The smartphone market is projected to reach USD 250 billion by 2026. The government's incentive packages for semiconductor manufacturing are expected to boost local production, positioning India as a strong player in electronics manufacturing. Despite current supply chain challenges, the market is set to grow as the digital ecosystem evolves.

Key factors driving digital content consumption.

- **Affordable Internet and Smartphones**

The availability of affordable smartphones and low-cost data plans has been instrumental in expanding access to digital content across India. As of 2023, India ranks 7th globally in terms of affordable mobile data prices, with an average cost of USD 0.16 per GB. The cheapest plan costs USD 0.05 per GB, while the most expensive plan is USD 7.75. This affordability reflects India's strong position in providing low-cost internet services, contributing significantly to the rapid growth of internet adoption across the country. The widespread availability of budget smartphones has also enabled users from diverse economic backgrounds to connect to the internet, further fuelling the growth of digital content consumption.

- **Growing Internet User Base**

India's internet user base has seen remarkable growth, reaching over [5]969.6 million users as of June 2024. This expansion is particularly evident in rural areas, driven by government initiatives such as the BharatNet program. Launched to fiberize all villages by 2025, this initiative aims to improve internet infrastructure and accessibility in underserved regions, which in turn boosts digital content consumption among rural populations.

- **Youth Demographics**

India's large, young population plays a significant role in the digital content landscape. With a substantial number of tech-savvy millennials and Gen Z consumers, there is a strong inclination towards digital platforms and new technologies. This demographic's familiarity with digital tools and platforms drives higher engagement with various forms of digital content, from social media to streaming services.

- **Shift Towards Regional Content**

There is a notable shift towards consuming content in regional languages, reflecting India's diverse linguistic landscape. Approximately 95% of YouTube users in India watch videos in their regional languages, demonstrating a strong demand for localized content. This trend is driven by the desire for content that resonates culturally and linguistically, encouraging content creators to produce and distribute more regional material.

[5] TRAI, October 2024 report

- **Increase in On-Demand Content Consumption**

The rise of streaming services such as Netflix, Amazon Prime Video, and local platforms like Hotstar has transformed content consumption patterns. Users now prefer on-demand access to content rather than adhering to traditional broadcast schedules. This shift has led to a rise in binge-watching and increased engagement with streaming platforms, which offer a vast array of content choices at users' convenience.

- **Mobile-First Consumption**

With mobile devices becoming the primary means of accessing digital content, there is a significant shift towards mobile-first strategies among content providers. The majority of internet traffic in India originates from mobile devices, underscoring the importance of optimizing content for mobile consumption. This trend drives the development of mobile-friendly platforms and applications to meet the needs of a mobile-centric user base.

- **Diverse Content Formats**

The availability of various content formats, including short videos, web series, podcasts, and interactive content, caters to diverse consumer preferences and lifestyles. This variety encourages frequent engagement with digital platforms, as users can choose content that aligns with their interests and consumption habits. The ability to access different types of content keeps users engaged and attracts a broader audience.

- **Social Media Influence**

Social media platforms like Instagram, Facebook, Snapchat etc. significantly influence digital content consumption by facilitating the easy sharing and discovery of new content. Influencers and regional e-celebrities play a crucial role in driving engagement, as their endorsements and content recommendations reach large audiences. Social media's ability to amplify content and create viral trends contributes to increased digital content consumption.

- **Technological Advancements**

Technological advancements, particularly the rollout of 5G networks, are expected to further boost digital content consumption. 5G technology promises enhanced streaming quality and faster internet speeds, which will improve the overall user experience. As consumers seek higher-quality content and more reliable connectivity, the adoption of 5G is likely to drive increased engagement with digital platforms.

Key challenges & risks associated with release on OTT platforms in India

As OTT platforms in India continue to grow exponentially, the shift from traditional cinema to digital streaming has presented several opportunities. However, releasing films and series on OTT platforms also involves significant challenges and risks. These can impact the profitability, visibility, and long-term success of content on digital platforms.

Content Saturation and Competition

- **Oversupply of Content**

  The rapid expansion of OTT platforms has led to a massive influx of content. With over 40 OTT platforms in India, including major players like Netflix, Amazon Prime Video, JioStar, Zee5, and regional platforms, there is a high level of competition. This oversupply makes it difficult for individual content pieces to stand out and attract viewers. Smaller films or niche content may get buried under more popular or widely marketed releases, reducing their visibility and impact.

- **Attention Span and Retention**

  Viewers on OTT platforms have short attention spans due to the wide range of choices available at their fingertips. Retaining an audience's interest throughout the content and ensuring a positive reception in the first few hours of release is crucial. Poor audience engagement or negative reviews can drastically reduce the success of content on OTT platforms.

Revenue Model and Monetization

- **Subscription vs. Ad-Supported Models**:

  OTT platforms operate on various monetization models, such as Subscription Video on Demand (SVOD) and Ad-Supported Video on Demand (AVOD). Each has its challenges. SVOD platforms like Netflix rely on subscriptions, meaning content must appeal to a broad audience or niche groups willing to pay, while AVOD platforms rely on ads, which can lower content consumption for users who dislike ad interruptions. Films and series on AVOD platforms face the risk of not generating significant revenue if ad sales or user engagement fall short.

- **Lack of Transparent Revenue Sharing**

  Revenue-sharing models between content creators, producers, and OTT platforms often lack transparency. Smaller production houses may find it challenging to negotiate favourable terms with big platforms, leading to reduced earnings or unfair splits of the profits. This is especially true when content fails to meet platform expectations in terms of viewership.

Discoverability and Marketing

- **Algorithm-Driven Discoverability**:

OTT platforms heavily rely on recommendation algorithms that determine which content is shown to users. This algorithm-driven system can be challenging for new releases to penetrate, especially if initial viewership metrics do not trigger the algorithm's recommendation mechanisms. As a result, content can get buried, limiting its reach. Films and series may fail to attract viewers if they don't appear prominently in search results or recommendation feeds, further amplifying the discoverability challenge(EMP).

- **Cost of Marketing**:

Releasing content on OTT platforms still requires extensive marketing to build anticipation and draw in viewers. In a crowded space, promoting a film or series through digital advertising, social media campaigns, and influencer partnerships is necessary but costly. Small to mid-sized production companies may struggle to allocate sufficient funds for marketing, impacting the visibility and success of their content.

Piracy and Intellectual Property Theft

- **Content Piracy**:

Despite the technological advancements in digital security, OTT platforms remain vulnerable to piracy. Films and series are often pirated shortly after their release on platforms and shared across illegal websites, leading to revenue losses. Piracy is especially rampant in India, and combating this issue has been a persistent challenge for content creators and platforms alike. Leaked or pirated content diminishes the exclusive value of digital releases, as potential paying subscribers may opt for illegal versions, resulting in reduced profits.

- **Intellectual Property Protection**:

Ensuring intellectual property (IP) protection is crucial in a digital-first environment. Content creators need robust legal frameworks to protect their original content from being copied or distributed without consent. However, enforcing IP rights can be costly and time-consuming, especially when dealing with content distribution across various countries.

Viewer Fragmentation and Regional Preferences

- **Diverse Audience Segments**

India is a country with diverse cultures, languages, and preferences, making it difficult to create content that appeals universally across different regions. OTT platforms must navigate this fragmentation, often requiring multiple language versions, localized content, and targeted marketing strategies. Content that works in one region might not resonate with audiences in other regions, impacting its success. Platforms need to balance the creation of pan-India content while catering to specific regional tastes.

- **Regional OTT Platforms vs. Global Giants**:

Regional OTT platforms such as Zee5 or Sun NXT are competing with global giants like Netflix and Amazon Prime, which have larger budgets and international reach. This competition poses a risk for smaller platforms in terms of content acquisition, user engagement, and marketing spend. Regional players may struggle to secure the same level of investment as their international counterparts, making it harder for them to thrive in the highly competitive OTT market.

Technology and Infrastructure

- **Internet Penetration and Streaming Quality**:

While internet penetration is increasing in India, not all regions have access to high-speed internet. For viewers in rural or underdeveloped areas, low bandwidth and poor internet quality can hamper their ability to stream high-definition content seamlessly. This impacts viewership numbers, particularly in smaller towns and regions. OTT platforms face the challenge of providing high-quality streaming experiences across various regions, especially where internet infrastructure is weak. Buffering, low resolution, or frequent interruptions can lead to viewer dissatisfaction.

- **Device Fragmentation**:

A significant portion of India's OTT consumption occurs on mobile phones, but users also access content on smart TVs, tablets, and laptops. Ensuring a consistent, high-quality user experience across multiple devices is crucial. However, this can be challenging due to varying screen sizes, internet speeds, and device capabilities.

Regulatory and Content Censorship

- **Content Regulation**

India's OTT platforms face regulatory scrutiny, particularly around sensitive subjects such as religion, politics, and morality. The government has introduced regulatory guidelines for digital content, and OTT platforms must now adhere to a content code that includes self-censorship and oversight mechanisms. Content creators face the risk of sudden changes in regulations or increased censorship, which can delay releases or force edits that could impact the narrative or intended message of the content.

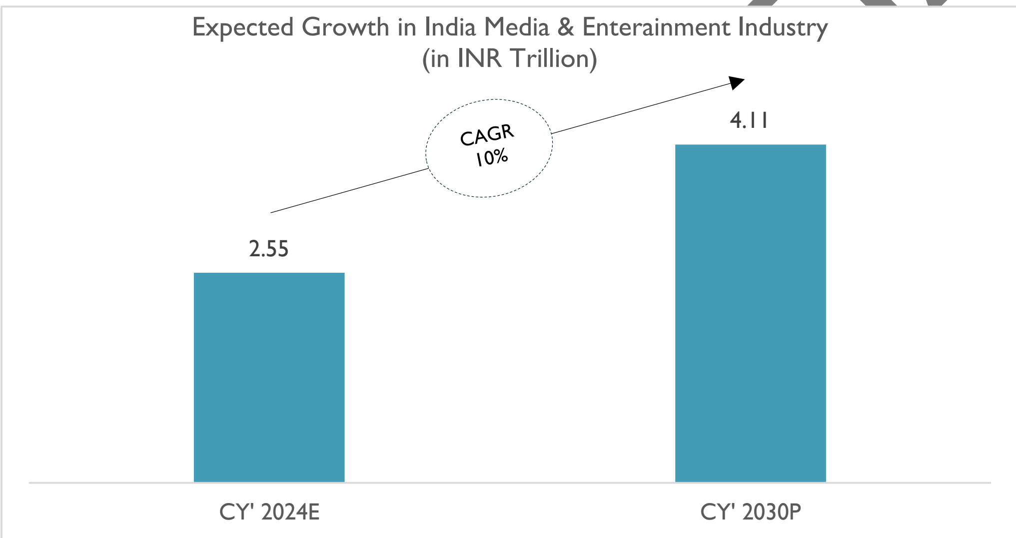
- **Legal Risks**:

The possibility of legal challenges or public outcry against controversial content is high. With increasing sensitivity around certain topics, films or series released on OTT platforms can face backlash, including demands for bans or boycotts. Such events can harm the platform's reputation and financial standing.

Growth Forecast

Expected growth in Indian media & entertainment industry.

The Indian Media & Entertainment (M&E) industry is poised for robust growth over the next few years, driven by digital transformation, increased consumption, and innovation in content creation. The Indian M&E sector is expected to grow at a 10% CAGR, reaching approximately INR 3.08 trillion (USD 37.1 billion) by 2026 from INR 2.32 trillion in 2023. Growth will be predominantly driven by the digital media segment, which is forecasted to overtake television as the largest contributor to M&E revenues. Digital media is expected to grow at a CAGR of 13.5%, significantly outpacing other segments. Online gaming, animation, VFX, and live events are also expected to witness substantial growth, driven by the increased availability of internet services, cost-effective consumer options, and innovation in content production.



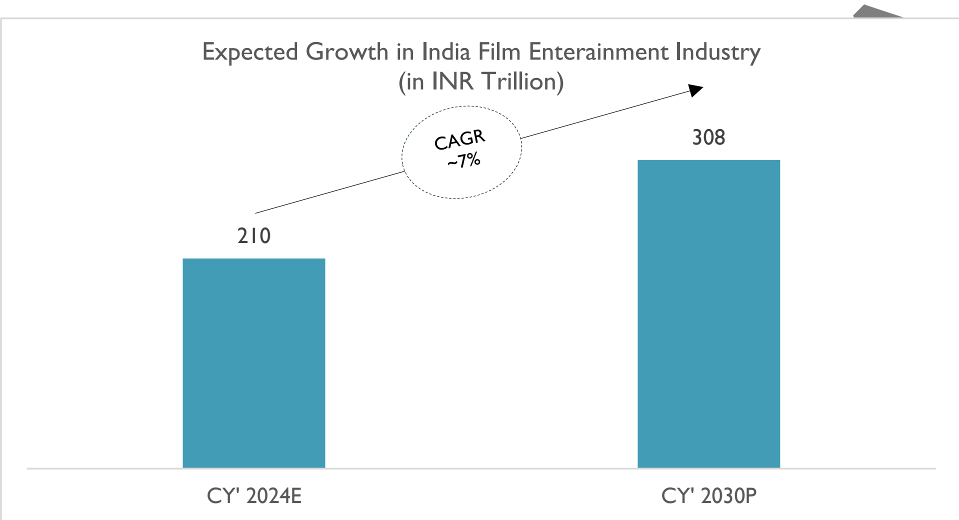
Source: D&B Estimates and Projections

By 2024, digital media will surpass television in terms of overall revenue, making it the dominant segment in the Indian M&E landscape. The rapid adoption of OTT platforms, online gaming, and digital advertising will drive this growth. OTT platforms are experiencing rapid growth due to increased mobile usage, affordable data, and regional content offerings. By 2026, digital subscription revenues are expected to grow by over 20%, further solidifying digital media's role as the industry leader.

Localization and regional content are emerging as crucial growth drivers. Regional OTT content exceeded Hindi language content for the first time in 2023, and this trend is expected to continue as platforms invest in diverse regional languages. Ad-supported models (AVOD) and subscription-based models (SVOD) are expected to evolve further, with innovations in pricing, bundling, and content monetization. India's OTT sector is likely to adopt multi-layered pricing models to capture a wider audience, especially in regional markets. The industry is also embracing immersive technologies such as virtual reality (VR) and augmented reality (AR), which are expected to enhance audience engagement in the coming years.

Expected growth in film entertainment segment and Insights on emerging growth pattern

The film entertainment segment is expected to grow at a CAGR of 6.5%, reaching INR 238 billion by 2026, up from INR 197 billion in 2023. Theatrical revenues are likely to remain strong, with an increasing number of screen installations, especially in Tier II and III cities, driving growth. High-end multiplexes offering premium experiences will cater to affluent audiences, while affordable cinemas will target the middle-class audience. Digital rights and streaming deals with OTT platforms are becoming a major revenue stream for the film industry. With many films opting for direct-to-digital releases, OTT platforms will continue to support the growth of the film segment by acquiring digital rights.



Source: D&B Estimates and Projections

Emerging Growth Patterns

- Expansion into Tier II and III Markets: Tier II and III cities are emerging as significant growth drivers for the film industry. These cities are witnessing the construction of new screens and multiplexes, addressing the long-standing shortage of cinema screens. This expansion will increase the consumption of films in regional markets.
    - India's cinema industry faced a paradox in 2023—while the number of screens grew by 4%, surpassing 2018 levels with a total of 9,742 screens, the overall screen density remains insufficient to meet the growing demand. South India continues to lead, holding 47% of the nation's screens, contributing 5,169 out of the total, while the rest of India accounted for 4,573 screens. Despite this growth, the country still struggles with a significant shortage of screens, particularly in Hindi-speaking markets, where the deficit is most pronounced.
    - In 2023, fewer than 100 million Indians visited cinema halls, reflecting the challenges of accessibility and reach for a broader audience. However, the industry's resilience was evident, with 1,796 films released in theaters, an 11% increase over the previous year. This growth in theatrical releases

underscores the industry's ongoing creative drive and commitment to reviving cinema experiences, even as it continues to confront infrastructural challenges.

- Focus on Regional Cinema: Regional cinema is gaining momentum, with a growing demand for films produced in languages such as Tamil, Telugu, Kannada, and Marathi. This shift is reflected in the rising share of regional content on both OTT platforms and in cinemas. Regional films that resonate with local audiences and have universal appeal are increasingly crossing borders, gaining viewership across states and internationally.
- Digital First Releases: The pandemic has accelerated the trend of direct-to-digital releases, where films debut on OTT platforms rather than in theatres. This trend is expected to continue, especially for mid-budget films, reducing the financial risk associated with theatrical releases and providing a global audience.
- Premium Cinematic Experiences: The growing demand for premium cinematic experiences (such as IMAX, 3D, and luxury seating) is shaping the future of high-end cinemas. This market segment targets affluent audiences who are willing to pay for enhanced viewing experiences.
- Rise of Animation and VFX: The demand for high-quality VFX and animated films is growing, especially in genres like fantasy, sci-fi, and action. India is becoming a hub for VFX services, not just for domestic productions but also for international markets. Films with heavy VFX elements are gaining traction among audiences, especially in multiplexes, providing an opportunity for producers to experiment with new technologies.

In summary, the Indian M&E industry and film entertainment segment are both set for strong growth, driven by digital transformation, regional content, and the expansion of theatrical and OTT markets. These growth patterns indicate that the industry is moving towards greater diversification, regionalization, and technological integration, ensuring sustained growth in the coming years.

Competitive Landscape

The Indian production house landscape is marked by the presence of established giants and emerging players, collectively driving the growth of the country's entertainment industry. Dominant entities like Yash Raj Films, Dharma Productions, and Reliance Entertainment maintain their competitive edge through expansive portfolios, significant budgets, and advanced production capabilities. These players continue to dominate the box office with large-scale cinematic productions and have expanded into digital platforms to cater to evolving viewer preferences. Production houses like Balaji Telefilms and Sunshine Productions are also making notable strides by focusing on innovative storytelling and creating content for both theatrical releases and streaming platforms.

The rise of digital streaming services has reshaped the competitive dynamics, with production houses increasingly collaborating with OTT platforms like Netflix, Amazon Prime, Zee5 and JioStar. This shift has driven a surge in demand for original and diverse content, prompting traditional players to expand their offerings and adapt to changing consumption patterns. Simultaneously, the success of regional films and stories with global appeal has encouraged production houses to explore multilingual projects, ensuring wider audience reach. Partnerships with international studios for co-productions and global distribution have further amplified the influence of Indian production houses in the global market.

Despite the growth opportunities, the sector faces several challenges, including heightened competition, regulatory changes, and content saturation. With audience expectations at an all-time high, production houses must consistently innovate to remain relevant. Furthermore, technological advancements like AR/VR and VFX integration are becoming crucial for maintaining competitive parity, while piracy and IP protection issues continue to pose risks. As the industry evolves, the ability to balance creative innovation with operational efficiency will define the success of production houses in India's dynamic entertainment ecosystem.

Key Players

Company Name	Overview
Panorama Studios international Ltd	**Founded Year: 1980** **Headquarter: Maharashtra, Mumbai** Panorama Studios is an entity in the Indian film industry, offering a wide range of services across six key verticals: production, distribution, post-production, music, equipment rental, and publicity design. Established by Kumar Mangat Pathak, the studio has gained recognition for its contributions to Bollywood and regional cinema, including Marathi, Gujarati, and Punjabi films. With divisions like Panorama Studios

	Distribution LLP, providing comprehensive services such as rights syndication and digital marketing, and Panorama Music, promoting diverse genres and emerging talent, the company has positioned itself as a one-stop destination for filmmaking. Its creative arm, Brain on Rent, specializes in innovative publicity strategies, further enhancing its integrated offerings. Backed by an experienced leadership team, Panorama Studios aims to establish itself as a global leader in film production and entertainment while promoting Indian talent on the world stage.
Baweja Studios Ltd	**Founded Year: 2001** **Headquarter: Maharashtra, Mumbai** Baweja Studios, established in 2001 by filmmaker Harry Baweja, is in the Indian media and entertainment company, renowned for its contribution to cinema through a diverse portfolio of critically acclaimed films, web series, TV shows, music videos, and animation projects. Over its 23-year history, the studio has built a reputation for delivering high-quality content that combines compelling storytelling with innovative visuals and meticulous production standards. Supported by state-of-the-art facilities, including advanced soundstages, editing suites, and visual effects technology, Baweja Studios has consistently demonstrated its ability to merge artistic vision with technical expertise, creating content that entertains and inspires audiences globally.
Balaji Telefilms Ltd	**Founded Year: 1994** **Headquarter: Maharashtra, Mumbai** Balaji Telefilms Ltd., established on November 10, 1994, has evolved from television content provider to an entertainment powerhouse in Asia and the Middle East, known for its innovative storytelling and industry influence. Under the leadership of Shobha Kapoor and Ekta Kapoor, the company has delivered over 17,000 hours of record-breaking television

	content, including iconic shows like Kyuki Saas Bhi Kabhi Bahu Thi and Naagin. Expanding into films through its 2001 subsidiary, Balaji Motion Pictures Ltd., the company has become a key player in Indian cinema, offering distinctive cinematic experiences. Embracing the digital revolution, its ALTT platform caters to diverse global audiences with premium, genre-spanning shows. Balaji Telefilms Ltd. remains committed to enhancing shareholder value, producing cutting-edge content, and solidifying its position as a global entertainment player.

Peer Benchmarking*

Panorama Studios international Ltd

Key Indicators (INR Million)	FY 2024	FY 2023	FY 2022
Revenue from Operations	4,037.1	2,905.1	87.6
EBITDA	648.8	572.9	35.1
PAT	419.7	396.8	25.0
EBITDA Margin (%)	16%	20%	40%
PAT Margin (%)	10%	14%	29%
ROA	11%	23%	2%
ROCE	43%	87%	20%
Net Worth	1,335.4	563.9	167.0
Long-term Debt	168.4	88.2	3.4
Debt Equity Ratio	1.9	2.1	6.6
Return on Equity	31%	70%	15%

Baweja Studios Ltd

Key Indicators (INR Million)	FY 2024	FY 2023	FY 2022
Revenue from Operations	643.0	737.9	407.1
EBITDA	121.4	115.1	44.8
PAT	82.2	79.7	27.6
EBITDA Margin (%)	19%	16%	11%
PAT Margin (%)	13%	11%	7%
ROA	7%	18%	13%
ROCE	12%	53%	44%

Key Indicators (INR Million)	FY 2024	FY 2023	FY 2022
Net Worth	957.1	198.6	72.4
Long-term Debt	10.6	12.8	26.0
Debt Equity Ratio	0.3	1.3	3.2
Return on Equity	9%	40%	38%

Balaji Telefilms Ltd

Key Indicators (INR Million)	FY 2024	FY 2023	FY 2022
Revenue from Operations	5,788.3	5,171.7	2,421.2
EBITDA	710.6	703.7	215.9
PAT	392.0	389.2	43.8
EBITDA Margin (%)	12%	14%	9%
PAT Margin (%)	7%	8%	2%
ROA	3%	3%	0.4%
ROCE	5%	5%	1%
Net Worth	11,721	11,282	10,897
Long-term Debt	11	20	NA
Debt Equity Ratio	0.2	0.2	0.1
Return on Equity	3%	3%	0.4%

**All Financial numbers are based on standalone basis and formulas used are given below have been verified for accuracy*

EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization

PAT: Profit After Tax

ROA: Return on Assets = PAT / Total Assets

ROCE: Return on Capital Employed = EBIT / (Total Assets – Total Current Liabilities)

Debt-to-Equity: Total Debt (Current + Non-Current Liabilities) / Total Equity

ROE: Return on Equity = PAT / Net Worth

Company Profile

Overview

Incorporated in 2007, Sunshine Pictures Limited (Sunshine Pictures) is a production house engaged in originating, developing, producing, marketing, and distributing films and web series. The debut production, *Force*, was a commercial success, followed by notable films such as *Commando: A One-Man Army*, *Holiday: A Soldier is Never Off Duty*, *Force 2*, *Commando 2: The Black Money Trail*, and *The Kerala Story*.

The company's productions have garnered widespread recognition, earning prestigious awards, including the Filmfare Award, International Indian Film Academy Award, Stardust Awards, and Dadasaheb Phalke Film Foundation Awards. *The Kerala Story* emerged as the highest return-on-investment blockbuster in 2023, reflecting the company's ability to balance commercial appeal with critical acclaim.

Sunshine Pictures is a technology-driven content creator, the company specializes in multi-format commercial films, emphasizing innovation in storytelling and production techniques.

The company boasts a diverse content portfolio, including ten commercial films—six co-produced with multiple studios—alongside two web series, two television serials, and one short commercial film. Currently, it is co-producing two films with Jio Studios and producing a web series for Doordarshan, with three additional film projects and three web series in the pipeline. By integrating in-house capabilities with outsourced services like VFX, the company ensures efficient, high-quality productions. Operating under two models, the Co-Production Model reduces financial risks through studio partnerships, while the Sole Production Model enables full ownership of intellectual property and maximization of revenue streams across various platforms. A prudent approach to budgeting and stringent cost controls strengthens its financial stability.

The company maintains a strong digital presence with 162,000 YouTube subscribers and over 91 million views, alongside a combined Instagram and Facebook follower base of 106,000. Led by Vipul Amrutlal Shah, a seasoned filmmaker with over 24 years of experience, and supported by Shefali Vipul Shah, a National Award-winning actress, the leadership team drives strategic growth while capitalizing on evolving audience preferences. By combining creative excellence with fiscal discipline, the company continues to set industry benchmarks and foster talent, ensuring sustained leadership in the Indian film sector.

SWOT Analysis – Sunshine Production

Strengths: Foundations of a Robust Entertainment Enterprise

- **Exceptional Leadership Ecosystem**

Sunshine Pictures is led by an exceptional leadership team, including Vipul Amrutlal Shah, whose 24+ years in filmmaking have produced iconic blockbusters such as *Aankhen – one of the biggest blockbusters of 2022*, *Namastey London*, *Singh Is King*, *Waqt: The Race Against Time, and London Dreams*. Shefali Vipul Shah, a National

Award-winning actress, brings international acclaim, with highlights like an Emmy nomination for *Delhi Crime and who has also acted in 'Satya', 'Monsoon Wedding', 'Gandhi, My Father', 'Dil Dhadakne De', 'Once Again' etc.* Aryaman and Maurya Shah represent the next generation of leadership, offering fresh perspectives and contemporary industry insights. This leadership combination blends creative vision with strategic business expertise, driving the company's growth.

- **Innovative and Resilient Business Model**

Sunshine Pictures operates with a dual production strategy that ensures flexibility and risk mitigation. Standalone productions allow for complete intellectual property (IP) control and higher revenue potential, while co-productions reduce financial risks through studio partnerships. Cost management is a cornerstone of the company's strategy, with practices such as profit-sharing agreements with actors, real-time budget monitoring, and in-house story development. These practices support a lean corporate structure and multiple revenue channels, including theatrical releases, OTT rights, satellite rights, merchandising, and music.

- **Comprehensive Industry Network**

With over 17 years of experience, Sunshine Pictures has cultivated strong relationships with top studios, talent agencies, and creative professionals. Its proven track record of producing high-quality, and commercially successful content has earned it credibility and repeat collaborations with major industry players.

- **Intellectual Property Monetization Expertise**

The company's strategic approach to intellectual property monetization includes multiple revenue streams from sequels, adaptations,. Sunshine Pictures further diversifies its portfolio, contributing additional revenue by monetizing its music rights

Weaknesses: Areas Requiring Strategic Attention

- **Inherent Volatility in Entertainment Production**

The company is highly dependent on box office success, particularly for standalone productions. Audience preferences are unpredictable, and not all projects achieve the desired commercial outcomes. This inherent volatility in the entertainment industry poses a risk of significant financial losses if projects fail to resonate with the target audience.

- **Limited Global Market Penetration**

Sunshine Pictures primarily focuses on the Indian market, with only a nascent presence internationally. It's global distribution networks remain underdeveloped, and brand recognition outside India is relatively low. The company requires more aggressive international marketing strategies to expand its footprint and audience base in overseas markets.

- **Technological Adaptation Challenges**

While Sunshine Pictures is embracing digital transformation, it is still in the early stages of adopting advanced technologies such as AR/VR. Skill gaps and the need for continuous investment in technological infrastructure could limit its ability to compete with more tech-savvy competitors.

Opportunities: Pathways for Exponential Growth

- **Expanding Market Dynamics**

The rising disposable income in India, coupled with the growing number of cinema screens in Tier 2 and Tier 3 cities, presents immense opportunities for Sunshine Pictures. The rapid growth of OTT platforms and an increasing global appetite for diverse storytelling further bolster the market dynamics. International demand for Indian content continues to rise, offering the company significant opportunities for global market penetration.

- **Digital Media Transformation**

India's high mobile penetration and affordable data plans drive content consumption, paving the way for mobile-first content strategies and interactive storytelling formats. By leveraging audience insights through data analytics, Sunshine Pictures can develop content tailored to audience preferences, strengthening its competitive edge in the digital space.

- **Talent Development Ecosystem**

Sunshine Pictures can strengthen its position by fostering an attractive workplace for creative talent. Building a robust internal talent pipeline and developing a reputation as an industry leader in content creation can enhance its long-term competitiveness.

Threats: Navigating Complex Industry Challenges

- **Intense Competitive Landscape**

Sunshine Productions faces competition from agile new entrants, international content providers, and streaming platforms producing original content. Rapidly changing audience preferences and shortened content consumption cycles further complicate the competitive landscape.

- **Technological Disruption**

Emerging technologies like AI and shifting content consumption patterns pose risks to traditional production methods. The company needs to innovate continuously to avoid falling behind technologically advanced competitors.

- **Regulatory and Compliance Complexities**

Complex copyright enforcement, evolving content regulations, and potential censorship risks create challenges for the company. Ensuring compliance across multiple territories is essential to avoid disruptions to business operations.

By leveraging its strengths, addressing weaknesses, capitalizing on opportunities, and mitigating threats, Sunshine Productions can solidify its position as a leading entertainment enterprise in the evolving media landscape.

Key Performance Indicators

Sunshine Productions (Standalone)

Key Indicators (INR Million)	Sep' 2024	FY 2024	FY 2023
Revenue from Operations	390.2	1,338.0	265.1
EBITDA	77.8	730.8	44.6
PAT	46.2	524.5	23.1
EBITDA Margin (%)	20%	55%	17%
PAT Margin (%)	12%	39%	9%